ABOUT CONCORD

CONCORD is the European NGO Confederation for Relief and Development.

Our members are:

28 National Platforms
25 Networks
04 Associate Members

Which represent over 2,600 NGOs supported by millions of citizens all around Europe. Our confederation brings development NGOs together to strengthen their political impact at the European and global levels. United, we advocate for Europe-wide policies to promote sustainable economic, environmental and social development based on human rights, justice and gender equality. We also work with regional and global civil society allies to ensure that EU policies are coherent in promoting sustainable development in partner countries.

More at: concordeurope.org

ABOUT THE AIDWATCH REPORT

CONCORD AidWatch has monitored and made recommendations on the quantity and quality of aid provided by EU member states and the European Commission since 2005. With the AidWatch publications, CONCORD members want to hold EU leaders accountable for their commitments to dedicate 0.7% of their Gross National Income to development cooperation and to use this aid in a genuine and effective way. The AidWatch initiative carries out ongoing advocacy, research, media activities and campaigns on a wide range of aid-related issues throughout the year.

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Report writing: Carlos Villota and Jacob Hammerstein Casanova
Data analysis: Carlos Villota and Jacob Hammerstein Casanova (overall analysis), Riccardo Roba (Global EU Response to COVID-19 analysis)
Coordination: Riccardo Roba (CONCORD Europe)
Copy-editing: Jen Claydon
Design and layout: www.profigrafik.sk with Katarzyna Krok (CONCORD Europe)

Members of the CONCORD FFSD Policy group and Monitoring & Accountability group, especially Niina Tenhio (Fingo), Åsa Thomasson (CONCORD Sweden), Luca De Fraia (ActionAid Italy), Daniel Kaba (Platforma MVRO), Maruša Babnik (SLOGA), Tomás Nogueira (Portuguese NGDO Platform) have provided overall guidance and made substantial inputs to the writing of the report. Omar Garcia and Sofia Al-Bidir (CARE), Stefanie Broos (Norwegian Refugee Council) and Julieta Gonzalez (Plan international) provided support for the sections related to the Global EU Response to COVID-19. Laurent Sarazin (DG DEVCO A2 Head of Unit) and Jorge Moreira da Silva (OECD DCD Director) have made valuable contributions to AidWatch desk research.

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The country pages have been produced by CONCORD AidWatch focal points in the national platforms:

Austria         AG Globale Verantwortung: Karin Kuranda
Belgium       CONCORD Belgium (CNCD/11.11.11 & 11.11.11): Antoinette van Haute, Griet Ysewyn, Geraldine Deze
Bulgaria       BPID: Peter Butchkov
Croatia         CROSOL: Branka Juran
Cyprus
Czech Republic FoRS: Marie Zázvorková, Barbora Chmelova
Denmark      Global Focus: Rebekka Blomqvist
Estonia         Estonian Roundtable for Development Cooperation (AKÜ): Susanna Veevo
Finland        Fingo: Niina Tenhio
France          Coordination Sud: Yann Illiaquer
Germany      VENRO: Jan Wenzel, Pedro Morazan
Greece         Hellenic Platform for Development NGOs: Nikos Stergiou
Hungary       Hand Association: Réka Balogh
Ireland         Dóchas: Gillian Ivory, Niamh Kingston
Italy             CONCORD Italy: Luca De Fraia
Latvia          Lapas: Liga Rudzite
Lithuania     Lithuanian NGO Platform & LITDEA: Julius Norvila
Luxembourg  Cercle de Coopération des ONG de développement aisbl: François-Xavier Dupret
Malta           SKOP: William Grech
Netherlands  PARTOS: Koos de Bruijn, Noortje Berendsen
Poland         Grupa Zagranica: Janek Bazyl
Portugal       Portuguese NGDO Platform - AidWatch Working Group: Rita Leote, Tomás Nogueira
Romania      FOND: Cristina Loghin, Ingrid Marinescu
Slovakia       Platforma MVRO: Daniel Kaba
Slovenia      SLOGA: Marjan Huc, Maruša Babnik
Spain          Coordinadora de ONG para el Desarrollo-España: Carlos Garcia Paret
Sweden        CONCORD Sweden’s AidWatch group: Åsa Thomasson
UK             BOND: Alice Whitehead

The positions adopted in this report are those of CONCORD Europe. For further information about this report, please contact Riccardo Roba, CONCORD Policy and Advocacy Officer, at riccardo.roba@concordeurope.org
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EXECUTIVE SUMMARY

As we enter the Decade of Action for accomplishing the Sustainable Development Goals (SDGs) and the 2030 Agenda for Sustainable Development, an unexpected challenge has arisen putting past and future progress at risk. Before the COVID-19 pandemic, financing had already fallen short of the spending needed to achieve the SDGs on time. While the ultimate outcomes remain uncertain, the pandemic has triggered further global inequalities, putting the world’s most marginalised people at risk of being left even further behind. It is exacerbating poverty, hunger and malnutrition for hundreds of millions of people around the world, making 2020 the first year since 1998 that the global rate of poverty has increased.1

While EU official development assistance (ODA) budgets might face growing pressure from current policy reforms and the shifting of political priorities in the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the 2021–2027 Multiannual Financial Framework (MFF), the EU as a whole remained the world’s largest donor in 2019. Overall, the EU invested €78 billion in ODA, representing 0.46% of its combined gross national income (GNI). This means that in 2019, EU ODA has fallen for the third year in a row.2 The decline can partially be explained by a further decrease in in-donor refugee costs – funds which have not been reallocated to other ODA expenditures. ‘Inflated aid’ components – those that do not contribute to development in partner countries and inflate overall amounts, such as debt relief, in-donor refugee costs, imputed student costs, tied aid and interest repayments – dropped from 0.07% of the EU’s GNI in 2018 to 0.06% in 2019. If these components are discounted, aid has remained steady at 0.40% of combined EU GNI and at this rate the 0.7% ODA/GNI target will not be met before 2070.

The EU’s initial coordinated response to the pandemic in partner countries was displayed by the ‘EU Global Response to COVID-19’. But in very few cases was fresh money allocated. Resources were rather redirected from already budgeted items, with donors mostly prioritising multilateral responses.

In the midst of COVID-19, ODA has a decisive role to play to make sure that support to the most marginalised people is prioritised. ODA is vital to address the multidimensional effects of the crisis. ODA’s potential is multiplied when aid is effectively spent by strengthening partner country systems and domestic resource mobilisation and enabling policy space for more inclusive and resilient societies. Ramping up investment, improving ODA allocation and measuring progress outcomes will be crucial to prevent a decade of high expectations from being jeopardised. Investment in digitalisation may also bring great opportunities for partner countries’ social inclusiveness and resilience building, as long as global tax reforms effectively put an end to tax avoidance, including by digital giants. Yet if further inequality is to be prevented, digitalisation efforts must enable legal frameworks that guarantee human rights and open and participatory digital ecosystems.

For ODA to impact positively on livelihoods in partner countries, it must be accompanied by coherent policy environments. In the wake of a global pandemic, universal access to life-saving medicines, progressive and fair fiscal systems, broadening partner countries’ tax bases and decisive moves towards diversified, ecologically and socially sustainable food systems, and in particular ones based on agroecology, are critical pillars to leave no one behind.

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INTRODUCTION

As consistently showcased in previous CONCORD AidWatch reports, official development assistance (ODA) should be considered an essential expression of solidarity to leave no one behind.\(^3\) ODA faces an urgent quantitative challenge in terms of volumes and a qualitative one in terms of effectiveness. Part One, Chapter 1 of this report provides a comprehensive overview of where the most fundamental aspects of ODA stand: whether enough ODA is being spent, whether it is being employed correctly, whether its deployment is effective in reaching the people most in need, and whether it successfully pursues equality.

Part One, Chapter 2 builds on how the COVID-19 pandemic has highlighted the importance of safeguarding the crucial role of development cooperation. ODA\(^4\) has great potential to contribute to achieving the common global priorities that put people and planet first. ODA, if effective, can play a crucial role in addressing the immediate impacts of the coronavirus crisis\(^5\) and supporting a recovery centred on human rights, gender equality and a fairer and greener future.

Part Two of the report features individual national chapters analysing the ODA trends and future challenges of the EU, including its Member States.

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PART ONE
Overview
1. WHERE DOES EU ODA STAND?

The COVID-19 pandemic has put on the top of the development agenda the need for more effective ODA to ensure no one is left behind. This section analyses how EU donors are performing on their commitments on ODA quality and quantity and outlines key recommendations for the upcoming 2021–2027 Multiannual Financial Framework (MFF).

ENOUGH ODA?

The EU remains by far the biggest ODA donor in the world, accounting for over 50% of global assistance. However, preliminary data for 2019 reflects that the EU’s ODA/GNI has, once again, persisted in its downward trend since 2016. Despite a moderate rise in absolute terms of almost €3 billion, ODA fell for the third consecutive year in 2019 in proportion to the EU’s GNI. EU Member States’ development assistance dropped in 2019 to 0.46% of the EU’s combined GNI, adding to the negative trend from 2018 (0.47%), 2017 (0.49%) and 2016 (0.51%).

In September 2019, the UN held its first Summit on the 2030 Agenda for Sustainable Development since its adoption in 2015. A political declaration was adopted on “Gearing up for a decade of action and delivery for sustainable development”. As part of the comprehensive roadmap to meet targets by the end of the decade, there was a strong commitment to step up financing for development in order to accelerate the implementation of the Addis Ababa Action Agenda. However, financing the 2030 Agenda remains a challenge and there is deep concern that progress is too slow in many areas.

Within this context, the EU has repeatedly reaffirmed its commitment to increase collective ODA to 0.7% of EU GNI by 2030. The European Consensus for Development and the EU’s annual progress reports repeat this pledge: Member States that joined the EU before 2002 reaffirm their commitment to reach the 0.7% ODA/GNI target and those which have already met it commit to remain at or above it. The 13 Member States that joined after 2002 commit, considering “budgetary circumstances”, to achieve a level of 0.33% ODA/GNI. Despite these commitments, very few EU Member States are keeping their international promises on ODA.

Graph 1: Total ODA as a % of GNI, EU28

Source: CONCORD calculations based on the OECD database, in 2018 constant prices.


7 In this report, CONCORD analyses recorded ODA against the flow basis method to facilitate comparison of ODA figures with previous years. See Annex 1 for full methodology.

8 The exact amount according to CONCORD’s calculations based on OECD DAC data is 0.459% GNI for 2019 and 0.474% GNI for 2018 (a difference of €2,952.65 million in 2018 constant prices).

9 Resolution adopted by the UN General Assembly on 15 October 2019: Political declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly, https://undocs.org/en/A/RES/74/4


**BOX 1. HIGHLIGHTS OF EU MEMBER STATES’ TRENDS**

**Meeting ODA commitments**
- Luxembourg (1.05%), Sweden (0.99%), Denmark (0.71%) and the UK (0.7%) continue to be the only countries meeting the 0.7% commitment in 2019.

**Overall ODA levels**
- A total of 8 Member States increased their ODA/GNI ratios, while 13 decreased them.
- Significant increases in ODA/GNI ratios: Cyprus (94%), Malta (29%) and Finland (27%).
- Significant decreases in ODA/GNI ratios: Estonia (7%) and Poland (4%).

**EMPLOYING ODA CORRECTLY?**

CONCORD’s methodology to analyse aid reveals that the 2019 decrease in ODA levels can be explained by the fall in the amount of ‘inflated aid’ components. While ‘genuine aid’ proportions have remained steady in recent years at 0.40% of GNI,13 ‘inflated aid’ has once again fallen, from 0.07% of GNI in 2018 to 0.06% of GNI in 2019 (see Graph 2).14 This gap can be mostly explained by the €1 billion drop in spending on sustaining refugees in donor countries. In-donor country refugee expenses continue – despite dropping since 2016 – to be the main component of inflated aid (accounting for 58% of all inflated aid components). However, this money has not been reallocated to other much-needed resource flows to sustain livelihoods in partner countries. Tied aid remains at the worryingly high level of €211 million. The overall inclusion of inflated aid components in general ODA reporting continues to distort the picture of ODA spending.

**BOX 2: INFLATED AID COMPONENTS**

Limited ODA resources must be focused on achieving the Sustainable Development Goals (SDGs) at partner country level. Despite OECD Development Assistance Committee (DAC) reporting directives, CONCORD does not consider that all financial flows reported as ODA contribute to achieving development outcomes in partner countries. CONCORD therefore rules out the following items from its ‘genuine aid’ accounting:
1. spending on international students in the donor country;
2. spending on receiving refugees in the donor country;
3. interest repayments on concessional loans, which should instead be considered a ‘negative’ budget item;
4. debt relief and future interest on cancelled debts;
5. the additional cost of tied aid, in this report estimated at 15% of partially tied aid and 30% of tied aid.

These items should be reported as other flows and are therefore accounted by CONCORD as components of ‘inflated aid’.15

Graph 2 shows that 12.7% of European aid was inflated in 2019, the equivalent to €9.92 billion, compared with 14.1% of aid in 2018. The real aid gap – the difference between genuine aid and the 0.7% target – remains steady from 2018 to 2019 at 0.30% of GNI. Allocating enough financial resources to fill the real aid gap is of paramount importance if the EU is to meet its international commitments, support the SDGs and focus on leaving no one behind.

As of 2019, only four of the EU15 countries were at or above the 0.7% ODA/GNI target. And of the EU13 countries, none have yet met the immediate target of 0.33% ODA/GNI. Considering only genuine aid, figures remain even further from committed targets (see Graphs 3 and 4).

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13 According to CONCORD calculations based on the OECD database, ‘genuine aid’ amounted to 0.4006% of GNI in 2019, 0.407% in 2018 and 0.396% in 2017.
14 Calculations made using the ‘flow basis method’. See Annex 1 for full methodology.
15 See full methodology in Annex 1 for genuine/inflated aid components.
The analysis using CONCORD’s methodology reveals a wider gap to meet the 0.7% target than that which donors report (Table 1). The ‘real’ EU aid gap is almost €51 billion or 0.30% of GNI, whereas the reported gap is close to €41 billion or 0.24% of GNI. Annual comparison shows that the width of the gap remains practically unchanged from 2018’s real aid gap of 0.30% GNI and reported gap of 0.23% GNI. Additional financing ambition is needed in the upcoming 2021–2027 MFF if the EU intends to meet its commitments. To make sure the gap is closed, it is therefore necessary that the new Neighbourhood, Development and International Cooperation Instrument (NDICI) is fully compliant with the OECD DAC rules, in particular on security. In this sense, migration-related interventions which were intended to promote EU donors’ migration policy interests should not be reported as ODA.

As shown in Graph 5, at the current rate of increase in total reported ODA, the EU would not meet the 0.7% goal until 2039, whereas last year it was projected to be met in 2031. If ‘genuine’ aid increases at the current rate, the 0.7% target will not be met until 2070, 10 years later than projected using 2018 figures.
Table 1: The gap to 0.7% aid goal in 2019 – inflated vs genuine gap

<table>
<thead>
<tr>
<th>Total EU28 ODA</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total EU28 GNI</td>
<td>15,855,315 €</td>
<td>17,002,870 €</td>
</tr>
<tr>
<td>EU28 ODA commitment (0.7% of GNI)</td>
<td>110,987 € 0.7%</td>
<td>119,020 € 0.7%</td>
</tr>
<tr>
<td>Total EU28 ODA</td>
<td>75,081 € 0.47%</td>
<td>78,033 € 0.46%</td>
</tr>
<tr>
<td>Genuine aid</td>
<td>64,498 € 0.41%</td>
<td>68,112 € 0.40%</td>
</tr>
<tr>
<td>Portion of inflated aid</td>
<td>10,583 € 0.07%</td>
<td>9,922 € 0.06%</td>
</tr>
<tr>
<td>Aid gap to 0.7% (considering all reported aid)</td>
<td>35,907 € 0.23%</td>
<td>40,987 € 0.24%</td>
</tr>
<tr>
<td>Aid gap to 0.7% (only considering genuine aid)</td>
<td>46,490 € 0.29%</td>
<td>50,908 € 0.30%</td>
</tr>
</tbody>
</table>

Source: CONCORD calculations based on OECD DAC database, in 2018 constant prices.

Graph 5: Estimated timescale for keeping the 0.7% promise: genuine vs inflated EU aid

Source: CONCORD calculations based on OECD DAC database, in 2018 constant prices.
1.3. EFFECTIVE ODA?

Aid is not only about quantity; it is about quality too. ODA needs to reach the people most in need. How ODA is used is crucial to ensure effective sustainable development and that no one is left behind. Over recent decades, the international community has developed a set of principles meant to guide development effectiveness.

Since the approval of the Busan Partnership in 2011, the Global Partnership for Effective Development Co-operation (GPEDC) has monitored how donors are performing. Taking into account the GPEDC’s 2019 Progress Report, CONCORD is concerned that the EU is losing focus on effectiveness, hence undermining the impact of ODA. As already stressed in CONCORD’s brief Who owns development effectiveness? A European reality check, further improvements are needed on the following issues: 1) alignment with partner country-led results frameworks, 2) comprehensive commitment on disbursing aid through the partner country’s own public financial management and procurement systems, 3) curbing of informal tied aid, 4) aid transparency and 5) further involvement of civil society organisations (CSOs) in development cooperation policies.

The recent EU report which analyses EU institutions’ and Member States’ implementation of the effectiveness agenda is a welcome step forward that shows general support for the effectiveness agenda in EU Member States. A positive feature of the report is that it provides an EU collective indicator together with qualitative interviews. Nevertheless, as noted by the CSO Partnership for Development Effectiveness, further efforts are needed to improve global, comprehensive and regular reporting on effectiveness indicators and principles.

COVID-19 and its impact on the people most in need makes it vital that the EU reiterates its strong commitment to aid effectiveness. The EU should therefore comply with the recommendations recently shared by the GPEDC, leading to gender equality and ODA financing to support CSOs.

1.4. EQUALITY-FOCUSED ODA?

Ending inequality is central to reducing poverty and achieving the SDGs – and ODA’s role is key. Yet there has been a recurrent lack of comprehensive appraisals to evaluate whether EU donors’ ODA is contributing to reducing inequality. The multidimensional complexity of inequality, addressed by CONCORD in its Unwrapping Inequalities report, leads to the following analysis. The analysis focuses on the only three OECD DAC equality-related measures where sufficient data is available: ODA to least developed countries (LDCs), ODA aimed at gender equality and ODA financing to support CSOs.

LEAST DEVELOPED COUNTRIES

If the EU aims to reduce inequality and ensure no one is left behind – as the EU Consensus on Development reiterates – its ODA requires a specific focus on critical countries still widely off-track and at greater risk of not meeting development goals. For LDCs to be able to overcome structural disadvantages impeding positive development impacts, a genuine transfer of resources should urgently match internationally committed targets. Available data indicates that EU efforts remain below the long-standing goal of providing at least 0.15–0.20% of GNI as ODA to LDCs in the short term, and 0.20% GNI/ODA by 2030.

Although 2019 figures are not yet available, collective EU28 ODA to LDCs in 2018 amounted to 0.125% of GNI, with only five Member States meeting or exceeding the 2020 0.15% ODA/GNI target. Denmark (0.20%), Luxembourg (0.46%), Netherlands (0.15%), Sweden (0.34%) and the UK (0.23%).

Despite a moderate increase from 2017 (0.11% GNI) to 2018 (0.125% GNI) in ODA to LDCs, an aid gap of 0.02% and 0.07% ODA/GNI still persists to meet the 0.15% and 0.20% ODA/GNI to LDCs target respectively (see Table 2). The lack of timely data availability on ODA to

23 Exact percentages are 0.025% ODA/GNI gap to meet the 0.15% commitment, and 0.075% ODA/GNI gap to meet the 0.20% ODA/GNI to LDCs commitment according to CONCORD’s calculations in 2018 constant prices based on EU data.
LDCs continues to hinder updated assessments on donors’ performances in this area.

**GENDER EQUALITY**

There is ample research proving how gender is often decisive in determining opportunities, social status, participation in a variety of spheres, access to social rewards and more. Gender inequality is a main driver of inequalities in general, including poverty and exclusion. The EU must dedicate far greater external action policy and resources to gender equality as a fundamental precondition for achieving the SDGs. Gender equality is therefore not only a human right, but also the cornerstone for a just, peaceful and sustainable world.

OECD DAC figures reporting on gender equality markers show that between 2017 and 2018 there was an overall decrease of around 2.4% (from €18,765 million to €18,322 million) in EU Member States’ ODA aimed at gender equality, compared with the 2016 to 2017 increase of 11% in absolute terms. The average contribution from Member States to the G1 marker (significant objective) and G2 marker (principal objective) actions equated to 48% of total ODA in 2018 (compared with 45% in 2017). Of the total allocation under gender markers for 2018, only 10.9% went to projects that included gender equality as the principal objective (G2).

According to a 2018 implementation report, it appears very unlikely, when the current EU Gender Action Plan (GAP II) comes to an end in 2020, that the target of ensuring

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**Table 2: The gap to the 0.15–0.20% ODA/GNI to LDCs target**

<table>
<thead>
<tr>
<th>Total EU28 GNI</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>How much of the EU28 GNI does it represent?</td>
<td>% EU28 GNI represented</td>
<td>Aid in € millions</td>
<td>How much of the EU28 GNI does it represent?</td>
</tr>
<tr>
<td>Total EU28 GNI</td>
<td>16,197,741</td>
<td>15,855,315</td>
<td></td>
</tr>
<tr>
<td>ODA commitment (0.15% of GNI)</td>
<td>24,297</td>
<td>0.15%</td>
<td>23,783</td>
</tr>
<tr>
<td>ODA commitment (0.20% of GNI)</td>
<td>32,395</td>
<td>0.20%</td>
<td>31,711</td>
</tr>
<tr>
<td>Total ODA to LDCs</td>
<td>17,945</td>
<td>0.11%</td>
<td>19,848</td>
</tr>
<tr>
<td>Aid gap to 0.15%</td>
<td>6,352</td>
<td>0.04%</td>
<td>3,935</td>
</tr>
<tr>
<td>Aid gap to 0.20%</td>
<td>14,451</td>
<td>0.09%</td>
<td>11,863</td>
</tr>
</tbody>
</table>

Source: CONCORD calculations based on EU data introduced in Council conclusions. Figures in 2018 constant prices.

28 Based on available data for EU Member States that report to the OECD in addition to data from CONCORD’s national platforms. Average refers to bilateral allocable aid excluding non-screened activities under the gender markers. Data for 2019 is not available for all EU Member States.
29 The data used for this assessment is exactly the same as the data featured in AidWatch 2019, given the EU’s GAPII Annual Implementation Report 2019 had still not been published at the time this report was drafted.
that 85% of all new programmes are marked G1 or G2 will be met. In 2018, the European Commission (Directorate-General for International Cooperation and Development) was at 68.4% compared with 65.9% in 2017 and 58.8% in 2016. While GAP II has been a good example which shows the positive potential of including gender equality in EU programming and policy dialogues, its successor needs to secure further achievements. Overall, the EU must step up its game to meet the commitments in the upcoming EU GAP III. Unfortunately, around 25% of projects self-reported by donors using the gender equality marker to the OECD DAC were mismarked and did not fully take advantage of aid’s potential for improving gender equality. Further financing efforts are needed, such as 20% of funding allocations to be marked G2 (gender as principal objective), if the GAP objectives are to be met.

Currently, the EU accounts for the percentage of agreements with signed-for interventions marked G1 or G2, rather than the percentage of the total budget committed under these markers. This makes the actual resource allocation for gender equality less transparent. The G0 marker is sometimes used by the EU without justification of why gender is not considered, notably in some interventions in fragile states.

In the past, the EU has committed to increase its use of gender budgeting, but it remains to be seen how this will result in concrete steps and achievements to ensure a more impactful implementation of the GAP.

SUPPORT TO CSOs

In CONCORD’s view, support to CSOs is paramount for an equality-focused ODA. Civil society plays a fundamental role in reducing inequalities. But on top of this, a genuinely independent, diverse, pluralistic and vibrant civil society is pivotal to a country’s development and stability, to ensuring democratic consolidation, social justice, respect for human rights, and to building inclusive societies so no one is left behind. If adequately supported and funded, CSOs can play a central role in supporting democracy, guaranteeing the separation of powers, and promoting transparency, accountability and good governance. That is even more so if a variety of CSOs are considered and supported, including grassroots CSOs or local women’s rights organisations. Despite heightening pressures from the COVID-19 pandemic, the climate crisis, economic injustice, growing exclusion and the erosion of democratic freedoms in many developing countries, donors are not responding adequately to the risks presented by ever-narrowing spaces for civil society.

In absolute terms, the EU’s ODA financing to support CSOs has been alarmingly stagnant in recent years, hovering around the €2 billion mark. OECD DAC figures show that collective EU core support to civil society remains steady at around 3% of its total ODA from 2016 to 2018. However, this is largely thanks to Member States’ financing contributions, which represent around 4% of their ODA. Since EU institutions lag far behind with a very insufficient 0.1% of their ODA being allocated to supporting CSOs.

33 The G0 marker signifies that a gender assessment has been made but a gender perspective is absent.
37 €2.044 million in 2016, €2.045 million in 2017 and €1.947 million in 2018 according to data reported to the OECD DAC and featured in this report in constant 2018 prices.
38 2018 has seen a slight, and still insufficient, increase in ODA to CSOs from 3.06% in 2017 to 3.18%.
39 EU’s contributions went from 3.94% ODA in 2017 to 4.11% in 2018.
40 Although still very insufficient, the EU has increased its financial support from 0.07% in 2017 to 0.12% in 2018, which represents an annual increase of over 70%.
1.5. RECOMMENDATIONS

The EU (including its Member States) must improve the quantity and quality of ODA to reaffirm its role as an important player in global sustainable development. The coronavirus pandemic has further revealed the need to increase action on implementing the 2030 Agenda and the Addis Ababa Action Agenda on financing for development. The EU must urgently:

ENOUGH ODA

• Comply with the international commitment to spend 0.7% of the combined EU GNI on ODA. The three-year downward trend must be reversed now.

• Ensure that sufficient funding for sustainable development is allocated in the 2021–2027 MFF to meet commitments. If the future NDICI is to have an unequivocal focus on sustainable development and leaving no one behind, it is a minimum requirement that the EU upholds its commitment for at least 92% of its budget to be ODA-eligible according to OECD DAC criteria.\(^{41}\) The final DAC-able budget should swiftly reach 95% as stated by several NGOs, including CONCORD.\(^{42}\)

EMPLOYING ODA CORRECTLY

• Focus limited ODA resources on achieving the SDGs at partner country level. In-donor refugee costs, tied aid, in-donor international students costs, interest repayments and debt relief should not be reported as ODA.

• Ensure that all spending under the new NDICI is clearly connected to development goals (including compliance with OECD DAC rules on security and that migration-related interventions originated to promote donor migration policy interests should not be reported as ODA).

EFFECTIVE ODA

• Increase efforts to align ODA with partner country-led results frameworks defined through transparent and inclusive processes with stakeholders.

• Step up commitments to increase disbursement of ODA through partner countries’ public financial management and public procurement systems.

• Fully untie ODA in all sectors, including lower middle-income countries and upper middle-income countries, beyond the OECD DAC’s minimum requirements.

• Increase ODA transparency and consolidate further CSO involvement in development cooperation policies.

• Increase EU efforts to improve global, comprehensive and regular reporting on effectiveness indicators and principles.

• Ensure the reporting of all EU Member States in the GPEDC monitoring rounds.

EQUALITY-FOCUSED ODA

• Scale up spending to fully comply with the 0.15% ODA/GNI target to LDCs in the short term, and rapidly progress towards the 0.20% ODA/GNI commitment to LDCs by 2030.

• Step up efforts in the context of the EU GAP III, to reach the target of 85% of new programmes having gender as a significant or principal objective (G1 or G2) and, within this target, 20% of programmes having gender as a principal objective (G2). Gender equality will only be possible with adequate funding, so the EU should also commit to spending 85% of ODA funding in programmes with gender as a significant (G1) or principal objective (G2), of which 20% of ODA goes to programmes with gender equality as a principal objective (G2).

• Move towards a comprehensive and harmonised approach to EU reporting on gender targets, including by capturing all flows by the European Commission. As well as reporting on new commitments, publish disbursement data to make gender equality-related allocations comparable with overall ODA flows; systematically justify the use of the G0 marker.

• Step up investment in core support to CSOs and girls’ and women’s rights organisations in partner countries in a context of narrowing space for civil society.

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2. COVID-19: A MAJOR SETBACK

This chapter focuses on the impact of COVID-19 on the world’s poorest people, as well as donors’ responses to the pandemic and ODA’s potential. The impacts of the COVID-19 pandemic for the world’s poorest people are unprecedented in recent history.\(^43\)\(^,\)\(^44\) As thoroughly stated in CONCORD’s paper on the EU’s response to COVID-19, “the pandemic, as is common in disaster situations, brutally exposes and exacerbates various forms of inequalities within and among countries”.\(^45\) On top of this, expansive responses to setbacks in the global economy risk undermining human rights, environmental sustainability, gender equality and civic space.\(^46\),\(^47\)

Although the geographical scope of the COVID-19 crisis has been global, fragile response capabilities and structural vulnerabilities have most affected the world’s most marginalised people. The pandemic is worsening global inequalities and will leave many people lagging even further behind.\(^48\) The outbreak could lead to around 500 million new poor people and 400 million more people living in extreme poverty.\(^49\) Civil society has reported\(^50\) that by the end of the year, 12,000 people per day could die from hunger brought on by the pandemic. Since the beginning of the COVID-19 crisis, abundant data has been published on its impact on GDP worldwide. However, GDP ignores aspects such as environmental sustainability, inequalities and human rights.\(^51\) GDP as a main indicator and driver of public policies has pushed many societies into deeper inequalities and it is argued that the focus on GDP is pushing the world towards ecological collapse.\(^52\)

Initiatives to rapidly restart economies risk postponing urgent and long-neglected ecological transitions which are core to keeping the planet below tipping points and to avoiding further exacerbating inequalities and poverty. The pandemic is putting progress achieved towards sustainable development by LDCs over recent decades under threat.\(^53\) It is exacerbating gender inequality in all its forms as women and girls are particularly exposed to the pandemic’s immediate effects and repercussions.\(^54\) In countries where states of emergency and exceptional restrictions on fundamental rights are being adopted, the pandemic risks diminishing civic space and human rights. The responses to overcome its impacts must acknowledge that the ongoing ecological collapse is exacerbating inequalities in partner countries. Urgent mitigation efforts require the comprehensive integration of well-being indicators and binding ecological targets.\(^55\) A good life for all within planetary boundaries should be placed at the top of the EU’s development cooperation agenda as an essential element for inclusiveness and resilience which ensures no one is left behind. In this context, spending ODA effectively can play an essential role, especially if accompanied with a greater respect for policy coherence for sustainable development.\(^56\)

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\(^55\) Examples of effective and comprehensive methodologies of human and social progress within planetary boundaries include those developed by University of Leeds economists and researchers: A good life for all within planetary boundaries, https://goodlife.leeds.ac.uk/
\(^56\) For more information, please see section in Chapter 2, Beyond ODA: Enabling policy environments to leave no one behind.
2.1. THE EU’S ODA RESPONSE TO THE COVID-19 PANDEMIC

SCARCE DATA AND TRACKING DIFFICULTIES

The EU deployed a rapid global response. In April, the ‘EU Global Response to COVID-19’ was adopted as an attempt to give a coordinated European answer to EU partner countries facing coronavirus surges and its consequences. However, new resources have been scarcely available. Lack of transparency in data availability is jeopardising scrutiny and accountability of the EU’s response.

The European Commission has fully backed the idea of having a COVID-19 marker to trace back donors’ responses in the OECD DAC. The European Commission, however, is already using an internal COVID-19 marker to identify any disbursements by the EU Delegations (EUDs) related to the package. The data collected through the internal marker forms the basis of the EU monitoring report, which is regularly updated and accessible to the College of Commissioners. Such a report, including a breakdown of EU Member States’ contributions to the package and specifying if these are additional resources, would be an essential tool for transparency and accountability with the public. CONCORD therefore encourages the European Commission to make that report publicly available. Data scarcity has prevented a further comprehensive evaluation beyond that featured in the next section.

Some potential effects of the COVID-19 pandemic around the world

LATIN AMERICA
COVID-19 might create 35.4 million new poor people

SUB-SAHARAN AFRICA
23 million people might be pushed into poverty

SOUTH-EAST ASIA
16 million people risk falling below the poverty line
REORIENTATION OF FUNDS AND FIRM COMMITMENT TOWARDS MULTILATERALISM

At the start of the outbreak, some European donors’ operational capacities were hampered due to lockdowns and the repatriation of expatriate workers. This proves the importance of strengthening country systems when delivering ODA – not only through partner countries’ public sector structures but also by increasing the number of local employees. A robust and consolidated local engagement is key to reinforce resilience and the continuity of programmes and projects which represent a lifeline for many people in need. EU donors have tried to restore those initially diminished capacities.

Resources of the EU global response have been mostly redirected from already budgeted items. Only big donors such as France, Germany and the UK have directed a considerable amount of additional resources to respond to the pandemic. Donors have prioritised multilateral options in their responses. Notably the newly created Team Europe, the UN system, the World Bank and its Pandemic Financing Facility have been the main structures employed by EU donors. Contributions have also been made to the World Health Organization, Gavi and to different national, pharmaceutical sectors with the aim of developing a vaccine for COVID-19. These contributions have very different potentials in range and scope of outcomes: while some are open and public-interest oriented, others operate under lack of transparency and stringently regulated intellectual property clauses which lead to high levels of enclosure and potential access barriers.

While donor responses to COVID-19 should have paid important attention to both leave no one behind approaches and the gender dimension to ensure a comprehensive impact on livelihoods, EU donors have fallen short. If governments had more systematically consulted with civil society, this might have been addressed since CSOs have great potential to assist in designing and implementing the responses so as to leave no one behind.

After the Foreign Affairs Council meeting and the adoption of the Council Conclusions on COVID-19 in June, the EU Member States scaled up their efforts in containing the virus in partner countries. They agreed to mobilise up to almost €13 billion (compared with the €20 billion previously granted) through the Team Europe initiative, making the Member States key positions under pressure, both from the expenditure and revenue sides. Poorer countries – where the virus might have harsher consequences – could soon be faced with a severe debt crisis in addition to health, food and livelihoods crises. Debt relief is a powerful, fast-acting measure to give partner countries the policy and fiscal space to fully prioritise the prompt and sustainable management of the crisis.

Dealing with COVID-19 has exacerbated debt distress. Responses to the pandemic are putting governments’ fiscal positions under pressure, both from the expenditure and revenue sides. Poorer countries – where the virus might have harsher consequences – could soon be faced with a severe debt crisis in addition to health, food and livelihoods crises. Debt relief is a powerful, fast-acting measure to give partner countries the policy and fiscal space to fully prioritise the prompt and sustainable management of the crisis.

SECTORAL SPENDING: RISKS FOR DONORS AND CSOS, CHALLENGES FOR SUSTAINABLE DEVELOPMENT

The overwhelming use of multilateral responses to COVID-19 corresponds to the needs for large-scale, urgent responses to the crisis both in terms of preparedness measures and health, but also to address the economic and social consequences of the crisis. However, it risks impacting negatively on the involvement of CSOs in responses to the crisis. With their expertise on key sectors and deep knowledge of the local reality and dynamics, development CSOs are well placed to complement governments’ actions and work in the interest of the well-being of local communities and marginalised people.

In the EU Global Response framework, some calls for proposals targeting CSOs—which had been in the pipeline—have now been cancelled. In some other cases, deadlines to submit proposals have been postponed in order to adapt those to the COVID-19 context. Making use of flexibility in a crisis is understandable, but the risk of sidestepping donor-CSO relationships could last into the medium term if not handled carefully by donors. Due to the lack of transparency, it is difficult to track all the calls for proposals that were cancelled and assess the reallocation towards different sectors. Suffice to say that donors must make a conscious effort to maintain development partnerships with civil society to ensure they remain strong even during and beyond the COVID-19 crisis.

**BOX 4. THE GEOGRAPHIC DIMENSION OF THE EU GLOBAL RESPONSE**

The EU Delegations (EUDs) play a critical role in the EU global response to COVID-19. Before launching the package, the Brussels headquarters had tasked the EUDs to look into unspent budget and redirect it towards the EU response to COVID-19. The funding per country and regions is from the EU decentralised budget managed by EUDs. Adjustments of allocations have been detected over time  — not between, but within countries and regions. However, the headquarters’ guidelines were not made public.

When it comes to commitments, it is important to highlight the mismatch between the political statements backed by the European Council and Commission and the actual allocations per countries and regions. The Joint Communication on the EU Global Response to COVID-19 in April as well as Council Conclusions on COVID-19 from the Foreign Affairs Council (development) meeting in early June put Africa, and LDCs in particular, at the forefront of the EU response. Yet, the updated figures from June show that the allocated funding for the Neighbourhood – including the Western Balkans and Turkey – amounted to €11,839 million, compared with €4,756 million linked to gender equality in the Commission’s proposal.

Despite the lack of publicly available data, the European Commission affirmed that by now the overall majority of the package’s funding is disbursed in the form of grants and the most commonly used types of flow are direct award, negotiated procedures with CSOs and open calls for proposals. However, the European Commission is increasingly pushing for the use of budget support and private sector instruments to address the social and economic consequences of the crisis. CONCORD is concerned that leveraging private funding as part of the EU response will not tackle the root causes of the crisis and its consequences. Instead, leveraged finances may fuel a debt crisis which several LDCs and other partner countries are already facing.

A GENDER BLIND RESPONSE

Despite the evidence and recognition of the disproportionate impacts of the outbreak and its medium- and long-term consequences on women and girls, little attention has been paid to gender equality and women’s and girls’ empowerment in donors’ responses to the COVID-19 pandemic. As highlighted by CONCORD’s reaction to the EU’s global response and in an article recently published by CONCORD Sweden, the lack of analysis on how the pandemic affects girls and boys, and women and men, differs from the outbreak and its medium- and long-term consequences on women and girls, little attention has been paid to gender equality and women’s and girls’ empowerment in donors’ responses to the COVID-19 pandemic. As highlighted by CONCORD’s reaction to the EU’s global response and in an article recently published by CONCORD Sweden, the lack of analysis on how the pandemic affects girls and boys, and women and men, differs from the outbreak and its medium- and long-term consequences on women and girls, little attention has been paid to gender equality and women’s and girls’ empowerment in donors’ responses to the COVID-19 pandemic. As highlighted by CONCORD’s reaction to the EU’s global response and in an article recently published by CONCORD Sweden, the lack of analysis on how the pandemic affects girls and boys, and women and men, differs from the outbreak and its medium- and long-term consequences on women and girls, little attention has been paid to gender equality and women’s and girls’ empowerment in donors’ responses to the COVID-19 pandemic. As highlighted by CONCORD’s reaction to the EU’s global response and in an article recently published by CONCORD Sweden, the lack of analysis on how the pandemic affects girls and boys, and women and men, differs from the outbreak and its medium- and long-term consequences on women and girls, little attention has been paid to gender equality and women’s and girls’ empowerment in donors’ responses to the COVID-19 pandemic.

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**HOW THE MONEY IS DISBURSED: AID MODALITIES**

Despite the lack of publicly available data, the European Commission confirmed that by now the overall majority of the package’s funding is disbursed in the form of grants and the most commonly used types of flow are direct award, negotiated procedures with CSOs and open calls for proposals. However, the European Commission is increasingly pushing for the use of budget support and private sector instruments to address the social and economic consequences of the crisis. CONCORD is concerned that leveraging private funding as part of the EU response will not tackle the root causes of the crisis and its consequences. Instead, leveraged finances may fuel a debt crisis which several LDCs and other partner countries are already facing.

**CONCORD AidWatch 2020**
2.2. ODA TO LEAVE NO ONE BEHIND IN THE WAKE OF COVID-19

Financing has been falling short of the spending needs to achieve the SDGs by 2030. COVID-19 has made ODA more necessary than ever. ODA is now crucial to contain the drop in resources caused by massive debt and equity outflows, decreases in remittances and ripple effects on domestic finance. ODA can be delivered, has extraordinary capacities to target key sectors, and is paramount in enhancing gender equality and women’s and girls’ empowerment and promoting democratic governance and civic space. ODA may also compensate for drops in other development resource flows by strengthening counter-cyclical public investments, and contributing to partner countries’ institutional reinforcement.

All of these elements are vital for strengthening inclusive and resilient societies to leave no one behind in the wake of COVID-19.

SPENDING ODA EFFECTIVELY: STRENGTHENING COUNTRY SYSTEMS AND LOCAL DEVELOPMENT ACTORS IN THE WAKE OF COVID-19

If ODA’s quantity is crucial in the financing of sustainable development, the way it is spent is also key to reducing poverty and inequalities. The COVID-19 pandemic has put the importance of development effectiveness principles once again under the spotlight. For instance, the use of resilient country systems capable of supporting national and local development actors in partner countries are paramount to facing COVID-19-related challenges.

In a context of institutional weaknesses triggered by the COVID-19 pandemic, budget support, as the only ODA modality that naturally uses country systems, has the potential to boost more resilient and inclusive societies by increasing general public spending. This modality has a proven track record modality for effectiveness too, and also improves citizens’ access to public services such as health and education. Budget support, as a direct injection of funds to partner countries’ budgets, is a fast modality to deliver with very high standards of ownership and alignment.

If reciprocally agreed with partner countries, ODA in the form of peer-to-peer technical assistance on governance and public sector matters bears fruit and enhances country systems. It may contribute to good governance and social cohesion stemming from social, economic, fiscal and justice policies. The European Parliament recognised that the EU’s EuroSociAL programme is a positive example, which is now also promoting expertise and knowledge-sharing to face the consequences of the COVID-19 pandemic.

Local private sector actors are important allies for development effectiveness. The contracting of goods and services derived from aid programmes has the potential to foster local private sector resilience and turn it into a key element for local entrepreneurial development. In this sense, aid can play a vital role since it is estimated that contracting derived from aid can account for around 50% of total ODA.

This is especially important to kickstart the economy post COVID. Unfortunately, the vast majority of this aid money goes to donor-country firms in the form of tied aid, thus not only increasing the cost of supplies by 15% to 40%, but jeopardising the potential of public procurement as a means to strengthen robust and resilient local private sectors in partner countries. The COVID-19 pandemic has put economic sustainability to the test worldwide. This reinforces the crucial importance of supporting local entrepreneurial sectors, especially cooperatives, micro, small and medium enterprises and sustainable and inclusive businesses models.

78 Ibid
82 OECD, A systemic resilience approach to dealing with covid-19 and future shocks, 28 April 2020, https://read.oecd-ilibrary.org/Library/296f8ef6a4bed4c2f2d0b39849f9e718
87 Dinatale M., The advice Argentina receives from Italy and Spain to face a peak in COVID-19 infections (in Spanish: Los consejos que la Argentina recibe de Italia y España para enfrentar un pico de contagios de COVID-19), INFOBAE, 23 May 2020, https://www.infobae.com/politica/2020/05/23/los-consejos-que-la-argentina-recibe-de-italia-y-espana-para-enfrentar-un-pico-de-contagios-de-covid-19
89 This is especially important to kickstart the economy post COVID. Unfortunately, the vast majority of this aid money goes to donor-country firms in the form of tied aid, thus not only increasing the cost of supplies by 15% to 40%, but jeopardising the potential of public procurement as a means to strengthen robust and resilient local private sectors in partner countries. The COVID-19 pandemic has put economic sustainability to the test worldwide. This reinforces the crucial importance of supporting local entrepreneurial sectors, especially cooperatives, micro, small and medium enterprises and sustainable and inclusive businesses models.
2.3. BEYOND ODA: ENABLING POLICY ENVIRONMENTS TO LEAVE NO ONE BEHIND

ODA alone is not enough, and its potential is diminished if international policy contexts are unfavourable. Policy coherence for sustainable development can support countries to achieve sustainable development, whereas policy incoherence can seriously undermine it. The principle of policy coherence for development is reflected in article 208 of the Treaty on the Functioning of the European Union. The EU also promised to address policy incoherencies when committing to the 2030 Agenda. In practice, however, the EU is not always coherent in its policy. What EU donors promote through one policy sphere is sometimes undermined by another. In the wake of the COVID-19 crisis, policies on intellectual property rights, taxation and agriculture are good examples of this issue. Urgent policy changes are needed to prevent negative or spill-over impacts of non-development policies in partner countries. Mechanisms for ensuring policy coherence for sustainable development must be used more systematically and efficiently by all relevant EU institutions and Member States, including at the highest political level.

FAIR TAXATION FOR DOMESTIC RESOURCE MOBILISATION TO FACE COVID-19

Tax revenues provide states with valuable income to invest in delivering quality, affordable public services. They are therefore critical to leave no one behind. Furthermore, fair taxation schemes promote good governance and social capital. However, as acknowledged by the European Parliament, an increasing number of tax treaties between developed and developing countries have been used to lower taxation in cross-border financial transfers, minimising developing countries’ domestic resource mobilisation capacities and creating possible routes through which multinational companies may avoid taxation.94 For instance, developing countries have lost between €150 million and €550 million a year due to the Dutch tax system facilitating the avoidance of withholding tax, leading to foregone dividends and interest from withheld tax revenues.95 Developing countries lose €754 billion annually, roughly 10 times the amount of aid money received.96 For every migrant who arrives in Europe from Africa, around €220,000 escapes from the continent in the form of illicit financial flows.97 All these developing countries’ domestic resources, instead of vanishing, could have been mobilised for poverty reduction, social welfare and sustainable development purposes.

An ambitious action plan to promote partner countries’ domestic resource mobilisation and curb tax avoidance and tax evasion, aligned with the policy coherence for sustainable development principle, is needed. The creation of an international tax agency, under the umbrella of the UN, would be crucial to fight against tax avoidance or unfair tax competition between countries. It should be endowed with sanctioning capacities and able to force multinational companies to pay their taxes where they create the added value of their products. Positive experiences have arisen from the OECD Base Erosion and Profit Shifting (BEPS) mechanisms. The EU built on BEPS-acquired experiences and data to reform the Accounting Directive. Unfortunately, some of the most significant EU reforms, such as country-by-country reporting, are at a stalemate.

FOOD AND NUTRITION SUSTAINABILITY AND SECURITY

COVID-19 has exposed the strengths and weaknesses in our food systems. Hunger is set to be one of the most dramatic indirect consequences of the COVID-19 outbreak.98 The policy response must address this issue. However, EU donors display important contradictions when addressing this matter. While food security is a frequent priority of ODA policies, the EU’s lack of a comprehensive green transition strategy in its external action on agriculture, heavily influenced by its trade deals, cripples the chance of achieving global nutrition security.99 Consequently, the EU’s Common Agricultural Policy must be reoriented and aligned with the UN 2030 Agenda. To achieve this, establishing formal and sanctioning grievance mechanisms in trade and economic partnership agreements should be seriously considered. A decisive move towards agro-ecological production systems is urgently needed to effectively respond to challenges of climate mitigation and adaptation, and of restoring soils, increasing biodiversity and ecosystem’s functions, as well as to reduce pollution and move towards more healthy and sustainable diets. Efforts to tighten sustainability requirements in the EU food system – such as the Farm to Fork strategy – must be accompanied by policies that help raise standards globally, to avoid the externalisation and export of unsustainable practices.

The COVID-19 outbreak and its dramatic consequences for the most at-risk people amplifies the need for urgent action in this regard.

99 This idea is present in the European Parliament Resolution on the Violation of rights of indigenous people in the world, including land grabbing from 3 July 2018.
The European Commission and EU Member States should:

1. Commit to massively scaling up ODA in response to the COVID-19 crisis and go beyond ‘striving to protect ODA budgets’. An increase in ODA commitments and disbursements and not just a redirection of funds from already budgeted items in response to the COVID-19 outbreak is needed.

2. Prioritise people-centred interventions that strengthen social sectors such as education, health, public services, social protection and small-scale agriculture and food security in a socially just and equitable manner.

3. Mainstream inequalities-focused approaches in international cooperation by: conducting a multidimensional and intersectional analysis of inequalities in partner countries to be able to target those people furthest behind or most at risk; developing ex-ante inequality impact assessments to inform the drafting of country-specific programmes and projects (including in the emergency response to and recovery from COVID-19); gathering disaggregated data to support equality monitoring and evaluation; fostering local ownership of equality and mainstreaming equality in all policy dialogues.

4. Increase focus on gender equality and women’s and girls’ empowerment in response to the COVID-19 pandemic by analysing the different impacts on girls and boys and men and women and providing tailored responses.

5. Significantly increase engagement with and support to CSOs. More structured consultations with CSOs, both in headquarters and at partner country level, are needed. EU donors should ensure that local CSOs and international NGOs working on the front line are funded to implement programmes and projects tackling the COVID-19 pandemic and its consequences at community level, to reach people left furthest behind.

6. Provide full transparency of commitments and responses to COVID-19, enabling all stakeholders to track and monitor changes in financial allocations. The European Commission should make publicly available a comprehensive monitoring report of the EU global response to COVID-19. This should include a breakdown of EU Member States’ contributions to the package, specifying if those are additional resources.

7. Ensure that support to private sector instruments in the EU global response does not come at the expense of grants-based modalities. In addition, support to the private sector should only come when there is a proven development additionality and when development effectiveness principles are fully guaranteed.

8. Use responses to COVID-19 to strengthen partner country systems, where context allows. However, other modalities may be more appropriate in the most fragile contexts.

9. Safeguard the integrity of ODA as a measure of donor efforts and exclude all financing for COVID-19 activities that do not have the economic development or welfare of developing countries as their main objective, such as investments in a COVID-19 vaccine.

10. Ensure debt suspension efforts promote partner countries’ fiscal space to back planet- and people-centred policies. Work towards a UN permanent mechanism on debt, for the systematic, comprehensive and enforceable restructuring of sovereign debt. Do not count debt relief as ODA.

11. Strengthen effective mechanisms for ensuring policy coherence for sustainable development, which should be used more systematically and efficiently by all relevant EU institutions and Member States, including at the highest political level. The EU should perform sustainability impact assessments in every policy sphere, including its responses to the pandemic.
PART TWO
Country pages

ODA amounts featured in this section for Austria, Estonia, Finland, Hungary, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia have been directly sourced by national platforms from national ministries of foreign affairs and are represented in 2019 current prices.
“Over the past few months, our world has faced unprecedented difficulties: a health crisis like no other, and an economic crisis, which will have a long-lasting impact. COVID-19 has revealed and deepened inequalities… and the progress on the road towards the SDGs has stalled and in some cases backtracked. The most vulnerable are those who are the most affected. There is therefore an urgency to reconnect with and to build a bridge towards the SDGs to ensure equality and dignity for all… As we begin the Decade of Action and Delivery, we should raise the level of ambition and accelerate action on the 2030 Agenda.”

Jutta Urpilainen, Commissioner for International Partnerships, High-Level Political Forum opening session, July 2020

MAIN CHANGES IN 2019

In 2019, the European Commission remained the fourth biggest global donor, and the third among EU actors. It delivered €14 billion in official development assistance (ODA). Its contribution decreased by over 3% from 2018, another regressive step after the 6% reduction from 2017 to 2018, when its ODA dropped by €1 billion (to €14.5 billion). Both tied aid and interest repayments were again reduced in 2019, making 97% of the EU institutions’ ODA genuine aid. Tied aid and interest repayments as a percentage of the EU institutions’ ODA is in a positive downward trend, representing 6.9% in 2017, 4.5% in 2018 and 3.0% in 2019. Overall aid allocations in the 2021–2027 Multiannual Financial Framework need to be urgently enhanced given the looming deadline to achieve the 2030 Agenda for Sustainable Development. Reverting the multiannual downward trend on multilateral and bilateral aid should be a key priority for the EU institutions.

In 2019, a new European Commission took office, with a new Commissioner for International Partnerships, Jutta Urpilainen. The Commission’s new five geopolitical priorities are: the EU Green Deal, digitalisation and data technologies, sustainable growth and jobs, migration partnerships and governance, and peace, security and stability.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

The EU will soon conclude the negotiations of the Multiannual Financial Framework for 2021–2027. We expect a drop in the financial resources dedicated to achieving the Sustainable Development Goals (SDGs) and the Paris Agreement.1 Although the process is not finalised, it will surely be strongly conditioned by the ‘single instrument’, the Neighbourhood Development and International Cooperation Instrument (NDICI). The NDICI will be the biggest-ever EU external financial instrument, and will have a budget of around €71 billion. Most of the EU’s existing instruments will be merged in the pursuit of simplification, flexibility and transparency. This may risk diluting development objectives into other policy objectives and redirecting ODA to non-development focused purposes. The EU and African, Caribbean and Pacific states are also finalising the design of their future partnership to follow the Cotonou Agreement. Its launch is expected by the end of 2020. The successor of the EU’s Gender Action Plan II (2016–2020) is expected to be adopted in November. 2020 is a pivotal year for gender equality; the pandemic reiterated the importance of a feminist approach in all policy areas to ensure no one is left behind and pave the way to achieve the SDG.

RECOMMENDATIONS TO THE EU INSTITUTIONS

- Increase ODA in the 2021–2027 MFF to meet 0.7% ODA/GNI and 0.15–0.2% ODA/GNI to least developed countries (LDCs), while promoting more inclusive and resilient societies to ensure no one is left behind after the COVID-19 crisis.
- Do not dilute the effectiveness of aid by supporting ‘beyond development policy’ interests under the future NDICI by but ensure the direct contribution of ODA to reducing poverty and inequalities and achieving sustainable development.
- Make sure efforts towards digitalisation follow a people- and planet-centred approach where sustainability and accessibility make up the main policy focus.
- Adopt an ambitious framework to mainstream gender equality in external action through in the EU Gender Action Plan III, consolidate the financing target on gender equality and women’s empowerment, and make further efforts towards gender marker harmonisation with the OECD DAC.
- Ensure an equal partnership with Africa, which guarantees partner country policy space to realise the SDGs.

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"Aid on the ground is of paramount importance and a priority of this Federal Government."
Vice-Chancellor Werner Kogler, 12 April 2020

MAIN CHANGES IN 2019

In 2019 Austria spent 0.27% of GNI on ODA, a marginal increase from 0.26% in 2018, which at best is a third of the agreed 0.7%. Around two thirds (64%) of Austrian ODA was allocated to multilateral cooperation (€692 million, up 19.31% from 2018), and only 36% (€390 million) on bilateral cooperation, meaning only every third Euro of ODA was spent bilaterally, a decrease of 7.14% from 2018. From these 36% bilateral costs, a marginal number of 9.5% was directly spent on projects in partner countries (about €102.5 million). In terms of bilateral assistance to LDCs, the trend remained stable at €48 million or barely 4% of ODA. Only €54 million was allocated to sub-Saharan African countries (5% of ODA) and in total €65 million (or 6% of ODA) to countries in Africa. Bilateral humanitarian assistance increased, from €23 million in 2018 to €36 million in 2019, yet still only made up 3.3% of total ODA. The Austrian Foreign Disaster Relief Fund remained at €15 million or just 1.4% of ODA. Although ending poverty and leaving no one behind are objectives of Austrian Development Cooperation (ADC), marginal amounts are dedicated to countries in which poverty remains high.

In 2019, the OECD DAC conducted its Peer Review of Austria’s development cooperation, which highlighted the strong fragmentation of ADC, the need for policy coherence for sustainable development and low ODA figures. Recommendations include developing an overarching vision for ADC and a plan to increase ODA to 0.7% by setting interim targets, prioritising untied ODA and making development the primary objective.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Austria’s new government programme (from January 2020) includes a much-needed change and higher valorisation of ADC, with aims to increase bilateral resources, develop an overall strategy to reach 0.7% ODA, and strengthen the implementation of the 2030 Agenda. Already, the Austrian Foreign Disaster Relief Fund has been raised by €10 million and bilateral project resources for the Austrian Development Agency by €12 million. The Ministry of Foreign Affairs (MFA) is also working on a new humanitarian assistance strategy. But these increases are rather small steps towards meeting the 0.7% of ODA target. Austria’s first Voluntary National Review for implementing the 2030 Agenda and the SDGs of July 2020 shows that improvements are noticeable, but efforts need to be strengthened further, since reaching the goals remains challenging. In view of COVID-19 and its consequences for the Austrian national budget, the increases and measures announced in the new government’s programme should be realised.

RECOMMENDATIONS TO THE AUSTRIAN GOVERNMENT

- Implement all recommendations from the Austrian OECD DAC Peer Review, including an overall ADC strategy and a step-by-step plan for raising ODA to 0.7% of GNI, developing a strategy for humanitarian assistance and strengthening efforts for policy coherence for sustainable development.
- Realise the goals and measures of the new government programme, including increasing funds for gender equality, inclusion, global awareness raising and development education.
- Strengthen efforts to implement the 2030 Agenda, including a whole-of-government plan, increased stakeholder participation focusing on civil society, parliament and academia to take evidence-based decisions.
- Increase bilateral cooperation funding, especially for LDCs for ending poverty and reducing inequalities and for civil society organisations (CSOs), including a special COVID-19 emergency aid package for the global South.
- Earmark funds of the Foreign Disaster Relief Fund to provide predictable financing for long and short-term relief and further increase the fund.

AUSTRIA - GENUINE AND INFLATED AID
(€ million, constant 2018)
“I’m still being judged on how much I spend, the famous 0.7 percent. But am I a bad minister because I didn’t make the 0.7%? We’re 2020, right? I think we should measure by output, not by input.”
Alexander De Croo, Minister of Development Cooperation, 21 June 2020

MAIN CHANGES IN 2019
In May 2019, Belgium held elections and it took the country 16 months to finally obtain a federal government majority, in September 2020. The same trends in Belgian development cooperation have continued during this period of ongoing business: a decrease in ODA, a focus on the least developed and fragile countries and a growing focus on the private sector.

The trajectory of Belgium’s ODA confirms that the quantity of aid is still not a government priority: ODA remains a variable budget adjustment though the commitment of 0.7% is a legal obligation. In 2019 ODA fell again, to reach only 0.42% of GNI, the same as in 2015 (although technically its current level of 0.416% is the lowest since 2004). Belgium thus falls to 10th place in the ranking of donors in relative terms and 16th in absolute terms. The 0.7% target has moved further away, and Belgium remains below the European average, a logical consequence of the severe budget cuts and underspending since 2011. The main reason for the fall in ODA in 2019 is lower in-donor refugee costs counted as ODA, down from €207.2 to €123.2 million in 2019 – meaning an increase in real aid for 2019.

Belgium dedicates a significant part of its aid to LDCs and fragile states. However, the support programmes set up for the private sector are insufficiently adapted to the particular context of these countries. Moreover, only a small proportion (16%) of programmes in the agricultural sector really incorporate agro-ecological principles, which are essential for achieving Agenda 2030. On policy coherence for development, the potential of the mechanisms put in place following the adoption of the 2013 cooperation law has not been exploited, despite repeated OECD recommendations.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND
A federal government coalition has only just been found in Belgium. Now that a new government is in place, we hope the political priorities of the Minister of Development Cooperation will change towards an increase of ODA. Meanwhile, the private sector financing agenda is expected to continue to rise. With COVID-19, it is hoped that social sectors such as health and social protection will again receive the attention and budget they deserve. Given the discussions in 2018 on a new law for development cooperation (though it was not passed then), there is legitimate concern that instrumentalising development cooperation to meet security, commercial and migration objectives risks undermining the fight against poverty as the key aim. But the 2020 discussion on a new strategy paper on migration and development that puts migration at the service of sustainable development, in the spirit of the Global Compact signed in 2018, is encouraging.

RECOMMENDATIONS TO THE BELGIAN GOVERNMENT
• Adopt a budgetary plan to ensure that Belgium will respect its 0.7% commitment by 2024.
• Continue concentrating government ODA on LDCs and fragile states with a clear and comprehensive strategy.
• Invest in social sectors such as universal health and social protection.
• Adapt the private sector strategy to support the local private sector as much as possible.
• If leveraging international private sector funds, ensure they do not divert ODA but provide additional sources of funding, meet transparency rules, respect development effectiveness principles and contribute to sustainable development on the ground.
• Make policy coherence for sustainable development a political reality. The challenge is to make full use of the potential of available mechanisms.
• Refuse any instrumentalisation of aid for the economic, migration and security interests of Belgium or the EU.
“The new Medium-Term Program for Development Assistance and Humanitarian Aid 2020–2024 recognizes the need for Bulgarian development cooperation and humanitarian aid to prioritize activities that address the health, economic and social consequences of the COVID-19 pandemic. In the midst of the crisis, Bulgaria quickly redirected financial resources to provide emergency humanitarian assistance to the countries of the Western Balkans and the Eastern Partnership. We will continue to strive to respond as adequately and quickly as possible to the needs of partner countries to protect front-line health workers, children and vulnerable groups, so that no one is left behind.”
Ekaterina Zaharieva, Deputy Prime Minister and Minister of Foreign Affairs, September 2019

MAIN CHANGES IN 2019

In 2019 Bulgaria’s ODA reached €58.08 million, 0.10% of GNI – 86% of which was distributed multilaterally and 14% bilaterally. Of a total €50.2 million of multilateral ODA, 92% went to the EU, 2.87% to the World Bank Group and other international financial institutions, and 2.13% to the UN and its agencies. Bulgaria’s bilateral ODA amounted to €7.88 million, with the largest amounts going to in-donor refugee costs (€3.75 million), humanitarian aid (€1.3 million) and good governance and civil society (€1 million).

A new monitoring and implementation evaluation system was introduced in October. And a process to renew the Bulgarian Development Aid branding and communication strategy was initiated in 2019, aiming to enhance awareness of the strategy at national level and promote a positive image of Bulgaria in partner countries.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

For the first time the 2020 General Budget required at least 10% of bilateral ODA to go to financing technical assistance of Bulgarian experts and volunteer programmes for knowledge and experience sharing with partner countries.

The Mid-term Programme for Development Assistance and Humanitarian Aid 2020–2024 has been approved. This reflects long-term advocacy efforts of CSO experts and representatives and has been applauded by the civic sector. It further enhances cooperation with Bulgarian NGOs, echoes last year’s AidWatch recommendations and focuses on implementing the 2030 Agenda in partner countries. It also establishes a new Programme for Global Education and Awareness Raising that is expected to fund global education projects at national level to raise awareness of development cooperation, sustainable development and the SDGs, human rights, culture of peace and media literacy, among other issues.

In response to the COVID-19 pandemic, Bulgaria has provided 4,150 specialised medical sets supplies and 5,336 food packages to the countries of the Western Balkans and the Eastern Partnership.

RECOMMENDATIONS TO THE BULGARIAN GOVERNMENT

• Accelerate the process of developing a new law on development cooperation.
• Develop specific regulations to improve CSOs’ involvement in the implementation phase of development cooperation programmes such as introducing grants and partly derogating the Public Procurement Law.
• Develop a mechanism to assess the effectiveness of development aid and the efficiency of its procedures.
• Design the new Global Education and Awareness Raising Programme in tight consultation with the civic sector.
• Increase total ODA and especially its share of bilateral aid.
• Implement a communication strategy that highlights the mutual benefits for donors and beneficiaries of participating in development cooperation policies.
“Two important parallel processes will take place in the near future - the new comprehensive EU-Africa strategy and the new and ambitious post-Cotonou agreement, therefore it is crucial to secure partnership with Africa which will answer challenges in 21st century... The upcoming Croatian presidency strongly supports successful adoption of the new comprehensive EU-Africa strategy which will improve the EU-Africa partnership in all key areas such as sustainable growth, green plan, migrations and mobility, security and peace.”

Gordan Grlic Radman, Minister of Foreign and European Affairs, 13 February 2020

MAIN CHANGES IN 2019

The Commission for Development Cooperation and Humanitarian Aid Abroad, founded in 2018, held its second meeting in December 2019. Committee members were informed that a process to collect data on international development cooperation and humanitarian aid projects implemented by publicly funded bodies during 2019 was to be launched, to get a comprehensive overview of activities planned for 2020.

During 2019, Croatia was, for the first time, included in the OECD DAC Common Reporting Standard. This increases its credibility and transparency around ODA donations, and strengthens its application for full OECD DAC membership. All committee members were asked to regularly inform the ministry on all their development projects so this information could be shared globally.

Croatia’s Ministry of Foreign Affairs’ report on ODA in 2017/2018 was adopted by parliament in October 2019.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

The Croatian focus on development policies during 2020 was in large part defined by its presidency of the EU Council. Within the Working Party on Development Cooperation (CODEV) its priorities were working better together, emphasising the importance of youth and cooperating with middle-income countries. Croatian humanitarian projects focus on protecting marginalised groups, decreasing disaster risk and strengthening resilience, and strategically linking rapid-response humanitarian aid with long-term development projects. Beyond 2020, Croatia aims to encourage discussions on mental health and psychosocial interventions in crises and post-crisis humanitarian aid. Other priority topics will be the migrant crisis in the Western Balkans, aid to Syrian refugees, and the Eastern and Southern Neighbourhoods.

Key discussions will take place on the post-Cotonou Agreement for which the deadline has been extended until the end of 2020, as well as the new EU-Africa strategy. Croatia continued to work on the external financing of development cooperation in the Neighbourhood, Development, International Cooperation Instrument (NDICI) working group, as well as on completing the triologues and preparing EU positions for the UN Conference on Trade and Development conference in October.

ODA and humanitarian assistance allocations need to continue to increase to reach the planned targets, and although there are plans to improve data collection and transparency, this process needs to be faster.

RECOMMENDATIONS TO THE CROATIAN GOVERNMENT

• Step up efforts to increase aid, honour Croatia’s commitments to ODA financing and develop and adopt a concrete timetable to reach ODA targets.
• Establish and maintain continuous communication and collaboration with CSOs in activities and projects related to international development cooperation and aid.
• Improve reporting and increase transparency on Croatia’s ODA spending.

CROATIA - GENUINE AND INFLATED AID

(€ million, constant 2018)

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CROATIA - GENUINE AND INFLATED AID

(€ million, constant 2018)
“The SDGs should serve as an instrument for reaching sustainable resilience through effective multilateralism… The resilience of one must not be at the expense of the other. Only a global resilience can help humanity face global threats.”
Tomáš Petrícek, Minister of Foreign Affairs, July 2020

MAIN CHANGES IN 2019

In 2019, the Czech Republic disbursed US$306.1 million in ODA, a slight increase in real terms from 2018. ODA as a share of GNI was 0.13%, unchanged since 2018. Multilateral ODA remained the largest part (68.3%) of the ODA budget. A trend from 2018 continued of increased decision-making power and responsibility at the MFA and further shrinking of the mandate (and capacity) of the Czech Development Agency to manage selected programmes and projects. Expenses for bilateral aid in the 2020 budget (and its two-year outlook) were also considerably cut under pressure from the Ministry of Finance (for the first time), reducing predictability for implementers at home and in partner countries, and creating a dangerous precedent for ODA budgeting in years to come.

Another trend grew stronger – the MFA’s efforts in engaging national private sector actors in development cooperation via shifts of available resources to the existing and new bilateral development cooperation instruments (such as tied financial donations). Efforts were made to introduce a trend of initiating genuine and complex development projects of more actors (consortia), but without enough technical capacity or legislative support for it to start successfully.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Development cooperation is increasingly seen as an instrument that enables diversification of Czech exports to non-European markets. The MFA foresees a continuing transition of Czech bilateral aid from its traditional grant model to an investment one emphasising private sector engagement, support of investments and creation of economic opportunities in partner countries. This moves further from the foundation of the Development Cooperation Strategy 2018–2030 that combines a value-based approach with a utilitarian one. Chronically, the budgets projected for ODA for the coming years are not in line with the need for a steady increase to follow the commitment of 0.33% of GNI by 2030. Except for humanitarian assistance, the national bilateral development cooperation system is not robust enough to accommodate any significant increases. Therefore, the share of bilateral ODA is constantly decreasing, accounting for only 31.7% of total ODA in 2019.

The projections for funding of so-called trilateral cooperation (co-financing of projects funded by other donors) that was very positively evaluated in 2019 by a Czech consultancy (selected by the MFA in an open bid process) keeps stagnating. Also, resources for CSOs’ capacity building have declined, and a cut of resources for global education is foreseen; these negative trends have potentially severe consequences for these sectors.

RECOMMENDATIONS TO THE CZECH GOVERNMENT

• Strengthen systematic monitoring and evaluation in line with the leave no one behind principles.
• Increase focus on development effectiveness in partner countries, especially in terms of engaging the private sector in development cooperation and implementing the new bilateral instruments.
• Ensure adequate personnel and expert capacities enabling a smooth operation of the Czech Development Agency and the whole system of Czech ODA to avoid the risks related to quality of development projects and reasonability and scale of Czech ODA.
• Bolster policy coherence for sustainable development and demonstrate further commitment to implementing the SDGs.
• Increase allocation of financial resources for global development education, particularly given the rising nationalist and xenophobic trends in the Czech Republic and a low awareness of Czech citizens about the need and role of development cooperation.
“Instead of trying to be present in as many places as possible, and then not being able to put enough weight behind our efforts, I think there may be some sensibility for us to focus our efforts in certain areas. We already started this in last year’s annual budget law, and we will follow up this year.”

Rasmus Prehn, Minister for Development Cooperation, June 2020

**MAIN CHANGES IN 2019**

In June 2019 Denmark’s new government, formed solely by the Social Democrats, took office. By October, the new Minister for Development Cooperation, Rasmus Prehn, presented the priorities for Danish development cooperation for 2020 to 2023. One of the main elements for the government, and something that has been reiterated by the minister several times, is that the focus of Danish aid needs to be narrowed down.

So far this has especially become evident in the geographical focus of Danish ODA. Africa has become the main geographical priority to a degree which according to the government will mean cutting funding to Asia. This is despite the fact that Denmark has had a long tradition of ODA to Asia with several key countries such as Myanmar and Bangladesh. Concentrating ODA on Africa comes despite other Danish priorities such as civic space and reducing inequality being as relevant as ever in other parts of the world.

Another priority for the government is the green agenda. With a strong push from the supporting parties in parliament, the annual budget agreement for 2020 included climate finance of 150 million DKK [€20.1 million] in addition to the 0.7% ODA. Migration and helping people in their own region remain priorities with the new government emphasising the creation of a new asylum system based on camps for asylum seekers outside of Europe as a cornerstone in this work.

**TRENDS AND PROJECTIONS FOR 2020 AND BEYOND**

In 2019, Danish ODA reached its lowest point since 1979 at 0.71% of GNI. The government has expressed that its goal is to keep the ODA level at exactly 0.7% of GNI for the coming years, thus just upholding the commitment.

As part of narrowing the focus of Danish ODA, the Minister for Development Cooperation wishes to invest more in so-called pioneer projects. This means exporting good practices from Denmark in areas such as water, wind energy, education, democracy and human rights and trying to adapt these to local contexts. The first project has been green lighted in 2020 and will use tied aid to build wind energy in Uganda.

Looking further ahead, 2021 will be a crucial year for Danish development cooperation, during which a new development cooperation strategy will be negotiated between government and parliament. Furthermore, the Strategic Partnership Agreements between the Ministry of Foreign Affairs and civil society are up for review and renegotiations. These two processes will set the tone for Danish development cooperation for many years to come.

**RECOMMENDATIONS TO THE DANISH GOVERNMENT**

- Increase ODA to 1% of GNI and stop the negative trend of Denmark having the lowest ODA level in 40 years.
- Increase spending through and to civil society to 25% of ODA to make Denmark a champion of civic space.
- Ensure that Danish ODA is untied, based on local needs and emphasises inclusion and local ownership.
- Do not limit Danish ODA to exclusively focus on Africa by ensuring that Danish civil society can still prioritise its work on other continents.
- Make climate finance additional to ODA flows and targets.
"Development cooperation holds an important place in Estonian foreign policy in order to support peace, economic stability and the sustainable development of democratic societies in the world. Estonia is willing to share its expertise in developing education systems, healthcare and digitalisation, but also advise in implementing reforms to contribute to the resilience and sustainability of our partners.”

Urmas Reinsalu, Minister of Foreign Affairs

MAIN CHANGES IN 2019

Estonia’s ODA level decreased slightly from 0.16% of GNI in 2018 to 0.15% in 2019. Yet the amount spent on development aid has increased by €1.23 million, indicating that the fall in ODA level is due to the overall increase in GNI. However this means that raising ODA in the future needs to become even more intentional and strategic. Estonia does not track the expenses of gender costs, yet gender is one of the key horizontal topics in most development cooperation projects. Similarly, Estonia does not officially follow the digitalisation for development framework, yet prioritises mainstreaming digitalisation in development cooperation. In 2019, Estonia did not pay any expenses in development cooperation relating to refugees.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Estonia is devoted to gradually increasing its ODA level year by year, reaching the projected 0.33% of GNI by 2030. As commitments for 2020 and 2021 show a gradual increase (0.16% and 0.17% respectively), a more rapid increase is expected in the years beyond 2021. The Estonian government’s response to the COVID-19 crisis in 2020 has been operational and needs based. Development funds have been partially redirected from previously designed calls to COVID-19-related calls. Despite the economic aspects of the COVID-19 crisis, the Estonian government does not intend to see a decrease in net development aid.

Estonia continues to prioritise the EU’s Eastern Neighbourhood (Belarus, Georgia, Moldova and Ukraine) and Afghanistan as the main partner countries for whom bilateral aid is important. Estonia does not regularly engage in debt relief, however for 2020 it has committed to contribute to debt relief in Somalia. So far, there are no commitments for debt relief in 2021. Digitalisation is gaining more importance in Estonian development cooperation and can be considered a priority in most bilateral aid. Digital priorities are often connected with the automation and accessibility of health systems and health services. The COVID response will likely remain one of the priorities. As the world faces an economic crisis, decreasing global poverty will also be prioritised in bilateral aid.

The Foreign Policy Development Plan was adopted in July 2020. With a dedicated development agency now in charge of administering development aid, the plan’s reforms should make development aid more efficient. Additionally, new impact assessment mechanisms are being developed in a bilateral cooperation between the Ministry of Foreign Affairs and CSOs. The legislation of development cooperation will be updated in relation to these reforms.

RECOMMENDATIONS TO THE ESTONIAN GOVERNMENT

- Continue to increase the ODA level and net expenses to reach the commitment of contributing 0.33% of GNI to development aid by 2030.
- Ensure that development aid will be implemented in continuous and effective partnership with CSOs, especially taking into account the reforms in Estonian development cooperation.
- Prioritise policy coherence in sustainable development and show further commitment to the SDGs.
- Continue the funding and implementation of non-COVID-related development work, focusing on global poverty, quality education, economic growth and other priority issues.

1 Data directly acquired by the National Platform from the Estonian Ministry of Foreign Affairs and expressed in current 2019 prices. This may differ from the ODA amounts attributed to Estonia elsewhere in this report, which are sourced from the OECD DAC database and are represented in 2018 constant prices.
There is an immense financing gap for SDG investments in developing countries. The UN has estimated this deficit to be 2.5 trillion USD annually. Still, this is only a fraction of the total value of private sector financial flows globally. To bridge the gap, it is of course important to increase traditional ODA funding, but even more important to find ways to leverage private capital for the SDGs.”

Ville Skinnari, Minister for Development Cooperation and Foreign Trade

MAIN CHANGES IN 2019

Finland made history in 2019 when Sanna Marin was appointed Prime Minister, making her the world’s youngest female state leader, and leader of the Finnish government coalition where all five parties are chaired by women. Advancing gender equality continued as the leading theme of Finnish development cooperation.

During its Presidency of the Council of the EU in the second half of 2019, Finland set out four priorities: common values and the rule of law as cornerstones of the EU, a competitive and socially inclusive EU, the EU as a global climate leader, and protecting the security of citizens comprehensively. The council adopted conclusions in December on the implementation of the UN’s 2030 Agenda.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Total Finnish ODA is trending upwards from 0.38% of GNI in 2018 to 0.41% in 2019, and is estimated to rise further in 2020 (0.45% before the COVID-19 pandemic). Compared with the other Nordic countries, who have already achieved the international goal of 0.7% of GNI to ODA, Finland still has a long way to go. The government led by Prime Minister Marin emphasises the importance of sustainable development as an overarching principle of the government programme, and is committed to building back better and greener after the pandemic, together with the EU and other Nordic countries.

No significant changes were made to Finland’s development policy priorities in the new government programme in 2019. Finland is stressing its profiling on advancing gender equality and especially sexual and reproductive health and rights, which is demonstrated by providing increasing core budget support to UN Women and the UN Population Fund. Finland is well known globally for high-quality education especially at pre-school and primary levels, and the government is increasingly willing to support the education sector in development. However, so far this has not resulted in concrete additional resourcing.

The long-term trend of increasing the share of private sector investment as part of the development cooperation funding portfolio continues. The Minister for Development, Ville Skinnari, is also in charge of advancing foreign trade, and the ministry is increasingly looking for practical ways of combining development and trade by supporting new partnerships between public, private and civil society actors such as in the education sector. The geographic focus of Finland’s development policy is Africa, but Afghanistan remains the biggest bilateral development partner country with an annual development budget of €22.9 million (2019).

RECOMMENDATIONS TO THE FINNISH GOVERNMENT

- Channel a minimum of 15% of all ODA to civil society to strengthen democratic governance systems, protect civic space and reach out to the most at-risk communities.
- Prepare a clear timeline with milestones for reaching the 0.7% ODA/GNI target and at least 0.2% of GNI to the LDCs target.
- Continue increasing the transparency of private sector instruments, including clearly defined aid efficiency reporting mechanisms and qualitative indicators.
- Define specific criteria, and qualitative and quantitative objectives, for climate funding. Use income from the emissions trading scheme to fund development and climate initiatives.

Trends and Projections for 2020 and Beyond

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FINLAND - GENUINE AND INFLATED AID

€ million, constant 2018

2017 2018 2019

0.7% GOAL 0.7% GOAL 0.7% GOAL

- Multilateral ODA
- Genuine bilateral aid
- Refugees in donor countries
- Student costs
- Debt relief
- Interest repayments
- Tied aid
- Gap to 0.7% of GNI

1 Data directly acquired by the National Platform from the Finnish Ministry of Foreign Affairs and expressed in current 2019 prices. This may differ from the ODA amounts attributed to Finland elsewhere in this report, which are sourced from the OECD DAC database and are represented in 2018 constant prices.
“Reaching the SDGs had never been as difficult and as urgent than it is today, this is what the COVID-19 crisis demonstrates... If we are not, collectively up to this moment, the entire 2030 Agenda will clearly be questioned and the future of Africa will clearly be compromised.”
Emmanuel Macron, President

**MAIN CHANGES IN 2019**

In March 2019, Jean-Yves Le Drian, French Minister of Foreign Affairs, hosted an extraordinary session of the National Council for Development and International Solidarity (CNDSI) to discuss, with all involved stakeholders, the new law for solidarity, development and the fight against global inequalities. The new bill, introduced for this occasion, was long expected as the new legal, budgetary and strategic framework for French policy on international cooperation and ODA.

With France hosting the G7 summit in August 2019 with a special focus on tackling inequalities around the world, President Macron showed an important willingness to strengthen French ODA both in quantity and quality. However, since his election the level of ODA had only increased slowly towards the presidential commitment of 0.55% of GDP in 2022. Between 2018 and 2019, French ODA increased by less than 6% and reached 0.43% of GDP.

**TRENDS AND PROJECTIONS FOR 2020 AND BEYOND**

Contrary to the original plan, the revision of the law on development and international solidarity kept being postponed during 2019 and a new version of the bill was presented in February 2020 with the aim of starting the parliamentarian examination during the spring. Because of the COVID-19 outbreak the process was, once more, postponed but should start again in the fall.

Despite the economic crisis the world is facing, France seems to be holding on to its objectives of increasing ODA by 2022. This trend is more than welcome given the colossal increase of needs caused by the pandemic and its socioeconomic consequences all around the world and especially in the LDCs. Nevertheless, more needs to be done on the international commitment to reach 0.7% of GDP and the numerous calls to action by the UN to tackle the aftermaths of the current crisis, especially 10 years from the end of the 2030 Agenda.

France has the opportunity with this bill to turn political ambition into actions in extending this ODA increase and focusing more on the leave no one behind principle by dedicating more ODA, through grants, to LDCs and supporting civil society. In the meantime, policy coherence for sustainable development and the fights against gender inequalities and climate change need to be stepped up so that France can play a key role in achieving the SDGs.

**RECOMMENDATIONS TO THE FRENCH GOVERNMENT**

- Increase budgetary allocations for ODA.
- Guarantee an ambitious financial transaction tax for international solidarity and climate by increasing its rate from 0.3% to 0.5% and affecting 100% of the revenue of this tax in favour of ODA.
- Improve the transparency and accountability of French aid.
- Measure and publish the impacts of ODA on its final beneficiaries (to ensure coherence and compliance with the SDGs).
- Complete the revision of the law on development policy and international solidarity and integrate a budgetary trajectory towards the 0.7%.
The internationally agreed 0.7 percent target must be pursued just as seriously as we are talking about increasing the defense budget. Spending 0.7 percent of the GNI on development cooperation - that remains our target.”

Dr Gerd Müller, Federal Minister for Economic Cooperation and Development

MAIN CHANGES IN 2019

In 2019 the German ODA commitment remained at the level of 2018. The federal medium-term budget plan intends to decline the budgets of the Federal Ministry for Economic Cooperation and Development and the Foreign Office from 2021. During 2019 the Federal Ministry went through a reform process that was implemented in 2020. The process has two main pillars:

• reduce the number of partner countries for official development cooperation from 85 to 60 and introduce different categories of bilateral partners (bilateral partnerships, reform partnerships, transformation partnerships, nexus and peace partners). This aims to make the cooperation more focused and effective

• focus on five core thematic areas (peacebuilding, food security, training and sustainable growth, climate and energy, the environment and natural resources) and 10 initiatives (such as population development and family planning, sustainable supply chains and digital technology).

With this strategy, the ministry turns a long-announced step into practice. Yet, the orientation of the core areas and initiatives seem to be missing their concrete strategic derivation from Agenda 2030.

After political pressure in 2019 to react to worldwide climate activism, Germany decided to provide an additional €500 million for climate finance. Despite this sign to comply with international agreements, there seems to be no long-term strategy to reach the Paris Agreement on climate change.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

In reaction to the COVID-19 pandemic, the German government put several humanitarian and development cooperation response measures in place. For the humanitarian response €400 million and for development cooperation an additional €3 billion was provided for 2020 and 2021 (€1.5 billion each year). Germany also strengthened its support for multilateral institutions, for example with advanced payments of contributions to the World Health Organization.

Even with a shrinking GNI in 2020 and with respect to the medium-term budget planning with decreasing budgets for the Foreign Office and the Federal Ministry for Economic Cooperation and Development, without an ambitious policy change Germany will fall short of its obligations to contribute sufficiently to reach Agenda 2030 and the Paris Agreement.

RECOMMENDATIONS TO THE GERMAN GOVERNMENT

• Focus development policies and strategies on the SDGs, on the principles to leave no one behind and to prevent further climate change.

• Provide 0.7% of GNI for ODA. With the COVID-19 pandemic hitting the planet in a time of climate change and disrupting much progress to reach the SDGs, it is vital for strong economies like Germany to provide the needed contributions to reach them. Due to the challenges in reaching the SDGs a major policy change and a revision of the German mid-term budget plan on funding for development cooperation and humanitarian aid is needed.

• Strengthen CSOs as actors for change. To strengthen CSOs worldwide, support initiatives to save civic spaces and provide more funding with less own contributions for NGOs in humanitarian assistance and development cooperation.

GERMANY - GENUINE AND INFLATED AID

(€ million, constant 2018)
“Our commitment is for a renewed legal framework and bilateral program and for ensuring that domestic and international policies are coherent with and contribute to Agenda 2030.”

Terens Nikolaos Quick, Deputy Minister of Foreign Affairs

MAIN CHANGES IN 2019

In 2019 there has been slightly more active communication between the government and CSOs. This was after an initiative of the National Platform to meet with the new General Secretary of the International Development Aid Office of the Ministry of Foreign Affairs. Its effort was mainly to try to draft a new legal framework for development aid, as the government has committed to the OECD. This new legal framework is essential for a new programme of bilateral aid to start, after a decade of pause, due to austerity measures. CSOs in Greece are still waiting for a draft to contribute to, as it will be published for comments before it is approved by the government.

ODA levels remained very low in 2019, reaching only 0.14% of GNI. This is not only due to lack of funds (following a decade of austerity measures plus the direct and side effects of the COVID-19 pandemic) but also because of a lack of an updated legal framework and plan for international aid.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

The projections for 2020 and beyond are not very positive, since there is a lack of a new legal framework, which shows little political will for such a step. Obviously, the previous decade of austerity measures and the COVID-19 pandemic leave less free space for large economic commitments to development aid. Yet, it is worth noting the recent announcements by governmental officials of a new €10 billion programme for military spending, starting in 2020.

RECOMMENDATIONS TO THE GREEK GOVERNMENT

• Include CSOs as stakeholders in the aid strategy and expand cooperation with them through participation in the inter-ministerial committee for developing and monitoring the SDG strategy.
• Evaluate the 0.7% commitment under current fiscal conditions in order to recommit to a realistic and binding timetable to meet it in the future.
• Adopt and implement the International Aid Transparency Initiative (IATI) standard to increase the transparency and accountability of Greek ODA.
• Develop a policy which outlines criteria for selecting CSOs to partner with, as part of the recently announced new legal framework.
“Instead of bringing problems to Europe, the Hungarian government wants to take help to where it is needed.”
Péter Szijjártó, Minister of Foreign Affairs and Trade

MAIN CHANGES IN 2019

Hungarian ODA reached its historical peak in 2019, at €283 million – a 14.5% increase from 2018. This represents 0.22% of Hungarian GNI, up from 0.21% in 2018. The share of bilateral ODA also increased, up to 46%. Until 2017 bilateral spending fluctuated between 20 and 30%. Looking at volume, the last two years’ ODA figures set a promising trend to potentially be able to reach the 0.25% ODA/GNI ratio by 2025, a commitment enshrined in Hungary’s new development cooperation strategy.

After consultations with NGOs and other stakeholders, a new development strategy was adopted by the government at the end of 2019. Though containing promising aspects and taking into account NGO recommendations, it is still excessively focused on building economic partnerships and advancing the interests of donor country actors, mainly from the private sector, rather than on improving the lives of people living in partner countries.

Another new development in 2019 was that a humanitarian agency was established on the foundations of the so-called Hungary Helps programme, and under the same name, supervised by the Prime Minister’s Office. It has considerably more funds at its disposal than the department of the Ministry of Foreign Affairs and Trade (MFAT) responsible for managing Hungarian development cooperation. This split set-up and fields of responsibilities still raise a lot of concerns for NGOs in terms of implications on development effectiveness.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

NGOs do not yet know whether there will be changes in the humanitarian and development budget allocations of 2020 due to the COVID-19 pandemic. For the Hungary Helps programme, funds only slightly below the 2020 allocations are foreseen in 2021. More alarming is that, unlike in previous years, in the 2021 budget there is no separate heading for development cooperation and as of now its future state is still not clear. NGOs fear that despite the new strategy, development cooperation implemented by the MFAT is losing its focus and relevance. Inflated aid elements could be on the rise as well, especially in the form of scholarships and imputed student costs.

In the context of COVID-19, NGOs would like to see a long-term shift in priorities of Hungarian support towards providing more assistance to healthcare, pandemic control and actions targeted at managing the economic and social consequences of the pandemic.

As for development effectiveness, besides the positive trends of increasing Hungarian ODA volumes, more transparency, adequate systems of planning, re-adjusting priorities, monitoring and evaluation and social dialogue should be put in place. Some of these areas are addressed in the new development strategy and measures are to be taken by the government during 2020.

RECOMMENDATIONS TO THE HUNGARIAN GOVERNMENT

- Put ending poverty and reducing social and economic inequality at the centre of bilateral programmes.
- Stick to the commitment of the 0.25% ODA/GNI ratio by 2025 or go beyond this.
- Provide comparable funds and an agency for development cooperation as provided in the humanitarian field.
- Design a cohesive, long-term action plan addressing the COVID-19 pandemic in partner countries.
- Involve NGOs more as implementers of development and humanitarian actions and partners in social dialogue.
- Improve transparency of development cooperation actions of the government.

HUNGARY - GENUINE AND INFLATED AID
(€ million, constant 2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gap to 0.33% of GNI</th>
<th>Multilateral ODA</th>
<th>Genuine bilateral aid</th>
<th>Refugees in donor countries</th>
<th>Student costs</th>
<th>Debt relief</th>
<th>Interest repayments</th>
<th>Tied aid</th>
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“Ireland will continue to live up to our pledge to leave nobody behind. For us this means coordinated global action and targeted support to vulnerable countries through this crisis. Whether that is in those countries that have humanitarian needs or host refugee populations; those with weak health systems, major economic challenges, whether they be in Africa, or in Small Island Developing States or elsewhere in the world.”

Simon Coveney, Minister for Foreign Affairs and Defence

MAIN CHANGES IN 2019

The launch of the Irish government’s international development and humanitarian policy, A Better World, in February 2019 brought renewed energy and focus to Ireland’s role in ending global poverty. The clear focus on prioritising reaching the people furthest behind first was welcomed by civil society.

Political support for ODA remained strong in 2019, with a financial increase of €110 million in the 2019 budget. Yet the total aid spend is estimated to be at the same percentage levels as in 2018: which is 0.31% of GNI. However, despite repeated calls for a planned trajectory to reach the 0.7% target of GNI by 2025, the government did not commit to a plan to achieve this.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Following a general election in February 2020, a coalition government formed in June and its Programme for Government promised to put in place “a floor to ensure that the aid budget does not fall below the level of recent years in cash terms” (a projected €838 million in 2020) and to make progress towards 0.7%. As of August 2020, the Irish government had invested €123 million in the international response to COVID-19. It was the first country to respond to the World Health Organization’s global appeal, and remains committed to reaching the people furthest behind first. This principle is emphasised in all funding and in Ireland’s engagement on EU and global response plans, and with civil society as it implements its new International Development Policy.

Ireland’s OECD DAC 2020 Peer Review found it is a strong development partner and a leading voice for sustainable development. It cites that Ireland’s development cooperation is characterised by support for multilateralism, excellent humanitarian assistance, quality partnerships with civil society and turning words into action when it comes to a focus on poverty and LDCs. This year has also seen Ireland win a non-permanent seat on the UN Security Council, starting in January 2021. Ireland’s leadership, voice and actions in support of peace, climate security and protecting the most fragile nations will be closely watched on the world stage.

RECOMMENDATIONS TO THE IRISH GOVERNMENT

- Maintain Ireland’s existing investment in ODA which stands at an estimated €838 million in 2020, and continue the momentum to reach the target of spending 0.7% of GNI on ODA. ODA is central to a robust foreign policy that supports multilateralism, civil society space and equal opportunities.
- Commit to responding to both COVID-19 and pre-existing humanitarian needs. Be willing to ensure appropriate levels of humanitarian funding and meet Grand Bargain commitments including respect and support for local needs and leadership. Continue to support the call to end ongoing conflicts and protect international humanitarian law, using the seat at the Security Council and other diplomatic channels.
- Support the implementation of Ireland’s International Development Policy, ‘A Better World’, to ensure Ireland’s quality aid programme quickly adapts to the changing context presented by the pandemic, and delivers on the SDGs and its international obligations on climate action and gender.
- Support the full, coordinated cancellation of all bilateral, multilateral and private sovereign debt repayments due in 2020 and 2021 from low and middle-income countries. Use the Departments of Finance and Foreign Affairs to influence the policies of multilateral development banks, including the World Bank, African Development Bank and Asian Development Bank, to change policies and focus priorities on alleviating financial pressure as they manage the economic fallout of COVID-19.
"I am absolutely convinced that development cooperation – an integral and qualifying element of Italy’s foreign policies – is a strategic investment not only due to its role in global growth, but due to its important impacts on our own country’s economic well-being and security. In such a context, the role of Civil Society Organizations is absolutely essential."
Giuseppe Conte, Prime Minister

MAIN CHANGES IN 2019

The populist government set up in the wake of the 2018 general elections lost momentum after the EU Parliament elections (May 2019). Following a government crisis in August, a new cabinet was sworn in in September under Prime Minister Giuseppe Conte. It took some time to heal distrust in the attitude towards NGOs after the hate campaign they had been subject to by some media and political factions for their role in rescuing migrants in the Mediterranean Sea.

One distinctive feature of the 2018/2019 political season was diminished participatory processes for non-executive actors to influence development policies. In fact, the sector legislation (2014) establishes a National Council for Development Cooperation; while this is meant to meet annually, the council had not been convened since February 2018. But the Council Working Groups managed to stay operational by convening members regularly. These are notably led by non-executive actors, including the private sector and NGOs, and supported by civil servants from different ministries. This defective functioning was mirrored by similar issues affecting the Inter-ministerial Committee for Development Cooperation, which is tasked with securing coordination and policy coherence across the cabinet. The result was that the 2019/2021 Programming and Policy Planning Document was finally endorsed in July 2020 along with activity reports for 2017 and 2018, at last filling a significant gap in transparency and accountability.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Italy’s downward trend towards global commitments on ODA continued in 2019. Since reaching an 0.30% ODA/GNI ratio in 2017, aid fell to 0.25% in 2018 and to less than 0.24% in 2019. The refugee costs component has apparently fallen from US$1,803 million in 2017 to US$1,100 million in 2019, accounting for the overall reduction in aid. According to the Italian Agency For Development Cooperation, national NGOs received €67.5 million in 2019 to implement 56 bilateral projects, which accounted for 19% of the agency’s disbursements and 7% of all projects. Resources decreased by 12% in 2019; no new call for NGO projects in partner countries was launched as the review of the agreements of partnerships with NGOs was discussed.

The 2019 high point was the OECD DAC Peer Review of Italy’s development cooperation. Sessions included several discussions dedicated to CSO representatives, whose ad-hoc submission was noted in the final report. It stated that the sector reform of 2014 introduced improvements in many areas, but alignment with global commitments such as ODA levels remains problematic. Recommendations cover 11 areas, from policy coherence to enhancing the role of NGOs.

RECOMMENDATIONS TO THE ITALIAN GOVERNMENT

- Face the dramatic reality of ODA volumes further trailing off as the reality of inflated volumes due to refugee costs has been exposed. Endorse credible plans to steadily increase aid to 2030 In line with sector legislation.
- As the COVID-19 crisis further exacerbates the gap in genuine aid, endorse dedicated commitments to backing partner countries’ efforts with additional support to prevent redirecting resources from earlier, standing priorities. Further support the role of NGOs in responding to the pandemic.
- Endorse through the Ministry of Foreign Affairs and Development Cooperation, in consultation with all non-executive actors, an organisational response to the 2019 DAC Peer Review to set a clear path forward.
- (Welcoming the recent meeting of the National Council for Development Cooperation), do not sideline the role of participatory processes in future policy deliberations and key moments of Italian development cooperation.

ITALY - GENUINE AND INFLATED AID
(€ million, constant 2018)
“New policy framework for development cooperation will not be just a paper. It will be an agreement with society on the development cooperation goals that can be achieved with the resources, knowledge and financing we have.”
Zanda Kalnisa - Lukaševica, Parliamentary Secretary of the Ministry of Foreign Affairs

MAIN CHANGES IN 2019

2019 was mainly devoted to reviewing national development cooperation policy. The ongoing policy cycle ends in 2020 therefore the Ministry of Foreign Affairs prepared the evaluation report on the policy framework for 2016–2020. Also the 15-year anniversary of national development cooperation marked a longer-term evaluation benchmark for the review of the results achieved and opened up the debate on policy improvements for the next period. The thematic conference Latvia’s investment in sustainable global development: new models for cooperation was organised and best practice stories of development cooperation projects from government, NGOs, academia and the private sector were gathered.

The work on improving the legal framework of bilateral aid was finished, opening a new and more accessible way for planning and implementing projects. Involving civil society as an observer and devoting 50% of the bilateral open call to NGO projects was continued.

The Ministry of Foreign Affairs also prepared a proposal to the Cabinet of Ministers on a considerable increase of development cooperation financing for the coming years, and the importance of development cooperation policy was highlighted in the annual foreign affairs report to the parliament.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

2020 will be remembered as the year when a new policy framework was developed in light of the new National Development Plan and the ongoing Agenda 2030, focusing more on action. An open and wide consultation process is planned; combining all these documents and stakeholder needs might present some challenges.

Global trends and changes will also impact the process of implementing bilateral aid in 2020 and test the conformity of the new financial framework to meeting real needs.

RECOMMENDATIONS TO THE LATVIAN GOVERNMENT

• Continue open and equal policy dialogue with all stakeholders.
• Clearly distinguish between national development cooperation and export policies.
• Devote more serious attention to awareness raising and education on global issues.
• Ensure conformity with policy documents at all levels.
“If we see that there is an injustice somewhere, there is oppression, lies, deception, intimidation somewhere, we must stand up boldly and say: we disagree with that, we support those people who are fighting against it and we are doing it with great joy. In a way, we give a debt for what we got from all the people of good will 30 years ago.”

Gitanas Nauseda, President of the Republic of Lithuania

**MAIN CHANGES IN 2019**

Lithuania’s development cooperation policy reflects the national priorities of its foreign policy by focusing on the Eastern Partnership countries, in particular Georgia, Moldova and Ukraine. In 2019, Lithuania’s ODA constituted about €52 million, that is 0.11% of GNI, while in 2018 it was €55 million or 0.12% of GNI, and in 2017, €52.55 million or 0.13% of GNI. Lithuania is committed to ensure that the value of ODA should reach 0.33% of GNI by 2030 but this indicator is steadily declining due to non-increasing allocations and GNI growth and is one of the EU’s lowest. Lithuania’s bilateral assistance in 2019 amounted to only €11.15 million, that is, 21% of total assistance.

The Development Cooperation and Democracy Promotion Programme of the Ministry of Foreign Affairs (MFA) implements ODA commitments. In 2019 the MFA allocated €3.3 million for the programme, which was used to implement 78 development cooperation projects worth €2.1 million. Gender equality and the empowerment of women and girls in partner countries is an ongoing objective of Lithuanian development cooperation. In 2019, the programme funds were used to implement 14 gender equality projects in eight countries.

The Central Project Management Agency (CPMA) administers programmes. In 2019, its role in development cooperation was further strengthened, notably by taking advantage of the opportunities offered by its membership of the network of EU development cooperation agencies. By the end of 2019, MFA and CPMA had made six staff capacity building visits to EU member countries’ institutions, formulating and implementing development cooperation policies. The National Development Cooperation Commission met twice to approve changes in development cooperation and to instruct the MFA to prepare proposals to amendments to the legal framework. Meanwhile, in shaping EU and global development cooperation policy, great attention and efforts were devoted to protecting Lithuania’s interests in negotiations on financing EU external action under the EU Multiannual Financial Framework.

**TRENDS AND PROJECTIONS FOR 2020 AND BEYOND**

An amendment to the legal framework is expected alongside an increase in financing for development cooperation in a more systematic way. As a follow-up of ongoing discussions on updating the development cooperation policy and institutions, the MFA drafted and submitted proposals of amendments to the Law on Development Cooperation and Humanitarian Aid. These included launching the fund of development cooperation and humanitarian aid. The Council of the Fund should include one NGO representative, and allocations to the fund should exceed multilateral aid from the previous year. The idea behind starting the fund is to catch up with the ODA target of 0.33% of GNI by 2030. National elections will take place in October 2020, and the proposal submitted by the MFA will be dealt with by the new parliament.

**RECOMMENDATIONS TO THE LITHUANIAN GOVERNMENT**

- Rapidly implement qualitative and quantitative changes in development cooperation and humanitarian policy.
- Report refugee costs and scholarships in Lithuania separately from aid flows.
- Publish an annual report on implementing the Development Cooperation and Democracy Promotion Programme including information from other public entities and NGOs.
- Increase funding for development and global education to 2% of aid, working with the Ministry of Education.
- In response to COVID-19, realign development cooperation to improve social protection for at-risk people.
“The development cooperation policy has not been questioned by the current crisis, but some reorientations and priorities will have to be reconsidered… The 1% of Gross National Income, which is a benchmark we are committed to, will be maintained…”
Franz Fayot, Minister for Development Cooperation and Humanitarian Affairs and Minister of the Economy

MAIN CHANGES IN 2019

The Luxembourgish government honoured its commitment to dedicate at least 1% of its GNI for ODA. Luxembourgish ODA in 2019 reached 1.04% of GNI and amounted to around €420 million.

In 2019, the trend to support public–private partnerships with more funding was confirmed as well as through the consolidation of impact investment funds. Luxembourg is investing in the Luxembourg Microfinance and Development Fund — a public–private investment fund aiming to support small and medium-sized microfinance institutions — and in the Forestry and Climate Change Fund. Both are managed by the umbrella fund Investing for Development.

Another investment fund supported by Luxembourg is Agri-Business Capital managed by Bamboo Capital, an entity based in Luxembourg, and Injaro Investments, based in Accra, Ghana. The government has also renewed its commitment to the Business Partnership Facility, a challenge fund aimed at encouraging the Luxembourg and European private sector to establish partnerships with entities in developing countries.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Despite the economic uncertainty caused by the coronavirus crisis, the Luxembourgish government has reiterated its determination to maintain its commitment to engage 1% of its GNI to ODA. The contraction in the economic activity and the steep decrease in fiscal revenues in 2020 and probably 2021 will, however, affect GNI negatively and thus also the total amount of ODA. Even if the rebound effect comes into play and there is partial recovery, there is a great deal of uncertainty and worry when it comes to absolute figures for ODA for the years to come.

The government has already announced the reallocation of 2020 ODA budgets to support national COVID-19 preparedness and response plans in partner countries and to contribute to the multilateral efforts to address this unprecedented crisis.

RECOMMENDATIONS TO THE LUXEMBOURGISH GOVERNMENT

- Work closely with all stakeholders and development actors to identify indicators and tools to integrate the concept of leave no one behind and the human rights-based approach into all projects and programmes.
- In the context of uncertainty and possible adaptations in budgets linked to the COVID-19 crisis, consult development cooperation actors and civil society before significant budget changes and ensure a principle of budget predictability.
- Continue to foster communication and collaboration between ministries to enhance policy coherence for sustainable development.
- Communicate transparently about partnerships with private sector actors, adhere to human rights due diligence processes and try to address potential accountability deficits.
- Put pressure at the European and international level to ensure that partner countries have the financial capacity to respond adequately to the pandemic and to its social and economic consequences, considering additional funding and debt relief.

LUXEMBOURG - GENUINE AND INFLATED AID
(€ million, constant 2018)
“Partnerships as a means of implementation have never before been so important. A global partnership would facilitate the delivery of all the Sustainable Development Goals and enhance global engagement, while using all the available resources. Recent events have shown us that now more than ever we need to be united in our efforts to uphold the promises we made back in 2015. In this regard, we have always maintained and will continue to do so, that global problems require global solutions, and we are and will continue to actively engage within multilateral fora, as well as advocating unity and dialogue among all states.”

Neville Aquilina, Director General Global Issues, International Development and Economic Affairs

MAIN CHANGES IN 2019

The Maltese government has opted to publish its ODA report for the previous year in late 2020. This timing is unfortunate and makes it challenging for civil society to assess Malta’s performance in international development cooperation in time for AidWatch.

Malta is reporting 0.29% of ODA/GNI for 2019, up from 0.25% in 2018. In real terms, this is a year-on-year increase of €7.47 million (from €28.2 million in 2018 to €35 million in 2019). It can be traced to a rise of €10.05 million in bilateral assistance, which, however, was counterbalanced by a reduction in multilateral assistance of €3.26 million. While this is the third consecutive year with a notable increase (up 23.76% in 2017, 21.92% in 2018 and 32% in 2019), AidWatch Malta is concerned that these figures are due to the increase in reporting of in-donor refugee costs. Once again, this highlights a relative disproportionate reliance of the government on the inflated aid ratio.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

The government’s aims to potentially link ODA to its political priorities for promoting trade in certain regions of Africa reported on last year were superficially addressed in late 2019. CSOs were encouraged to link up to commercial operators offering green technologies and a sustainable outlook linked to Agenda 2030. But efforts were not inclusive enough and lost their momentum almost immediately due to: 1) a change in cabinet that resulted in a new Minister for Foreign Affairs while trade promotion was reallocated to the economy ministry; 2) COVID-19 absorbing much of the ministry’s attention.

It has to be noted that the quality of the dialogue with civil society has deteriorated, especially when compared with the promising interaction established around and during the Council Presidency of early 2017. The response to the COVID-19 pandemic has diverted energies and resources from the ministry that might have also resulted in the unexpected cancellation of the annual NGO call for projects. AidWatch Malta notes with regret that the government has once more lost an opportunity to collaborate with civil society in supporting community organisations in partner countries to alleviate the impact of the pandemic on the most at-risk people.

RECOMMENDATIONS TO THE MALTESE GOVERNMENT

- Increase the amount and proportion of genuine aid to meet the objectives set at EU level and make refugee costs additional to the ODA levels previously committed to.
- Increase the transparency of ODA reporting with an in-depth report on Malta’s overall ODA spending.
- Improve aid effectiveness by ensuring predictability and multi-annual programming for funds allocated to high-quality poverty eradication projects proposed by Maltese CSOs, by raising awareness of CSOs’ development impact of and introducing a co-financing mechanism for larger grants.
- Support CSOs to increase capacity to implement and monitor projects focused on leaving no one behind.
- Engage with Maltese civil society and development experts in assessing the Maltese ODA programme and policy, evaluating, among other things, its geographical and thematic focus as well as its effectiveness.

MALTA - GENUINE AND INFLATED AID
($ million, constant 2018)
“We know it will be a colossal task to rebuild economies, to provide recovery in order to repair the massive damage to communities and businesses. Naturally, this is a common task; not only within the Netherlands, on a European level, but also internationally. This opportunity we must seize to restore the right priorities and criteria to ensure an inclusive, sustainable and resilient economic recovery.”

Sigrid Kaag, Minister for Foreign Trade and Development Cooperation

MAIN CHANGES IN 2019

The Dutch ODA budget is calculated as 0.7% of Dutch GNI minus a yearly cut of €1.4 billion. This structural cut was created by a previous government and stays in place, despite incidental additions to the ODA budget. An example of an incidental addition is the increase of 2018, which was mainly used to fill the gaps created by the previous government to cover refugee costs and other migration-related spending in 2015 and 2016.

In 2019 the SDG check has been implemented in the Integrated Assessment Framework that is used for all new policies and legislation. This is expected to increase Dutch policies’ coherence for sustainable development. Also a new policy framework for strengthening civil society in developing countries was published in 2019: Power of Voices and the SDG5 Fund. These frameworks should lead to new partnerships with CSOs in the field of advocacy and influence, starting in 2021.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

After the start of the coronavirus crisis the Dutch Parliament asked the Advisory Council on International Affairs what the Netherlands should do to help combat the crisis internationally. The council advised the Dutch government to make an additional €1 billion available for the coronavirus response and to safeguard the ODA budget from the consequences of an economic decline. In its response the Dutch government announced it would make available €150 million for the coronavirus response, plus €350 million to compensate for the GNI/ODA associated cuts in 2020 and 2021. It is expected that this last number is not enough to cover the GNI decline. An extra €456 million has been announced to be made available from future years’ ODA budgets.

RECOMMENDATIONS TO THE DUTCH GOVERNMENT

- Make the Netherlands an international champion in the fight against shrinking civic space.
- Present a concrete step-by-step plan to return to the delivery of the 0.7% aid target by 2025.
- Do not use future ODA to cover current gaps in the budget. Instead make available extra money from the general government budget.
- Make sure neither Dutch nor EU aid are used for border control.
- Introduce a ceiling for covering asylum costs from the ODA budget.
- Ensure that trade-related activities are in line with inclusive, sustainable development.

THE NETHERLANDS

0.53% GENUINE AID/GNI
0.59% TOTAL AID/GNI

THE NETHERLANDS - GENUINE AND INFLATED AID
(€ million, constant 2018)
“Development cooperation will remain an active tool for building a stable international environment and one of the most important tools for building the international position and image of the country abroad. The activities of Polish development cooperation in 2020 will be closely linked to the implementation of Sustainable Development Goals, Agenda 2030 and the European Consensus for Development. Polish aid for partner countries outside Europe will serve to strengthen the social and economic structures of those countries, which will create a more stable environment for expanding bilateral cooperation in other areas.”

Paweł Jablonski, Undersecretary of State for Economic and Development Cooperation, Africa and the Middle East in Ministry of Foreign Affairs

MAIN CHANGES IN 2019

Total Polish ODA in 2019 was €693.69 million with over 70% going through multilateral channels (mainly the EU budget and European Development Fund). As a percentage of GNI, Polish official aid in 2019 slightly decreased from 2018: from 0.15% to 0.14%. Only 5 of 12 priority countries listed in Poland’s 2016–2020 development cooperation strategy were in the largest 10 recipient countries in 2019 (with Ukraine and Belarus at the top). Scholarships and education costs accounted for almost 60% of official bilateral aid. Humanitarian aid was almost halved: from 128 million PLN in 2018 to 71.5 million PLN in 2019. The share of bilateral ODA to LDCs was around 5% in 2019 (compared with 30% in 2019). Only 69 million PLN was channelled through NGOs, which is around 8% of bilateral ODA. Poland reported about 16 million PLN in refugee costs as ODA (0.05% of total ODA).

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

In accordance with Poland’s international commitments, the volume of Polish aid should reach 0.33% of GNI by 2030. After a steady increase from 0.08% in 2010 to 0.15% in 2018, now stagnation can be seen. The numbers reported for 2019 were far lower (around 20%) than those declared in the annual Plan for Development Cooperation 2019. The projections for 2020 are of around 3.2 billion PLN but this seems to be an optimistic estimate, especially due to high COVID-19-related general budget deficits.

The Polish government in 2020 plans to finish work on a new multiannual development cooperation programme (2021–2030), under which a development agency (and national development bank) is being considered as a long-term goal. Such a step is connected to the need to increase funds for ODA, especially bilateral ODA.

RECOMMENDATIONS TO THE POLISH GOVERNMENT

- Present an operational plan for increasing the level of ODA to 0.33% of GNI by 2030.
- Prepare a new multi-year strategy in line with 2017 OECD DAC recommendations stated in Poland’s 2017 Peer Review.
- Include core support and capacity building for NGOs and other social partners in a comprehensive cooperation programme for civil society development.
- Strengthen the role of the Development Cooperation Policy Council, to enable this body to fulfil its mandate.
- Involve parliament more in monitoring the implementation of development cooperation policies and – through its Foreign Affairs Committee – engage it in strategic planning of Polish development cooperation.
"I hope there won’t be falls [in ODA levels] and that we are able to respond accordingly not only to the health issue, but also to every area affected by this pandemic."
Teresa Ribeiro, Secretary of State of Foreign Affairs and Cooperation, LUSA News Agency, June 2020

MAIN CHANGES IN 2019

Official preliminary data from Camões IP, the Portuguese Development Cooperation Agency, show ODA dropped for the second year running, to €351 million and 0.17% of GNI in 2019. The OECD DAC puts this down to a fall in bilateral aid justified by the government with the election of new officials in partner countries and the term of several projects and agreements. The Portuguese Platform points out the figures could be lower, as Portugal benefits from the new grant equivalent method of loan eligibility as ODA. The OECD says Portugal’s ODA goes up to 8% under this method.

Portugal has been untying its aid. Preliminary data for 2019 show tied aid represented less than 15% of Portugal’s bilateral aid compared with 75% in 2012. But the Portuguese Platform insists that untying aid should not come at the cost of lowering bilateral flows, which relates to the decision not to renew financing programmes in partner countries.

Portugal’s investment in private sector instruments peaked in 2019. The Secretary of State of Foreign Affairs and Cooperation says the development finance institution, SOFID, enabled “private investments worth €62.8 million”. Acknowledging the role the private sector may have in development, the Portuguese Platform believes it is vital to put together those instruments that enable due diligence of private actors and a thorough monitoring of its investments.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

After the election that strengthened the largest party’s majority in parliament, 2020 started with the prospect of continuity in government policies – before COVID-19 forced countries to review their priorities. This turned 2020 into a year of great importance for Portuguese cooperation as it marks the end of its strategic framework. CSOs see this as a great chance to adopt an ambitious strategy as of January 2021, when Portugal takes over the EU Council Presidency.

Portugal’s response to the impacts of COVID-19 has focused on transporting medical supplies to partner countries under the EU Humanitarian Air Bridge. It has also anticipated its contributions to several UN agencies and opened a call for CSOs willing to submit coronavirus-related project applications. The Portuguese Platform welcomed the speed at which the call for proposals was made, while acknowledging the funds made available were redirected from other programmes.

RECOMMENDATIONS TO THE PORTUGUESE GOVERNMENT

- Establish an ODA increase plan aimed at the 0.7% GNI target by 2030, while respecting the Development Cooperation Effectiveness Principle – this is now more essential than ever.
- Build the new Portuguese cooperation strategy on the outcomes of an inclusive and participatory process where CSOs and partner countries are consulted so it can promote a genuine partnership between all parties.
- Strengthen the practices of transparency, releasing detailed information on the implementation of programmes, particularly on the EU’s delegated cooperation and private sector financial instruments.
- Use the EU Council Presidency to keep deepening the EU’s cooperation with African partners, especially LDCs.
- Increase funding to CSOs by strengthening the available budget for financing programmes, as 85% of funding is now directed at implementing projects through CSOs.

PORTUGAL - GENUINE AND INFLATED AID

Data directly acquired by the National Platform from the Portuguese Ministry of Foreign Affairs and expressed in current 2019 prices. This may differ from the ODA amounts attributed to Portugal elsewhere in this report, which are sourced from the OECD DAC database and are represented in 2018 constant prices.
"Romania aims to enhance the dialogue with NGOs and academia and support their capacity to implement development projects in partner countries."

Strategic Multiannual Programme on International Development Cooperation and Humanitarian Assistance Policy, 2018–2021

MAIN CHANGES IN 2019

In 2019 Romania’s total ODA amounted to €226 million, 0.10% of Romania’s GNI. This represents an increase of 2.8% in real terms from 2018, due to a slight increase in bilateral ODA. The ODA/GNI ratio slightly decreased in 2019 from previous years (0.11%). Multilateral ODA remained the most significant part (74.4%) of the total ODA budget.

The Romanian Presidency of the EU Council (in the first semester of 2019) committed to continue the EU’s efforts to implement the SDGs, Agenda 2030 and the European Consensus on Development, focusing on youth. Romania pursued four priorities: Europe of convergence, a safer Europe, Europe a stronger global actor and Europe of common values.

At national level, the work on elaborating the Action Plan for implementing the National Sustainable Development Strategy 2030 continued and consultation mechanisms were put in place involving different stakeholders including CSOs. In 2019, the Romanian government established the Advisory Council for Sustainable Development bringing together experts who contributed scientific know-how to the implementation process.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Romanian CSOs did not have a direct line of financing from the Romanian government in 2019 for the second year in a row. No funds addressed to the CSOs were included in the 2019 Annual Action Plan implemented by the Romanian International Development Cooperation Agency (RoAid) and no call for projects addressed to CSOs was organised. This trend changed in 2020, when RoAid organised two calls for proposals for national NGOs, aimed at financing projects focused on offering support to developing countries affected by COVID-19. While this is an important step in supporting CSOs to develop their capacity to implement development projects, such measures needs to be continued and reinforced by appropriate and constant funding, and by involving CSOs in all consultation mechanisms and at all institutional levels.

The trend continued of building institutional leadership to enhance policy coherence for sustainable development. Several instruments were developed to better incorporate sustainable development into national policies, such as the Interdepartmental Committee for Sustainable Development and the Coalition for Sustainable Development.

One more trend that has been maintained is ODA volume and the difficulty in meeting the 0.33% of GNI target by 2030. The figures show that ODA volume, which has stayed constant at 0.11% in recent years, started to decrease in 2019. While there is an obvious need for substantially increasing ODA volume, the national development cooperation system is not robust enough to accommodate substantial increases.

RECOMMENDATIONS TO THE ROMANIAN GOVERNMENT

• Resume the participation of CSO representatives in all consultation mechanisms and at all institutional levels around international development cooperation and humanitarian aid.

• Resume the call for proposals targeting CSO projects in partner countries and awareness raising on global issues.

• Initiate a consultation with relevant national stakeholders (including CSOs) to elaborate the ODA Annual Action Plan.

• Allocate adequate funding for implementing the development cooperation strategic framework and the 2030 Agenda, according to development effectiveness principles and international commitments.
"The world continues to struggle against a lack of funds for sustainable development… Our role, however, is not only to mobilize all funding resources – national and international, public or private – but also to harmonize funding and policies of states with the priorities of sustainable development. The good news is that the Slovak private sector is increasingly interested in engaging in this process. This trend must be further developed.”

Miroslav Lajčák, former Minister of Foreign Affairs

MAIN CHANGES IN 2019

The Slovak Republic provided 0.11% of GNI (€101 million) for development cooperation, down from 0.11% (€108 million) in 2018. The MFA justifies this mainly by the long-term absence of a systemic increase in ODA. Year-on-year changes in the share of ODA/GNI mostly depend on the volume of one-off financial contributions to international funds generally related to unregulated migration.

The Slovak development cooperation system entered its fourth cycle, adopting the Medium-Term Development Cooperation Strategy for 2019–2023. Although the budget was not increased, the list of partner countries grew. In spring 2019 the follow-up of the OECD DAC Peer Review recommendations started the dialogue on the future of Slovak development cooperation. The development cooperation act was amended to enable the Slovak Export-Import Bank to become a development actor. CSOs successfully advocated for enhancing aid effectiveness and a new tool, Strategic Partnerships, was adopted and budgeted. Similarly, SlovakAid funding accessible by CSOs increased by 25%.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

There is a growing tendency to use development cooperation to support foreign trade and migration-related interventions – further highlighted by COVID-19. The two above-mentioned advocacy achievements of CSOs were halted due to COVID-19 restrictions. Slovakia keeps outsourcing around 95% of the total ODA budget, which has profound implications not only for capacity but also ownership. This means Slovak stakeholders, including the MFA, have difficulties not only increasing but maintaining their capacities. Fragmentation of geographic priorities and a lack of synergies among various state authorities further contribute to this state of affairs.

The pandemic could lead to systemic changes including in development cooperation. It is still to be seen to what extent the new government and leadership of the MFA will prioritise development cooperation internally in the MFA and externally in the government and towards other ministries.

RECOMMENDATIONS TO THE SLOVAKIAN GOVERNMENT

- Fulfil the international commitment of 0.33% of GNI by 2030 by increasing the budget to 0.21% of GNI by 2024.
- Promote a systemic and long-term focus on a smaller number of countries and sectors to increase the effectiveness of development cooperation, sustainability and recognisability of the SlovakAid brand.
- Cooperate with the non-government sector: a key partner in implementing bilateral development cooperation.
- Introduce innovations in accordance with international trends and increase the budget of the bilateral part as an important tool of Slovak foreign policy.
- Establish a system of regular monitoring and evaluation, to better measure the impact of development on humanitarian interventions and improve their quality.
- Strengthen the capacities of development diplomacy in selected countries, including expert development, better interconnection of economic and development diplomacy and active support for the participation of Slovak representatives in international organisations.
- Improve inter-ministerial cooperation, coordination and coherence of policies led by the MFA so that Slovak policies have a positive and synergic impact on human rights and sustainable development in other countries.

Data directly acquired by the National Platform from the Slovak Ministry of Foreign Affairs and expressed in current 2019 prices. This may differ from the ODA amounts attributed to Slovakia elsewhere in this report, which are sourced from the OECD DAC database and are represented in 2018 constant prices.
“Climate change knows no borders, so we need to address it through international cooperation. It is not fair for developing countries to pay a higher tax on climate change than developed countries. Especially because in history and still today they mostly contribute to greenhouse gas emissions less than developed.”
Simon Zajc, Minister of the Environment and Spatial Planning, 2019

MAIN CHANGES IN 2019

Slovenia’s ODA in 2019 followed its well-established trend. Its share of GNI stagnated at 0.16%, though in real terms this was an increase of more than 8% from 2018, to between €76.9 and €77.1 million. Multilateral aid still represents more than 60% of Slovenia’s ODA, although this fell slightly from 2018. Slovenia visibly increased inflated aid: imputed student costs and scholarships in 2019 made up around 44% of bilateral ODA, while refugee costs reached 3.6% of total ODA. Most ODA to LDCs is still allocated through multilateral organisations due to lack of government presence in partner countries, however monitored bilateral aid to LDCs is stagnating at very low numbers, far from the international commitment of 0.2% of GNI. Its significant focus remains in the Western Balkans region.

In 2019, Slovenia again reported low core support to NGOs. The 2018 Non-Governmental Organisations Act provides for the financing of Slovenian thematic NGO networks as subjects of a supportive civil society environment, but the Ministry of Foreign Affairs is yet to respond to NGOs’ calls to implement the act’s provisions and provides only project-based funding for development NGOs. The figures reported to the OECD DAC as core support to donor-based NGOs and civil society represent funds disbursed to a single non-profit organisation, ITF Enhancing Human Security, which, by being established by the government in a partner country, does not fit under the Slovenian legal definition of an NGO.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

As the promised Decade of Action turns into decade(s) of recovery from COVID-19, Slovenia’s failure to adopt in 2019 drafted national action plan for gradually increasing ODA means an unsure future for Slovenian aid, with national budget revisions called for due to COVID-19 by the new government. If adhering to the joint statement of the OECD DAC to “strive to protect aid budgets”, Slovenia’s aid will most likely remain at current levels, at most, in the near future.

COVID-19 has noticeably disrupted 2020 aid plans. Resources to address the pandemic in LDCs are not additional to those allocated before the outbreak. Instead, organisations were asked to modify their ODA projects to allocate 20% of funds for 2020 to activities to combat COVID-19. So, Slovenia was able to provide direct humanitarian relief to a few communities in LDCs through local partner organisations. Yet due to the blanket roll-out, long-term results will vary.

RECOMMENDATIONS TO THE SLOVENIAN GOVERNMENT

• Scale up ODA to achieve levels already committed to but also to match the COVID-19 challenge by adopting and implementing a national action plan to increase ODA to the 0.33% target and the 0.2% target to LDCs and by ensuring adequate organisational structure of governmental bodies for quality ODA implementation.
• Extend bilateral ODA to be at least half of total ODA, increase the share of priority-targeted and monitored aid, and strengthen financial support to NGOs’ development projects and core support to thematic NGO networks.
• Develop mechanisms to monitor foreign students to extend their input to their countries’ development.
• Commit to support developing countries increasingly in need of assistance due to expanding global challenges during the upcoming EU presidency in 2021. Be more courageous in addressing developing countries’ needs, while strengthening public awareness and global education at national level.
• With a view to strengthening policy coherence for sustainable development, establish a permanent policy coherence assessment mechanism, which is open, inclusive and participatory in line with the 2030 Agenda.
“Let’s act now because the earth is bleeding. Let’s act now because people’s problems cannot wait.”

Pedro Sánchez, Prime Minister

MAIN CHANGES IN 2019

In 2019, ODA’s share of GNI grew slightly from 0.18% in 2018 to 0.19% (€2.2 billion to €2.4 billion) — making eight years at under 0.2%. On the aid quality front, Spain has not met the LDC aid target (4%), underinvests in humanitarian aid (2%) and in development education and awareness raising (1.8%), and continues to inflate and tie its aid. AidWatch 2019 stressed that Spain tops non-genuine ODA (23%), mainly due to in-donor refugees’ activities that rose to 11% of total aid. ODA channelled through development NGOs increased slightly and focused on its role of implementers.

The inability of parties to agree provoked two elections in one year, and a political and budgetary impasse for the Socialist caretaker government. Exceptions were the role of President Sánchez in the new commission composition and its political priorities. In September 2019, he committed €150 million to the Green Climate Fund, €100 million to the Joint SDG Fund and €100 million to the Global Fund. In November, the Socialist party won the elections in minority and formed a left-wing coalition. It committed to recover cooperation in three axes: reinforcing the Cooperation and Development Agency, updating the 1998 international cooperation law and achieving 0.5% ODA/GNI in 2023. All these aligned with NGO demands. It also gathered commitments on Agenda 2030 implementation in key areas.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Two months after the new government debut, COVID-19 triggered a collapse of the health system and a social and economic downturn. Beyond the health system challenges, in-crisis measures are quite different than those proposed in the Great Recession. An income scheme for at-risk families was backed with €3 billion. The government increased resources for NGOs to €10 million — recommitted with legislative proposals and approved a response to the pandemic of €1.7 billion. But NGOs note that bilateral cooperation remains depressed: only 4% of the response was proposed to be channelled via humanitarian aid, while the government opted to nourish the debt crisis, channelling €941 million to the Poverty Reduction and Growth Trust International Monetary Fund (IMF) programme.

Before the end of 2020, the moment of truth will arrive with the national budget approval and the reform debate in parliament. The government needs to recover cooperation policy to be credible. ODA efforts are expected to rise due to the drop of GDP and the contribution to the IMF. There is also concern about ODA’s non-genuine increase and its accounting, remembering that Spain increased ODA by 9% with the new methodology in 2019.

RECOMMENDATIONS TO THE SPANISH GOVERNMENT

- Set up an integral reform including social players and political parties. Put fighting inequalities, the feminist agenda, human rights, climate and sustainability and public goods promotion at the core of the new system.
- Fulfil a complete and credible roadmap for achieving the 0.5% ODA/GNI target in 2023 — as a step to reach 0.7% — prioritising instruments that reinforce effectiveness and quality and better address global challenges.
- Ensure that fighting poverty and inequality and upholding human rights remain development cooperation’s focus and that of all aid instruments focused on migration management or private sector involvement.
- Resume negotiations on the new CSO strategic framework, taking into account the diverse roles of civil society, including new financing instruments that reflect these roles.
- Deliver a sustainable development strategy and take steps to progress the policy coherence for sustainable development mechanism in Agenda 2030. Strengthening this requires considering systemic challenges such as solutions to the global debt crisis, business compliance in human rights, gender equality and climate justice.
“The corona crisis is not a time for less cooperation, closed doors or protectionism. Now is the time for more international cooperation.”
Joint op ed by Ministers for Foreign Affairs, Development Cooperation and International Trade: Ann Linde, Peter Eriksson and Anna Hallberg (Dagens Nyheter, 20 April 2020)

MAIN CHANGES IN 2019

A new government formed at the start of 2019, including a four-party budget agreement on keeping the aid budget at 1% of GNI. Many Swedish political candidates to parliament and the European elections expressed a principled approach to the influence of migration policies on development cooperation. But as in the rest of the EU, Sweden’s political climate continued the trend towards more influence of restrictive migration policies on international aid. On a related issue, the government’s long-awaited account of how in-donor refugee costs will be calculated in the Swedish aid budget met criticism by civil society for lack of transparency. There was an improvement on this in the following budget.

The government-appointed Agenda 2030 Delegation presented its final report, reinforcing the Swedish commitment to policy coherence for sustainable development. In 2019, Swedish ODA was peer reviewed by the OECD DAC and on the whole received very positive remarks. Strong focus areas of Swedish development cooperation continued to be gender equality including sexual and reproductive health and rights, climate and environment, economic equality plus human rights and democracy. Sida analysed how to further strengthen the government’s Drive for Democracy initiative.

In the aid budget the trend of increased multilateral support continued, and there was an increase of Sida’s administrative budget after this was capped for some years. In the second half of 2019, a media debate on development cooperation took off when the Moderate Party, one of the larger opposition parties, abandoned its commitment to the 1% aid level and campaigned to reduce the aid budget by a third.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

Swedish aid in 2020 will be defined by COVID-19 and its consequences. In the first half of the year, 1.1 billion SEK (around €110 million) of the aid budget was redistributed to new interventions to address the crisis. Also, many of the existing development programmes of Sida’s partners have changed focus as needed within existing programmes and strategies. Because of negative economic growth and the decision to set the aid level at 1% of GNI, Swedish aid is expected to be reduced by up to €300 million in 2021. A trend possibly affecting the aid budget in the opposite direction is that so few refugees can arrive during the pandemic. This means that tens of millions of Euros in both 2020 and 2021 budgeted for receiving refugees might not be used and therefore will be returned to the aid budget.

RECOMMENDATIONS TO THE SWEDISH GOVERNMENT

• Continue to meet the target of 1% ODA/GNI and promote an evidence-based, active debate in Sweden on development cooperation, with a focus on its goal of improving the lives of people living in poverty and oppression.
• Intensify political dialogue within the EU and the OECD aiming to increase the number of donors committing to and providing a meaningful increase in ODA in line with international commitments.
• Promote multilateral political dialogue to advance global financial reforms to increase total financing available to build more sustainable and democratic societies in low and middle-income countries post COVID-19, including promoting better mechanisms for debt relief and for tax transparency in order to stop public funds for health and education systems from being drained.
• Continue to be a principled and long-term development partner that stands by local and national CSOs and other actors for democracy, human rights, gender equality and the environment, even in complex contexts which may require adaptation and flexibility, including democratic backsliding, crisis, conflict and climate change.

SWEDEN - GENUINE AND INFLATED AID
(€ million, constant 2018)
“We retain our commitment to spending 0.7% of our gross national income on development, but through closer integration [of aid and foreign policy] we will maximise the impact of our aid budget in helping the very poorest in the world, while making sure we get the very best value for taxpayers’ money.”
Rt Hon Dominic Raab MP, Secretary of State for Foreign, Commonwealth and Development Affairs

MAIN CHANGES IN 2019

The UK continued to meet the 0.7% ODA/GNI target and be one of the largest providers of ODA. The political environment continued to be volatile, with uncertainty over Brexit overshadowing the domestic discourse. Boris Johnson, who has been vocal in his belief that UK aid should serve the political and commercial interests of the UK, became Prime Minister in July and led his Conservative Party to a decisive general election victory in December. The leadership of the Department for International Development (DFID) was again turbulent, with three different Secretaries of State overseeing the department within 12 months.

The government continues to spend a significant percentage of its ODA outside DFID, with DFID’s percentage share falling slightly (to 73.2%) and other departments’ spending rising (to 22.3%). Promoting private sector development and advancing the ‘mutual prosperity’ agenda continue to be a focus. An area of bilateral spend which increased in 2019 is DFID’s capital injection in its development finance institution, CDC Group, to invest in private companies in Africa and South Asia.

TRENDS AND PROJECTIONS FOR 2020 AND BEYOND

The UK is expected to meet its statutory commitment to spend 0.7% of GNI on ODA in 2020, but as the UK economy contracts due to COVID-19, ODA is expected to fall substantially, with the UK government stating it will “ensure we meet, but do not exceed the 0.7% commitment” by cutting £2.9 billion from the aid budget. This could have a severe impact on the UK’s ability to deliver its planned aid programming in 2020 and beyond. Following the UK’s departure from the EU in January 2020, UK aid is increasingly being presented as a tool to enhance the UK’s global role and influence and support new priorities, such as promoting the UK as a key trade and investment partner for emerging economies.

The announcement to merge DFID with the Foreign and Commonwealth Office (FCO) in June 2020 is likely to change the way UK development assistance is implemented significantly: aid spending may be reoriented towards the priorities of the FCO. There are two important planning processes in 2020 which will enable the Prime Minister to reset the strategic direction and budgets across all ODA-spending departments. These, combined with the cuts in aid spending, may see aid much more closely aligned with foreign, security and trade objectives. The merger may also lead to lower levels of aid effectiveness and transparency. Only DFID is legally bound by the International Development Act, which ensures spending supports poverty reduction. It was one of the best performing donors in the 2020 Aid Transparency Index, while the FCO ranked only ‘fair’. DFID also has a track record at allocating aid to where the need is greatest, in stark contrast to the FCO.

RECOMMENDATIONS TO THE UK GOVERNMENT

- Continue to honour the commitment to 0.7% GNI/ODA. This must be in line with the International Development Act, OECD DAC rules and the development effectiveness agenda, with a clear focus on tackling poverty.
- Ensure the new merged department targets resources to where they are needed most, and all aid reduces poverty and inequality and aligns with the SDGs, leave no one behind and other key international agreements.
- Make sure all UK ODA is transparent and all departments spending ODA meet commitments on aid transparency.
- Remain committed to collective action on the global stage and seek to strengthen the commitment to meeting OECD DAC rules on aid spending, to prevent any misuse of aid money.
- Ringfence aid going to the UK’s global COVID-19 response and any aid that supports marginalised people facing poverty, inequality, disease, conflict and climate change.

UNITED KINGDOM - GENUINE AND INFLATED AID
(€ million, constant 2018)
1. HOW THE COMPONENTS OF INFLATED AID ARE CALCULATED

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

- spending on international students in the donor country;
- spending on receiving refugees in the donor country;
- interest repayments on concessional loans, which should instead be considered a ‘negative’ budget item;
- debt relief and future interest on cancelled debts;
- the additional cost of tied aid, in this report estimated at 15% of partially tied aid and 30% of tied aid.

The rationale for discounting these items is based on two principles: an assessment of whether or not they contribute to development, based on the aid effectiveness principles, and whether or not they represent a genuine transfer of resources to developing countries. Measuring aid inflation in relation to an overall aid budget, however, tends to minimise the real extent of the problem. The level of aid inflation is best perceived as a share of the bilateral aid budget, because it is only possible to estimate it in relation to the expenses managed directly by donors. Consequently, ‘genuine aid’ is the sum of all multilateral aid and ‘genuine bilateral aid’ (meaning bilateral ODA disbursements, in constant 2018 prices, minus the already mentioned inflated aid items).

IMPUTED STUDENT COSTS

Imputed student costs include the costs of tuition less any fees paid by the students, and are calculated as a percentage of public expenditure on higher education, weighted by the number of foreign students. In theory, only the cases in which foreign affairs ministries or aid agencies are involved should be counted towards student costs, but the methodology for estimating these costs is not well defined by the OECD. Reporting practices also seem to differ by country, especially around the level of involvement of aid authorities and the types of costs that are eligible.

As data on imputed student costs in 2019 was not available at the time of writing, the figures used in this report are based on projections calculated with the official data available from 2015 to 2018. For more details on how the projections were calculated, see the ‘Quantitative data’ section of this Annex.

REFUGEE COSTS

According to OECD DAC rules, resources spent on supporting refugees arriving in the donor country are eligible as ODA for the first 12 months of their stay. Eligible expenditure includes payments for refugees’ transport to the host country, temporary sustenance (food, shelter and training) and some of the costs of resettlement. In CONCORD’s view, while it is vital for countries to support refugees arriving at their borders, labelling this kind of spending as ODA is misleading, given that it provides no resources for developing countries and is not linked to the core purpose of ODA – which is to promote the economic development and welfare of developing countries. In addition, donors show considerable differences in their reporting practices. To obtain the genuine aid figure, therefore, in-donor refugee costs must be removed from net ODA flows.

New reporting standards for in-donor refugee costs were clarified by the DAC at the High Level Meeting in October 2017. The guidelines reinstate the eligibility rule of covering only the first 12 months of stay; they also clarify eligible categories of refugees and cost items. However, the outcome of this review process did not address CSOs’ demand for donors to phase out entirely the reporting of in-donor refugee costs as ODA.

DEBT RELIEF AND FUTURE INTEREST ON CANCELLED DEBTS

When donors cancel or reschedule bilateral debts, the amount cancelled can be reported as aid in the year the debt is restructured. The cancellation of unpayable debts is important, but it should not be counted as aid. In the first place, in their cancellation donors can count both the principal and future...
interest; and since many of the debts are long term, counting future interest can inflate the figure significantly. Secondly, the relationship between the debt and development objectives is often unclear.

**TIED AID**

Making aid conditional on the purchase of goods and services from one donor country, or a restricted set of countries, reduces its development impact. Firstly, this is because it increases the cost of purchasing goods and services (by between 15% and 30%), undermining affordability for poor countries.**107** It acts as an expensive subsidy for donor-country industries. And secondly, because it may actually increase the net resource flow from developing to donor countries. By preventing developing countries from procuring local goods and services, it undermines local job generation and economic development. To reflect the financial impact of tying, the CONCORD AidWatch methodology discounts 30% of the flows that are recorded as fully tied and 15% of the flows that are partially tied.

As data on tied aid in 2019 was not available at the time of writing, the figures used in this report are based on projections calculated with the official data available from 2015 to 2018. For more details on how the projections were calculated, see the ‘Quantitative data’ section of this Annex.

**INTEREST PAYMENTS ON CONCESSIONAL LOANS**

When donors estimate their net ODA, they discount the repayment of the principal by recipient governments, but not interest payments, which are counted as aid.**108** CONCORD AidWatch counts these interest payments as inflated aid. Since 2018, loans have been reported to the OCED DAC in a different way.**109** These changes were made after it was noted that France, Germany and the European Investment Bank had extended over US$2.5 billion (€1.8 billion) in ‘concessional’ loans to developing countries at interest rates above their own borrowing costs.**110**

As data for 2019 on interest repayments was not available at the time of writing, the figures used in this report are based on projections calculated with the official data available from 2015 to 2018. For more details on how the projections were calculated, see the ‘Quantitative data’ section of this Annex.

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**2. RESEARCH SOURCES**

**QUALITATIVE FINDINGS**

The main source for the qualitative findings in the report was a review of CONCORD’s position papers, desk-based research drawing on both official and non-official analysis and interviews with the European Commission, the OECD and CSO representatives. Other sources include the European Commission, OECD and the Global Partnership for Effective Development Co-operation. Additionally, focal discussion groups were led by consultants involving CONCORD’s national platforms. This was complemented by inputs from the CONCORD AidWatch team.

The main source for the country examples in the report was a standardised questionnaire survey, conducted by the authors among all of CONCORD’s 28 national platforms at the start of the report drafting period.

The national platforms themselves drafted the country pages. In the case of the EU institutions, the country page was drafted by the author and the main sources used were official European Commission documents, the EU Aid Explorer website and the OECD DAC Creditor Reporting System (CRS).

From information received from CONCORD Members, it is known that EU donors are making full use of flexibility by redirecting funds from already planned activities to actions related to the COVID-19 package. Moreover, donors have made use of the contingency reserve for COVID-19 response activities. Some examples that could be traced back are the following: in Gambia, the EUD cancelled a call for proposal that was already at full proposal stage, and the funds were reoriented to different sectors than in the call for proposal. In Ethiopia, the EUD launched an Emergency Trust Fund for Africa call for proposals on economic development at the beginning of 2020 (before COVID-19). Due to the pandemic, the initial deadline for early May got delayed to early August (but not cancelled at the time) and the EUD confirmed it would go through with the call. In June, however, the EUD cancelled the call but directly awarded the funds to a consortium that was already working on another component of the same programme. The EUD in Ethiopia switched from an open transparent procedure (call for proposal) to a direct award at a very advanced stage of the process – causing a questionable reorientation of priorities and raising issues for the CSOs that invested resources in applying for the open call. Another significant case is Nicaragua, where, since...
the socio-political crisis in 2018, the EUD has not published any calls for proposal but allocated grants in direct negotiation. Here the EUD planned and already negotiated with a consortium of CSOs a project to support children and youth. However, this long-planned project was in the end turned into a COVID-19 response activity. In other countries such as Yemen, already planned ongoing direct procedures were cancelled without further explanation.

QUANTITATIVE DATA

The report relies on the OECD CRS dataset including preliminary OECD DAC CRS data for 2019. This data has been complemented by updated figures provided by CONCORD’s national platforms. In some cases, data provided by the European Commission and Eurostat has been used (for example to complement the deflators provided by the OECD, which do not cover all EU28 countries and are applicable mainly against US dollars). Data for 2018 was also compiled using the OECD CRS dataset, now confirmed and which might slightly differ from preliminary data used in last year’s edition.

In 2018, the OECD DAC changed its reporting practice, moving from calculating ODA spending on a cash basis to a grant equivalent basis. In this report, CONCORD analyses recorded ODA against the flow basis method, to facilitate our comparison of ODA figures with previous years.

Except where indicated otherwise, all figures in Part One are given in euros and expressed in 2018 constant prices, as is the case for all the figures obtained from a primary source. The use of constant prices partially justifies the difference of official preliminary figures, in addition to some updated information already included in the report. All figures in Part Two are expressed in current prices unless noted otherwise.

Since data for 2019 on imputed student costs, tied aid and interest repayments was not published by the OECD or in general not accessible to the national platforms at the time of writing, some projections based on official data available from 2015 to 2018 have been used to fill these data gaps. The projected data is the average of two functions commonly used to predict future values by using existing ones: linear regression\textsuperscript{113} and the Holt-Winters method.\textsuperscript{114} This projecting method has proved to be reliable when comparing the result of projecting the figures for 2016 using data for 2012 to 2015 with the figures already published by the OECD for ODA in 2016. Nonetheless, CONCORD AidWatch is aware that the conclusions taken from forecasts mainly indicate a somehow linear evolution, as the political context may significantly change the outcome.

This same projection method was also used to calculate the estimated timescale for keeping the 0.7% promise, based on both total ODA and genuine ODA.

In addition, the quantitative analysis of ODA provided to LDCs relies on EU compiled data from 2015 to 2018. To ensure consistency across the report, the figures were changed to constant prices. This differs from the OECD DAC, which measures only bilateral input, while this adds also multilateral. This is a different approach from the one used in AidWatch reports before 2019.

\textsuperscript{112} OECD Stats, https://stats.oecd.org

\textsuperscript{113} For more information about the linear regression method see: FORECAST function, https://support.office.com/en-us/article/FORECAST-function-50ca49e9-7b40-4892-94e4-7ac386bbeda9ht

## ANNEX 2 - TABLES

### TABLE 1: EU15 – 2018 AND 2019 GENUINE AND TOTAL ODA AS A PERCENTAGE OF GNI (IN 2018 CONSTANT PRICES)

<table>
<thead>
<tr>
<th>Country</th>
<th>Genuine aid as a % of GNI in 2019</th>
<th>Total aid as a % of GNI in 2019</th>
<th>Genuine aid as a % of GNI in 2018</th>
<th>Total aid as a % of GNI in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxembourg</td>
<td>1.05%</td>
<td>1.05%</td>
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<td>0.98%</td>
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<td>0.97%</td>
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<td>0.69%</td>
<td>0.71%</td>
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<td>0.68%</td>
<td>0.70%</td>
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<td>0.30%</td>
<td>0.31%</td>
</tr>
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<td>0.23%</td>
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<td>0.21%</td>
<td>0.26%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.23%</td>
<td>0.23%</td>
<td>0.19%</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Portugal</td>
<td>0.13%</td>
<td>0.15%</td>
<td>0.14%</td>
<td>0.17%</td>
</tr>
<tr>
<td>Greece</td>
<td>0.11%</td>
<td>0.14%</td>
<td>0.12%</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

### TABLE 2: EU13 – 2018 AND 2019 GENUINE AND TOTAL ODA AS A PERCENTAGE OF GNI (IN 2018 CONSTANT PRICES)

<table>
<thead>
<tr>
<th>Country</th>
<th>Genuine aid as a % of GNI in 2019</th>
<th>Total aid as a % of GNI in 2019</th>
<th>Genuine aid as a % of GNI in 2018</th>
<th>Total aid as a % of GNI in 2018</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0.08%</td>
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<td>0.25%</td>
</tr>
<tr>
<td>Hungary</td>
<td>0.21%</td>
<td>0.22%</td>
<td>0.20%</td>
<td>0.21%</td>
</tr>
<tr>
<td>Cyprus</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.12%</td>
<td>0.12%</td>
</tr>
<tr>
<td>Slovenia</td>
<td>0.13%</td>
<td>0.16%</td>
<td>0.13%</td>
<td>0.16%</td>
</tr>
<tr>
<td>Estonia</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.15%</td>
<td>0.16%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0.12%</td>
<td>0.13%</td>
<td>0.12%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Croatia</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.13%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>0.12%</td>
<td>0.12%</td>
<td>0.13%</td>
<td>0.13%</td>
</tr>
<tr>
<td>Poland</td>
<td>0.10%</td>
<td>0.12%</td>
<td>0.11%</td>
<td>0.13%</td>
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<tr>
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<td>0.11%</td>
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<td>0.12%</td>
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<tr>
<td>Bulgaria</td>
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<td>0.10%</td>
<td>0.11%</td>
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<tr>
<td>Latvia</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.10%</td>
<td>0.10%</td>
</tr>
<tr>
<td>Country</td>
<td>Inflated Aid €m</td>
<td>% GNI</td>
<td>Bilateral Aid €m</td>
<td>% Bilateral Aid</td>
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<td>------------------</td>
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<td>Czech R.</td>
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</tr>
<tr>
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<tr>
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<tr>
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<td>16,700.69</td>
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<td>0.15%</td>
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<td>Refugee costs as a % of total inflated aid</td>
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<tr>
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<td>0.00%</td>
</tr>
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<td>99.82%</td>
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</tr>
</tbody>
</table>
OUR MEMBERS

With the support of the European Union