



Brussels, 13th of May 2008

NW	ActionAid International
NW	ADRA
NW	Aprodev
NP	Austria: EU-Plattform
NP	Belgium
NW	CARE
NW	Caritas Europa
NW	CBM International
NW	CIDSE
NP	Czech Republic : FoRS
NP	Denmark: EU-NGO
NW	EU-CORD
NW	EuronAid
NW	Eurodad
NW	Eurostep
NP	Finland: Kehys ry
NW	FORUM
NP	France: Coordination SUD
NP	Germany: VENRO
NP	Greece
NP	Hungary: HAND
NW	IPPF European Network
NP	Ireland: Dóchas
NP	Italy: ONG italiana
NP	Latvia: Lapas
NP	Luxembourg : Cercle
NP	Malta: KOPIN
NP	the Netherlands
NW	Oxfam International
NW	Plan Europe
NP	Poland: Grupa Zagranica
NP	Portugal
NW	Save the Children
NP	Slovakia: MVRO
NP	Slovenia: SLOGA
NW	Solidar
NP	Spain: CoNgDe
NP	Sweden:CONCORD Sverige
NW	Terre des Hommes
NP	UK: BOND
NW	World Vision
NW	Wide
NP	National platform
NW	Network

Dear Minister for Foreign Affairs/ Development,

Ahead of the General Affairs and External Relations Council (GAERC) on 26-27<sup>th</sup> May, CONCORD would like to raise a number of key issues that we as civil society believe that the Government must take forward in the Council conclusions. In particular, we would like to emphasise the need for the Government to ensure that, in this crucial year on aid effectiveness, practice matches rhetoric. This means that the EU and its member states must both deliver on existing promises and make more ambitious commitments on aid quantity and quality. The GAERC is an important moment for progress on this agenda – the Council conclusions must lay the foundations for real European leadership at the High Level Forum on Aid Effectiveness in September and the UN Financing for Development Conference in Doha.

Later this month, CONCORD will produce its third annual report on European aid quantity and quality through 'AidWatch', an initiative which monitors and advocates on the quantity and quality of aid in all 27 EU Member States.<sup>1</sup> This year's disappointing aid figures reveal a continuing aid gap – faster progress is needed if poverty reduction goals are to be met – and as the world's leading aid donor, the EU has a key responsibility to show leadership in meeting the aid commitments.

We therefore urge you to ensure that the Council conclusions emerging from the GAERC meeting reflect the following commitments:

#### Aid Quantity

- Reaffirm that most EU Governments have made commitments to scaling up to reach 0,7% of GNI by 2015 or sooner (without including debt relief or other 'non-aid' items) and allocate 50% of this increase to sub-Saharan Africa; and to publish a binding year-on-year time table showing how this will be delivered.

#### Aid Quality

- Deepen the commitment to democratic ownership, accountability and transparency which are at the heart of aid effectiveness, and ensure that citizens' voices and concerns are made central to national, regional and local development plans and processes.
- Phase out all economic policy conditionality attached to aid, and agree more mutually accountable, contractual agreements with partner countries, based on locally defined criteria; untie all EU aid to all countries, including food aid and Technical Assistance (TA); and reform TA so that 100% of TA is demand-driven and aligned with national strategies.
- Respect the centrality of human rights, gender equality, child rights, social justice and environmental sustainability, which are absent from the Paris Declaration on Aid Effectiveness, and commit to agreeing additional EU targets which demonstrate how progress towards realizing a human rights based approach to development will be made in these areas.

CONCORD is the European confederation of relief and development NGOs. Its national associations and international networks represent over 1 600 NGOs which are supported by millions of citizens across Europe. CONCORD leads reflection and political actions and regularly engages in dialogue with the European institutions and other civil society organisations. CONCORD is part of the 'Global Call to Action against Poverty'.

### Financing for Development

The EU needs to develop an ambitious set of proposals for the Doha Financing for Development conference, including commitments to:

- Develop innovative financing mechanisms and redefine debt sustainability criteria to promote the advancement of development goals rather than debt reimbursement;
- Work towards the adoption of a code of conduct on cooperation in the fight against capital flight and promote the adoption of accounting standards for transnational corporations.

### Policy Coherence for Development and Trade Agreements

Better and more aid is vital but not sufficient for sustainable development. The EU should recognise the need for greater coherence in policies across sectors that affect developing countries. In this respect, we believe that the EU should revise its trade policy. The interim EPAs are imbalanced, go far beyond WTO compatibility, and contain provisions which are harmful to development and regional integration processes. We therefore:

- Call for the revision of the contentious clauses in the interim EPAs to ensure coherence with development as defined in the Cotonou Partnership Agreement, before their signature and ratification;
- Ask that such a revision must not be conditional upon further negotiations on full EPAs, and that in negotiating full agreements, ACP countries must maintain the right to determine whether and how services and trade related issues will be dealt with.

More detailed policy recommendations on each of the issues are included in the annex below. We also would like to emphasize that "Women and armed conflict" needs more attention from Ministers than will be possible in the foreseen informal event. In our opinion, this does not reflect the importance of the challenges in this area.

We call upon the EU Governments to take these demands to the GAERC and ensure that they are reflected in the draft conclusions agreed. We would be very keen to meet you ahead of the GAERC meeting, and will be contacting your office to see if it is possible to arrange a meeting in the coming weeks. The European AidWatch report will be released on May 22<sup>nd</sup> and we would also like to organize a meeting to discuss with you in greater detail, the implications of that report for European development aid.

Yours sincerely,

<sup>1</sup> The 2008 Aidwatch report highlights a series of key problems around the transparency and accountability of European Union aid which lead to poorer quality aid, and contradict the European Union's commitments to global leadership of aid as set out in the European Consensus for Development.

## **Annex of policy recommendations**

### **1. Aid Effectiveness**

In 2008 the EU should make the following commitments, and ensure that their delivery is independently monitored. The GAERC is a key opportunity to make progress on these issues ahead of the June Council Heads of State Summit; the third High Level Forum on Aid Effectiveness in Accra, the UN Financing For Development Conference in Doha, and we urge you to push for ambitious conclusions in these areas:

**i. Deepening democratic ownership** – The Government should develop relevant indicators to demonstrate how citizens' voices and concerns are being made central to national, regional and local development plans and processes. The Government should also directly measure the participation of citizens, civil society and parliaments in deciding, planning, implementing and assessing national plans, policies, programmes and budgets.

**ii. Ensuring full transparency of aid** – This will mean agreeing to: publish *clear criteria for decision-making processes*; ensure timely public dissemination of complete information on all aid committed, allocated and disbursed, including full disclosure of all conditions, criteria and contractual agreements, context analysis and which strategy influenced the decision-making (CSP or other); publishing reliable country-by-country timetables, based on binding agreements, for aid commitments and expenditure; automatic, timely and proactive disclosure by donors and partners of all documents related to the planning, execution and evaluation of aid strategies and projects, subject to a limited regime of exceptions; and ensure that this disclosure includes publication of information that permits public participation in decision-making, in languages and forms that are appropriate for concerned stakeholders; and mechanisms by which information not released under proactive disclosure policies, can be requested and received, subject only to limited exceptions as provided for by international law.

**ii. Conditionality, untying, and TA** – We call on the Government to:

On Conditionality, to phase out all economic policy conditionality attached to aid, agree more mutually accountable, contractual agreements with partner countries; based on locally defined criteria; and set out how these commitments will be achieved with monitorable targets and implementation plans.

On untying, to support the European Commission in its call for the further untying of technical assistance, food aid and food aid transport; to develop timebound, independently monitored targets for translating this commitment into practice; to widen local markets' access by facilitating broader economic development, and demonstrating clear commitments on use of local economic and human resources, if necessary by setting out special provisions for procurement and contractual procedures.

On TA, to agree concrete recommendations on how the Government will meet the additional EU objective 2 on Aid Effectiveness, which commits EU Member States to provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements, and to demonstrate how this will be linked to supporting human resources and expertise from developing countries.

### **iv. Gender equality,**

We call the Member States to deliver on their international and regional commitments towards gender equality and women's empowerment, by putting gender equality and women's empowerment at the centre of the development agenda. This will also mean making available the necessary human and financial resources to implement these commitments and support the participation of gender advocates and women's rights organisations in the development process.

### **v. CSO effectiveness -**

On CSO effectiveness, we welcome the recent reference in the EU Roadmap to Accra of CSOs as legitimate actors whose effective participation is crucial and often overlooked, and as diverse actors, who have many other roles besides providing aid. We also urge the Government to recognize that CS is concerned with discussing the "development" effectiveness of CSOs (poverty reduction, human rights, gender equity, justice) as well as CSOs other unique and diverse roles, which cannot be reduced to application of the Paris

Declaration and its current definitions and applications; and acknowledge the ongoing independent process taking place in the CSO community on the development effectiveness of CSOs.

## 2. Financing for development

**i. On commitments to develop innovative financing mechanisms**, introduce as a minimum first step of a Currency Transaction Development Levy at a very low rate (0.005%) in the Euro-currency zone.<sup>[1]</sup> study how to introduce carbon taxes within the EU; to ensure innovative finance taxes and levies; respect additionality and transparency principles; allocate innovative resources to the production of global public goods and the fulfilment of basic human rights.

**ii. On debt sustainability**, to redefine debt sustainability criteria to promote the advancement of development goals rather than debt reimbursement; to end all economic conditionalities imposed by the IMF and the World Bank (on privatisation, liberalisation and fiscal policy); to promote improved rules for all creditors and borrowers, to introduce new international debt arbitration mechanisms for fair burden sharing in sovereign debt crises; to prevent litigation by aggressive debt distressed funds; to strengthen the United Nations Tax Committee; and to urgently introduce measures to prevent aggressive legal action on debts by commercial operators.

**iii. On domestic resources mobilisation and capital flight**, to work towards the adoption of a code of conduct on cooperation in the fight against capital flight; to promote the adoption of accounting standards forcing transnational corporations to publish accounts with country per country breakdowns; to support and strengthen the Extractive Industries' Transparency Initiative and the publication of more detailed figures; to introduce tighter regulation of European tax havens; and convert it into an intergovernmental entity.

## 3. Policy Coherence for Development

### **On Economic Partnership Agreements<sup>1</sup>**

i. Independent analysis by ODI/ECDPM of IEPAs concludes "*that countries have a deal that reflects their negotiating skill*" which demonstrates that the differing development needs and levels were not taken into account by the EU in the negotiating process. With a view to this, we call on the following contentious issues to be revised in accordance with the recent call from the African Union Trade Ministers: "*the definition of substantially all trade, transitional periods, export taxes, free circulation of goods, national treatment bilateral safeguards, infant industry, non-execution clause, the MFN clause.*"

ii. The commitment of the ACP regions to continue negotiations is for full pro-development EPAs. This does not necessarily imply the acceptance of the EU equitation of the notion "pro-development" with binding commitments for the liberalisation of services, investment and government procurement and the introduction or strengthening of competition rules or intellectual property rights. We maintain that the Cotonou agreement does not contain an obligation for negotiating on these issues nor that they are necessary to make the agreements WTO compatible. ACP countries should not be put under pressure to negotiate these issues.

### **On Women in armed conflict**

i. "Women and armed conflicts" should be addressed in the official Council Conclusions, by stressing the importance of setting up a more comprehensive policy framework for an effective use of development and humanitarian programmes in this field.

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<sup>1</sup> Independent analysis by ODI/ECDPM of IEPAs concludes "that countries have a deal that reflects their negotiating skill" which demonstrates that the differing development needs and levels were not taken into account by the EU in the negotiating process.