

H.E. Alexander Schallenberg
Minister
Federal Ministry for Europe,
Integration and Foreign Affairs
Minoritenplatz 8
1010 Vienna

Subject: Foreign Affairs Council – Development 20 May 2022

Vienna, 12 May 2022

Dear Mr. Schallenberg,

Ahead of the Foreign Affairs Council (Development) meeting on 20 May, CONCORD Europe and Global Responsibility would like to draw your attention to a number of recommendations which we hope will be reflected in the outcomes of your discussions.

Scaling up EU Official Development Assistance for LDCs

The war in Ukraine has devastating consequences for people directly affected by the conflict. Its many spillover effects¹, most notably in terms of shortages of food supplies, rising food prices and supply chain disruptions, are compounding the already severe consequences of other crises all around the world, inter alia, COVID-19, climate change, rising inequalities, shrinking civic space, and the undermining of human rights and democracy. Furthermore, the war is already impacting on the 2022 ODA landscape in Europe. A number of Member States are reprogramming aid away from developing countries and regions, resulting in ODA inflation in the form of in-donor refugee costs. We urge the Council to discuss a collective Team Europe approach to ensure that the support provided by Member States to meet the needs arising both in Ukraine and in EU countries hosting high numbers of refugees does not come at the expense of much-needed ODA to countries elsewhere in the world. Team Europe should **commit to massively scaling up ODA to support partner countries** in tackling the compounding crises mentioned above. Given the setbacks to achieving the 2030 Agenda caused by COVID-19 and the concomitant soaring inequalities, more aid is desperately needed.

Official Development Assistance to Least Developed Countries (LDCs) remains a scarce resource: according to the OECD DAC, EU ODA to LDCs in 2020 was only €15.3 billion (0.12% of GNI). The EU remains far behind the target to disburse 0.15%-0.20% of Gross National Income (GNI) to LDCs. After the adoption of the Doha Programme of Action (DPoA), the second part of the Fifth UN Conference on the Least Developed Countries in 2023 is likely to be the final opportunity to adjust the global approach to sustainable development in LDCs before the 2030 SDG deadline. As the world's largest

¹ https://unctad.org/system/files/official-document/un-gcrg-ukraine-brief-no-1_en.pdf



bloc of donors, the EU will play an important part in giving the DPoA political momentum. In the short term, the European Commission and EU Member States should **scale up spending to LDCs** to comply fully with the target of 0.15% ODA/GNI to LDCs, and then progress rapidly towards the 0.20% ODA/GNI commitment to LDCs by 2030.

Reducing inequalities in LDCs

Reducing inequalities is one of the most critical challenges facing the world today and is a key objective of the EU's ODA. It is crucial to achieving the SDGs, as well as being an SDG in its own right. Public resources to achieve equality need to be at the centre of any coordinated response capable of addressing the disproportionate socio-economic impacts of the various crises on LDCs. In addition, crises always have a stronger impact on the most marginalised and underserved people and communities. In LDCs, EU ODA should therefore particularly focus on supporting them, including through the prioritisation of funding for human development and gender equality and the achievement of related NDICI targets.

There is very little comprehensive data available to analyse how successful EU ODA has been in reducing inequalities between richer and poorer countries or within a given partner country. Member States need to address this gap by fully implementing existing gender and disability markers and adopting a new broader EU-led marker on inequalities. In order for ODA to support equality, it is key to prioritise the use of grants instead of loans, to significantly increase ODA for domestic resource mobilisation and to increase ODA devoted to climate adaptation.

The Council committed to fighting inequalities in 2019. More efforts, including deeply reviewing ODA allocations, are needed. The EU should commit to enhancing the fiscal space of LDCs by engaging in international fora on tax such as the Addis Tax Initiative. It must tackle inequality-aggravating practices such as financial secrecy and tax-haven policies, and prioritise legally binding standards on human rights, tax and illicit financial flows over voluntary initiatives. These policies will promote domestic resource mobilisation in partner countries, a key step towards reduced inequalities between and within them.

EU blended finance in LDCs

The EU insists that blended finance is a crucial tool to fill the annual gap to finance the Sustainable Development Goals (SDGs) in contexts like the LDCs. Under the new European Fund for Sustainable Development Plus (EFSD+), the EU puts a strong emphasis on LDCs and fragile countries. CONCORD Europe as well as civil society in Europe and other regions have [concerns and recommendations](#) about the EU focus on blending and guarantees as tools to mobilise the adequate levels of financing to reach the SDGs.

In order to remove from the grants, harmful conditionalities against debt distress while supporting LDCs' leadership and an open civic space, the EU institutions and Member States should **channel funds to LDCs through ODA grants prioritising development effectiveness principles**. Where blending is appropriate in LDCs, all blending operations and guarantees must fulfil the Gender Action Plan III (GAP III) targets.

The EU institutions and Member States should also develop a **strong 'do-no-harm' list of investments**



to be explicitly excluded from EFSD+ support in LDCs – to ensure that the EFSD+ does not support any activities that are counterproductive in human rights, climate and environmental terms.

In addition, any negative impacts of EU-funded investments on LDCs, local communities and final beneficiaries should be addressed through accessible and effective monitoring and complaints mechanisms. The Council must ensure that the Commission **establishes a centralised grievance mechanism for EFSD+** and that local communities in LDCs are informed about their rights.

In line with the European Commission's commitment under the EFSD+, EU Member States should also **commit to a common approach to exclude health, education and social protection from private sector investments** leveraged through blending and guarantees in LDCs.

If the EU is truly committed to building back better, CONCORD and Global Responsibility would like to renew our calls to put solidarity first and leave no one behind. We would very much appreciate your considerations and including our recommendations in the outcome for your meeting. We also would welcome the opportunity to discuss how we can work together to achieve this common objective.

Thank you for your attention to this important matter.

Yours sincerely,

Annelies Vilim
Director
Global Responsibility