

**"It is time for development assistance to stop being a budget "after-thought". Rather development needs to be in the front-line of national budgets: a sector both citizens and politicians can be proud of. We must stick to our promises."**

Jean-Louis Schlitz, Luxembourg Minister for Development Cooperation, April 2008.



# Luxembourg

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

**Will Luxembourg meet its target of 1% of GNI by 2010 without inflating its aid? NGO prediction: LIKELY**

In 2007, Luxembourg continued to be part of the exclusive group of countries that have already reached the 0.7% target ODA/GNI. In 2007, Luxembourg contributed 0.9% of its GNI as ODA, with a 13% increase from 2006 levels. Moreover, Luxembourg no longer inflates its aid, so all ODA resources provided are real aid. NGOs in Luxembourg are pleased with such excellent performance – which is an example that meeting the 0.7% target without inflating ODA figures is possible when the right political will is in place.

However, NGOs are concerned that these excellent figures may hide structural problems in Luxembourg's aid. Lack of coherence among different government policies with an impact on international development – such as trade and finance – remain a major problem to make development cooperation work for poverty eradication. The government still has a long way to go to make its international policies fully coherent and respectful with the objective of fighting against poverty. Unfortunately, in this area, the government lacks the political will.

## • Aid quality

In general, NGOs in Luxembourg are satisfied with the quality of their government's aid, which is highly predictable, virtually untied, and it does not come with economic policy conditions attached.

However, NGOs are concerned that aid is not as transparent as it should be, as several crucial documents related to Luxembourg's ODA, such as financial agreements with developing countries or evaluations of Luxembourg's aid, are not systematically made available. When

information is disclosed, it is not always done in a timely manner that allows a meaningful engagement of NGOs in discussions with their government. "In general, there is no consultation with NGOs on issues that have an impact on the quality of aid", NGOs say.

Gender is another key area of concern for NGOs. Gender is fully mainstreamed in Luxembourg's development cooperation – which means that in practice there is no formal gender strategy nor there are funds earmarked for gender issues. According to NGOs, evaluations tend to show that little attention is paid to this cross-cutting issue. Beyond this the main challenge for Luxembourg's aid is still the lack of coherence between development cooperation and other government policies which have a strong impact on sustainable development – such as trade, agriculture or finance.

## Luxembourg NGOs call on the Luxembourg government to:

- meet the 1% aid target by 2009;
- table at the Inter-ministerial Committee for Development Cooperation the issue of policy coherence across government policies with an impact on international development;
- establish a stakeholders' forum to engage NGOs in the debate on policy coherence;
- approve a policy on disclosure of information affecting all relevant ODA reports and statistics;
- draft sectoral strategies, including a strategy for gender in development cooperation;
- conduct evaluations to assess the impact of development projects.

## Luxembourg's genuine and inflated aid

