

"Development is endangered. The international development aid figures for 2007, released in April 2008, (...) are conclusive. The setback is severe and we are currently in the process of relaunching our efforts. This is unacceptable and shocking, given that 2008 was the mid-way point towards the MDGs"

Jean-Louis Schiltz, Ministre de la Coopération et de l'Action humanitaire



Luxembourg

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

Will Luxembourg meet the 1% target without inflating its aid? NGO prediction: LIKELY

With 0.92% of GNI, Luxembourg ranks second among the European countries in term of aid figures. The country is not only at the top in terms of official aid volumes, but also in levels of genuine aid. Luxembourg does not inflate its aid with student and refugee costs and did not report any debt cancellation operations in 2008. Nevertheless, Luxembourg does count as ODA its share of contribution to multilateral debt relief funds. For example, in 2007, the Ministry of Finance directly contributed €0.5m to multilateral debt relief in Liberia.

Luxembourg is also planning to continue leading European countries, together with Sweden, in terms of aid levels, and the country has now committed to provide 1% of GNI in 2010. National NGOs, however, are concerned about how this figure will be reached, as there have been some discussions about reporting climate finance as ODA.

Despite having one of the highest ODA/GNI ratios in Europe, the government is currently considering inflating the figure with climate finance. Jean-Louis Schiltz, Minister for Development Cooperation and Humanitarian Affairs, recently suggested that the OECD should allow donors to report climate finance as aid. ODA targets were committed to a long time ago and donors cannot be allowed to do "climate change cosmetics".

• Aid quality

Gender is considered a crosscutting issue in development cooperation but there is as yet no gender strategy in place. Instead, all activities are said to have a gender component. The problem with this approach is that without a clear strategy providing a framework for gender analysis, it is difficult to assess the impact of aid on gender equality and women's empowerment.

NGOs are very concerned about the government's performance on transparency of aid. There are no formal procedures in place for requesting information about development assistance, consequently, most of the information, including that on basic aid policies and evaluations, is not publicly available. Data has to be requested through informal channels, making access to information by NGOs very difficult.

Luxembourg's aid benefits from very high levels of predictability. The government usually undertakes commitments with partner countries for 3 to 5 years. Aid is also disbursed in a timely manner, according to agreed schedules.

Luxembourg NGOs call on their government to:

- Meet the 1% aid target by 2010 and contribute to adaptation and mitigation projects with specific and separate funds.
- Ensure that existing and committed ODA flows are not diverted for climate financing. The latter should be new and additional money that should be in a separate non-ODA budget line.
- Discuss in the Inter-ministerial Committee for Development Cooperation the issue of policy coherence for development across government policies.
- Establish a stakeholders' forum to engage NGOs and others in the debate about policy coherence for development.
- Approve a policy on disclosure of information affecting all relevant ODA reports and statistics.
- Discuss the newly proposed sector strategies with all stakeholders.
- Conduct evaluations to assess the impact of development projects.

Luxembourg's genuine and inflated aid

