



## AID PERFORMANCE: BELGIUM CALLED TO DO BETTER

*Géraldine Dezé, CNCD-11.11.11*

---

Following the federal elections in May 2019, Belgium had to wait 16 months for a government coalition to be formed. The new Belgian government continues to face a budget deficit, which once again puts Official Development Assistance (ODA) at risk. Although ODA is not a panacea, it remains an essential tool particularly well suited to the fragile contexts of low-income countries. It is predictable and concessional, and it can be invested directly in strengthening social protection and health systems, the importance of which is all the more critical in the current crisis.

Prior to the formation of the new government in October 2020, the existing trends within Belgian development cooperation were maintained. These included a decrease in ODA; a focus on the least developed and fragile countries; and a growing emphasis on the private sector. Analysis of OECD data shows that Belgium's aid program has a mixed record of gender mainstreaming. In addition, there has been a decrease in in-donor refugee costs, a consequence of the decreasing number of asylum seekers since 2015. The trajectory of Belgium's ODA confirms that the quantity of aid was not a priority for the previous government. In fact ODA remained a budgetary adjustment variable although the commitment of 0.7% is a legal obligation in Belgium.

## **BELGIAN AID AT ITS LOWEST LEVEL SINCE 2004<sup>1</sup>**

In 2002, Belgium set out in law a requirement that the Belgian Government define a trajectory to reach the 0.7% target by 2010 at the latest. A commitment to allocate 0.7% of donor countries' GNI to development aid was again reiterated in 2015 by the United Nations General Assembly as part of the adoption of Agenda 2030 for sustainable development (cf. the objective 17.2).

In November 2019, the House of Representatives in Belgium asked the government to "define for the coming years a growth scenario that will enable us to achieve the objective of reaching as quickly as possible from a budgetary point of view, and by 2030 at the latest, the objective of 0.7% of GNI."<sup>2</sup> Knowing that this objective was supposed to have been reached since 1975 and in view of the increased needs caused by the COVID-19 pandemic, civil society organisations (CSOs) have repeatedly called on the government to adopt a faster scenario, so that this commitment is fulfilled by 2024 at the latest.

The chart below provides an overview of Belgium's ODA as a percentage of its GNI from 2000 to 2019. According to the latest statistics available, Belgium's 2019 ODA stood at EUR

1.95 billion (US\$1.66 billion). In terms of Gross National Income (GNI), which grew by 2.8% over the same period, Belgian ODA fell from 0.43% to 0.42%, reaching its lowest level since 2004. Belgium has fallen to 10th place in the donor ranking in relative terms and 16th in absolute terms. Belgium also remains below the EU average: aid provided by the EU and its Member States represented 0.46% of their consolidated GNI in 2019.

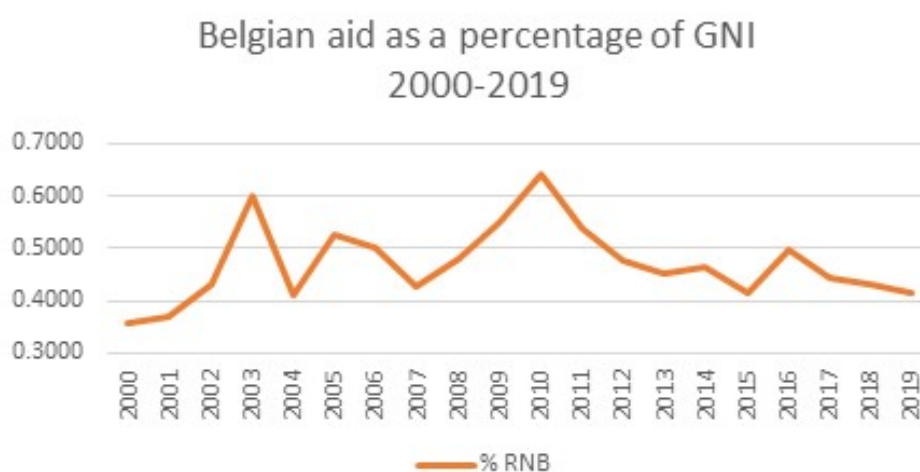
This situation is the result of two consecutive austerity-oriented legislatures following the 2008 financial crisis. ODA has become one of the main budgetary areas subject to adjusted by the federal government. Developing countries have seen aid promised by Belgium cut by EUR 5.762 billion (\$4.9 billion) between 2015 and 2019. Moreover, the share of total aid managed by the Belgian development cooperation administration (DGD) has been decreasing from 68% in 2000 to only 56% in 2018. One exception was in 2019 when there was a slight increase (59%) and the share of DGD-managed aid reached EUR 1,159 million (US\$985 million). This was very much welcomed, as DGD-managed aid is used to finance concrete development projects and programs.

## **CLIMATE FINANCE: A MISSED OPPORTUNITY**

Recently there has been a strong increase in the share of ODA devoted to "environmental conventions". In fact, this budget line has tripled in just two years, from EUR 17 million (\$14.5 million) to 57 million (\$48.5 million). However, it is difficult to reconcile these amounts with those used to report Belgium's climate finance to the UNFCCC. For instance, in 2018, the government justified EUR 80.7 million (\$68.6 million) in this respect, almost all of

which (EUR 79.3 million or \$67.4 million) came from the development cooperation budget.

While financing climate action is an essential part of the implementation of the Paris Agreement, Belgium should not account for its climate contributions as Official Development Assistance. This is contradictory to the international commitment made at the Copenhagen summit in 2009, which states

**FIGURE 1: BELGIAN ODA AS A PERCENTAGE OF GROSS NATIONAL INCOME**

Source: OECD (2020), Net ODA : <https://data.oecd.org/oda/net-oda.htm>.

that these funds are supposed to be new and additional to ODA.

Belgium's performance is quite good in terms of the quality of its climate finance. On the one hand, it concentrates its funds on adaptation<sup>3</sup>, a sector which is essential for developing countries, and often ignored by donors in favour of mitigation projects. On the other hand, Belgium's climate finance comes mainly in the form of grants rather than loans. Finally, Belgium pays particular attention to the most vulnerable countries and actively supports

certain multilateral funds such as the Least Developed Countries Fund or the Adaptation Fund.

While all these measures are positive, there are still major issues with the reporting rules. In the absence of clear international criteria, countries can choose the type of funding they wish to report. Hence, consistent rules governing climate finance and mainstreaming of transparency remain essential to enable a relevant comparison between contributions to the different climate-related entities.

### **GENDER APPROACH: A MIXED PICTURE**

Analysis of OECD data shows that Belgium has a mixed record on gender mainstreaming in its aid.<sup>4</sup> In 2015, 76% of Belgian aid was gender mainstreamed, which dropped to 53% in 2016. A revision of the OECD guidelines for the application of the marker partly justifies this drop of more than 20 percentage points. However, Belgium has been struggling to sustain growth in this area. In 2017, 60% of

Belgian aid was gender mainstreamed. But by 2018 the percentage had fallen again to 57%.<sup>5</sup>

Funding of women's rights organizations in developing countries is another major challenge that Belgium does not seem to be able to meet. As a result, it is currently not in a position to provide a thorough and accurate report to the Development Assistance Committee (DAC) on the share of

its budget allocated to these organizations.<sup>6</sup> A specific marker identifies support to feminist movements, organizations and institutions working for the rights of women and girls without indicating whether they are in developing countries. It reveals that Belgium barely supports these actors: less than 0.3% of Belgian aid was devoted to supporting them in 2018. This is a significant increase after two years of it being between 0.03% and 0.04%, but it is still insufficient.<sup>7</sup>

The role of feminist organizations is crucial in bringing about political, legal and social change, gender equality and the empowerment of women and girls. Autonomous women's movements have many roles to fill and are essential in influencing political, legal and social changes. These can range from the presence of more elected women, to support for progressive political parties, improvement of national wealth, or the adoption of progressive policies on violence against women.

### **IN-DONOR REFUGEE COSTS: A DECREASE IN INFLATED AID**

Between 2016 and 2018, in-donor refugee costs exceeded the total amounts of ODA allocated to bilateral governmental aid. This led the Belgian network of development CSOs, *CNCD-11.11.11*, to highlight the fact that Belgium had become the main recipient of its own development aid. Financial support is obviously essential if Belgium is to respect its commitments under the Convention on the Rights of Refugees. But meeting this commitment does not constitute funding to finance the sustainable development of partner countries.

A major reduction in the number of asylum-seekers has reduced in-donor refugee costs, which is considered by NGOs as “inflated aid”. The fall in numbers has been significant: the allocation to Fedasil (the Federal Agency for the

Reception of Asylum Seekers) has decreased by almost a third from EUR 340 million (\$290 million) in 2016 to EUR 123 million (\$105 million) in 2019.

Other amounts which are traditionally allocated to the category of “inflated aid” include administrative costs, the hosting of foreign students, and debt relief, have not changed. The result is that “real” or “genuine” aid has increased by EUR 63 million (\$54 million) in absolute terms between 2016 and 2019, from EUR 1.675 billion (\$1.424 billion) to EUR 1.738 billion (\$1.477 billion). The share of inflated aid has decreased over the same period from 20% to 11% of the total ODA allocated – a welcome change.

### **AID FOCUSED ON THE LEAST DEVELOPED COUNTRIES**

Between 2015 and 2019 developing countries saw Belgian aid cut by EUR 5.7 billion (\$4.8 billion). However, according to the Belgian Federal Planning Bureau<sup>8</sup>, which provides information on Belgium’s progress towards the 17 Sustainable Development Goals (SDGs), in 2018 Belgium spent nearly 32% of its ODA in the least developed countries (EUR 46 million (\$39 million), i.e. 0.14% of GNI).

This share of ODA devoted to the poorest countries remains below the 34.6% Belgian average for the period 1990-2018,<sup>9</sup> but slightly above the DAC average of 30.6% in 2018. It is also above the international average of 27.7% over the period 1990-2018. The Belgian average over the entire period is therefore seven percentage points higher than that of the DAC countries.



It also should be noted that since 1990, Belgium has outperformed the DAC countries every year in terms of its support of the least developed countries, with the exception of 2012. Despite the efforts of recent years, the gap with other donors continues to narrow, and by prolonging

the trend observed since 2000, the target of 50% of ODA to LDCs (Least Developed Countries), set by the Addis Ababa Action Agenda (AAAA), will not be reached in the short term.

## THE PRIVATE SECTOR

Belgian development cooperation has recently shown a growing interest in *blending* (i.e. the use of aid to mobilize private sector finance for development). This growth is despite the fact that it has not proven to be the most adequate tool in the least developed countries. Indeed, according to the OECD, only 30% of the private financing mobilised by Belgian development cooperation between 2012 and 2017 went to least developed countries.<sup>10</sup>

The Belgian law of March 2013 defines four priority sectors for Belgian cooperation: health, education, agriculture and basic infrastructure. Three of these (health, education and basic infrastructure) normally fall under the responsibility of the public sector. Agriculture

is the only area that is essentially managed by the "private sector", which is primarily made up of smallholder farmers in Belgium's partner countries. However, according to the OECD, "the private funds mobilised by Belgium during the period 2012-2017 [through blending mechanisms] have mainly concerned activities in the sectors of manufacturing, extractive industries and construction (59%); energy (17%); and banking and financial services (16%)."<sup>11</sup> The amounts allocated to the private sector, through the Belgian investment company BIO,<sup>12</sup> and to humanitarian aid, are stable overall, representing EUR 46 million (\$39 million) and EUR 170 million (\$145 million), respectively.

## CONCLUSION

Belgium's official development assistance has decreased, reaching only 0.44% of its GNI in 2018. The following year (2019) it dropped to 0.42% - its lowest level since 2004. This is the result of budget cuts decided at the opening of the legislature as Belgian ODA has become one of the main variables in the government's budgetary adjustments. Over the last couple of years, the decrease in Belgian aid has also been the consequence of a decrease in in-donor refugee costs, which the OECD allows to be counted as ODA. The international 0.7% target has thus moved further away, and Belgium remains below the European average. Belgium falls to 10th place in the donor ranking in

relative terms (percentage of GNI) and 16th in absolute terms (ODA volumes).

There is a legitimate concern that instrumentalising development cooperation in order to meet Belgium's security, commercial and migration objectives, may undermine the fight against global poverty, a primary objective of Belgian development cooperation. However, the current discussion (2020) 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.

The COVID-19 pandemic reminds us of the importance of strengthening international cooperation to respond to global challenges. As tens of millions of people fall into extreme poverty and hunger as a result of the coronavirus crisis, it is more necessary than ever to respect international commitments. The new Belgian government must adopt a plan to increase Belgian development aid in order to reach the international target of 0.7% of GNI by the end of the legislature.

Recommendations to the Belgian government:

- Adopt a budgetary plan to ensure that Belgium will respect its 0.7% commitment by 2024, starting with an increase required as soon as 2021;
- Ensure additional climate finance to ODA, in line with the Copenhagen commitment;
- Continue to concentrate governmental ODA towards 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 so as to support the local private sector as much as possible;
- Ensure that leveraged international private sector funds do not divert ODA but do provide additional sources of funding, meet transparency rules, respect development effectiveness principles and contribute to sustainable development on the ground; and
- Ensure that policy coherence for development (PCD) becomes a political reality by making full use of the potential of its mechanisms available at the Belgian level.

## ENDNOTES

1. The data in this section comes from the Belgian development cooperation administration, and can be found in this report: CNCD-11.11.11, *Rapport 2020 sur l'aide belge au développement. Faire face aux pandémies*, 24 September 2020.
2. Chambre des représentants de Belgique. Résolution relative à l'affectation de 0,7 % du RNB à la coopération au développement. Bruxelles, 28/11/2019. DOC 55-0692/006
3. OCDE (2020), *Net ODA* : <https://data.oecd.org/oda/net-oda.htm>.
4. For example, 75% of Belgian climate funding has been allocated to adaptation in 2018 (60 million EUR out of 80 million):
5. [http://cdr.eionet.europa.eu/be/eu/mmr/art16\\_finance/envxxut9w/MMR2018\\_Belgium\\_art16\\_climatefinance\\_official\\_corr.xlsx/manage\\_document](http://cdr.eionet.europa.eu/be/eu/mmr/art16_finance/envxxut9w/MMR2018_Belgium_art16_climatefinance_official_corr.xlsx/manage_document)
6. OCDE. Aid in Support of Gender Equality and Women's Empowerment Donor Charts., June 2020.
7. Figures for 2019 are not yet available.
8. Twenty-fifth Anniversary of the Fourth World Conference on Women and the Adoption of the Beijing Declaration and Platform for Action (1995), Guidance Note on In-Depth Reviews at the National Level: Belgium, June 2019, p.59 [https://www.unece.org/fileadmin/DAM/Gender/Beijing\\_20/Belgium.pdf](https://www.unece.org/fileadmin/DAM/Gender/Beijing_20/Belgium.pdf)
9. UN WOMEN, Twenty-fifth anniversary of the Fourth World Conference on Women and the adoption of the Beijing Declaration and Platform for Action (1995). Belgium, June 2019, p.59.
10. Bureau fédéral du Plan. *Aide publique au développement les moins avancés*. Site web: [www.indicators.be](http://www.indicators.be), consulté le 10 juillet 2020.
11. Bureau fédéral du Plan. *Aide publique au développement les moins avancés*. Site web: [www.indicators.be](http://www.indicators.be), consulté le 10 juillet 2020.
12. OCDE. *Development cooperation profiles* – Belgium. 2019.
13. *Ibid.*
14. The mission of the Belgian Investment Company for Developing countries (BIO) is to support a strong private sector in developing and emerging countries, to enable them to gain access to growth and sustainable development within the framework of the Sustainable Development Goals.