



# euinsight

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## THE EUROPEAN UNION

### Leading Provider of Development & Humanitarian Aid

The European Union is the world's largest aid donor, providing 55 percent of official development assistance (ODA) globally—more than \$43 billion in 2004.\* Supplemented by trade policies designed to boost economic growth, EU development efforts help countries fight poverty and its many associated problems, and integrate into the global economy. Committed to the multilateral system, the EU strongly supports efforts to reach the UN's Millennium Development Goals. The EU responds quickly to humanitarian crises around the world.

#### A New Development Strategy for the European Union

The EU's vision is to eradicate poverty by empowering developing countries to better their economic and social situation, addressing the myriad problems suffered by the very poor. The Union works with national governments to attack problems such as limited access to food and clean water, education and proper health care, and employment and social services, as well as environmental and infrastructure issues.

As the EU's executive, the European Commission (through its Directorate-General for Development) formulates development strategy and coordinates the efforts of Member States with overall EU policy and actions. In December 2005, the EU adopted a new framework for aid, boosting commitments and acting to ensure that EU policies in other areas contribute toward development objectives. The EU also endorsed a Strategy for Africa to accelerate progress toward the Millennium Development Goals and help African nations build more peaceful and prosperous societies while improving governance. The EU has pledged to collectively increase assistance (ODA) to 0.70 percent of Gross National Income by 2015, bringing EU development aid to a projected \$112 billion (€90 billion) annually.

EU aid is structured around multi-year programs designed jointly with recipient countries, generally focusing on priority

sectors chosen to address needs and complement other donor activities. Principal areas of focus include infrastructure, governance and the rule of law, public finance management, and institutional capacity building.

#### Trade: A Powerful Development Tool

Because trade boosts economic growth and productive capacity, the EU has for years opened its markets to developing countries and worked actively to promote trade between and among poorer countries. Beginning in 1971, the Union reduced or removed tariffs and eliminated quotas on most goods from developing countries.

Forty percent of EU imports come from the developing world, with more than 80 percent of all developing country exports entering the EU duty-free or at reduced rates. The EU has free trade agreements with many developing countries, including its Mediterranean partners, Chile, Mexico, and South Africa.

**“Everything But Arms”—Market Access for the World's Poorest Nations.** The EU is actively promoting trade with 49 of the world's poorest countries through its “Everything but Arms” initiative, granting market access for all products except weaponry (the only major trading power to have opened its market in this way). The EU is the largest donor of trade-related assistance to the developing world and will increase support from €750 million annually to €1 billion per year in 2007-2013.

#### Responding to Humanitarian Need

The EU responds quickly in situations of humanitarian crisis, providing emergency assistance through NGOs, the UN system and other organizations on the ground, to deal with the effects of natural disasters and conflicts around the world. The European Commission Humanitarian Aid Office (ECHO), which committed roughly \$815 million (€652 million) in 2005, has delivered needed goods and services—including food, water, clothing, shelter, medical provisions, sanitation, emergency repairs, and mine clearing—in more than 100 countries and regions, including Africa, Afghanistan, Iraq, Chechnya, Tajikistan, Nepal, Central America, Mexico, the Palestinian Territories, South Asia following the 2004 tsunami, the United States after Hurricane Katrina, and most recently, in Lebanon.

*continued*

#### “euquote”

*“It is possible to eradicate extreme poverty in a generation... to substantially improve the level of access to basic social services... to stop the spread of AIDS, tuberculosis, and malaria... to reverse deforestation. And if it is possible, then we must do it.”*

—Louis Michel  
EU Commissioner for Development  
& Humanitarian Aid

\*European Union aid includes European Commission and Member State funding.

## EU-Africa/Caribbean/Pacific A Model for Development

The EU has a longstanding preferential trade and aid relationship with the "ACP countries"—79 nations in sub-Saharan Africa, the Caribbean, and a number of Pacific island states representing more than 650 million people.

EU-ACP relations are governed by the Cotonou Agreement, a 20-year partnership signed in 2000 between the EU and ACP countries and the latest of a series of agreements dating back to the 1960s. Aid under Cotonou is jointly managed by the European Commission (EC) and recipient countries. With close to \$16.74 billion (€13.5 billion) in funding for 2000-2007, the largest share of which goes to economic reform, social services, and road infrastructure, the EC is one of the two largest donors in most ACP countries.

WTO-compatible Economic Partnership Agreements negotiated between the EU and regional groupings of the ACP are replacing the unilateral trade preferences previously granted to ACP countries. As tools for both trade and development, Partnership Agreements foster greater inter-regional trade between ACP countries and will gradually lead to the development of free trade areas to strengthen regional integration, boost specialization, and reduce production and transaction costs, thereby increasing the competitiveness of ACP countries.



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## EU: The Leading Development & Relief Donor

	Net Assistance (ODA) \$US Per Capita	ODA as Percent of Gross National Income	Net ODA \$US Millions
Australia	\$73	0.25	\$1.5
Canada	\$81	0.27	\$2.6
<b>EU</b>	<b>\$113</b>	<b>0.34</b>	<b>\$43.3</b>
Japan	\$70	0.19	\$8.9
U.S.	\$67	0.17	\$19.7

Source: OECD (2004)

## EU in Action—Recent Development & Humanitarian Highlights

### Natural Disasters

**South Asian Tsunami.** The 25 EU Member States and the European Commission committed a total of \$1.5 billion in humanitarian and reconstruction aid for victims of the Tsunami disaster in Asia.

**Hurricane Katrina.** After Hurricane Katrina struck the Gulf Coast of the U.S. in August 2005, the EU responded immediately with assistance including cash, materials and supplies, disaster relief and logistics teams, and medical personnel.

### Conflict Zones

**Lebanon.** As of September 1, 2006, EU assistance in response to the humanitarian crisis in Lebanon stood at roughly \$415 million. Following cessation of hostilities, aid focused on supporting returnees and helping the Lebanese government respond to the tremendous needs of its citizenry.

**Afghanistan.** The European Commission and EU Member States pledged a combined total of \$3.1 billion for reconstruction in Afghanistan from 2002 to 2006. Efforts focus mainly on four sectors: 1) health, 2) infrastructure, 3) rural development, including alternative livelihoods for farmers dependent on poppy cultivation, and 4) public administration reform, including police and electoral support.

**Iraq.** The EU remains committed to a stable, prosperous, and democratic Iraq. With over \$1.2 billion for humanitarian assistance

pledged, the EU is supporting reconstruction, poverty reduction, and the strengthening of governance, civil society, and human rights in the country.

**Palestinian Territories.** The largest provider of aid and relief to Palestinians in the occupied territories and Lebanon, the EU has set up a Temporary International Mechanism to address the humanitarian crisis in the West Bank and Gaza. The EU has delivered fuel to hospitals, provided water pumps to protect public health, paid Palestinian doctors and nurses to keep them working, and provided cash allowances to others who have suffered significant income loss.

**Darfur.** The EU has provided more than \$500 million in humanitarian aid and support to the African Union Mission in Sudan. The Union is using all means at its disposal to find a political solution and end the violence in Darfur.

### Killer Diseases

**HIV/AIDS, Malaria, Tuberculosis.** With HIV/AIDS making even more clear the connection between global health and development, the EU focuses on the big three killer diseases in developing countries—HIV/AIDS, tuberculosis, and malaria. From 2001–2005, the EU collectively contributed around \$2.5 billion to the UN-administered Global Fund to combat the illnesses, making it by far the largest donor to the Fund.

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