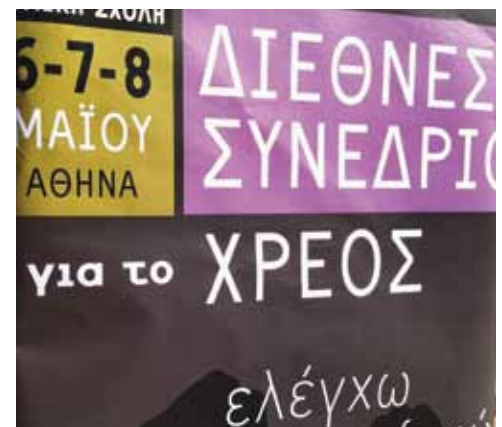


Annual report

2011



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Eurodad member in the UK, Jubilee Debt Campaign, celebrated Halloween demonstrating the enormous amounts of dictator debt across the world.
Photo: Jubilee Debt Campaign.

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Around one thousand persons showed up when Eurodad, members and allies invited Southern colleagues to discuss debt and austerity in Europe, May 2011.

Bottom right

Conference poster from the global gathering "Debt and austerity – from the Global South to Europe" in Athens, May 2011.

What is Eurodad?

The European Network on Debt and Development plays a vital role in European and global civil initiatives on aid and debt and in related North-South economic and financial policy issues. The network in 2011 consists of 57 non-governmental organisations in 19 European countries, all of which are involved in raising public awareness and advocating to their governments and to international institutions. Member organisations are supported by the Eurodad secretariat, located in Brussels.

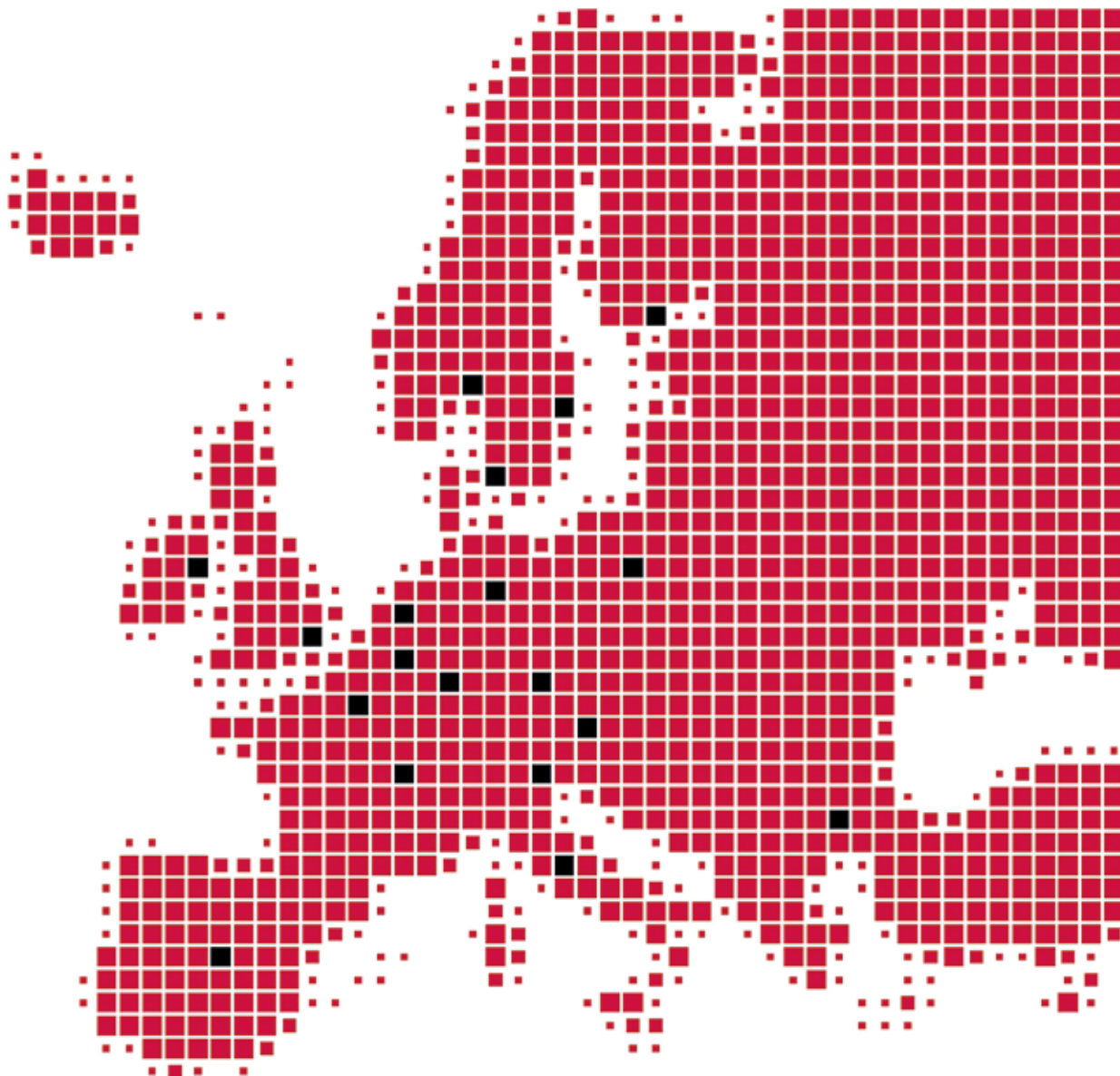
Eurodad has a broad reach and can inform opinion and create movement around an issue across a wide range of organisations. Our network includes the vast majority of European NGOs involved in development finance, and mobilises large and small groups, as well as religious and other specialist networks and platforms. Whilst most Eurodad member groups focus mainly on poverty reduction, a number of our members also perform a great deal of work on environmental and human rights issues. Eurodad is also in continuous dialogue with Southern partner networks regarding policy developments and priorities.

Our organisation is well known for:

Being focused and knowledgeable

Being political yet credible

its excellent connections with officials, researchers and Southern civil society groups.



Eurodad member organisations

Austria

Koo
OEFSE

Belgium

11.11.11
Broederlijk Delen
CNCD

Bulgaria

Development Research Center

Czech Republic

Ekumenická akademie Praha
Glopolis

Denmark

Ibis
MS ActionAid Denmark
DanChurchAid

Europe

ActionAid International
ONE

Finland

KEPA

France

CCFD
Oxfam France
Vision du Monde

Germany

Erlassjahr
Kindernothilfe
WEED

Ireland

Debt and Development
Coalition
Trocaire

Italy

Campagna per la Riforma de la
Banca Mondiale

Luxembourg

ASTM – Action Solidarité Tiers
Monde

Netherlands

Both Ends
Cordaid
Hivos
ICCO
Oikos
Oxfam Novib
Wemos

Norway

Norwegian Church Aid
Norwegian Forum for
Development
and Environment
Save the Children
SLUG

Poland

Institute of Global Responsibility

Slovenia

Ekvilib Institute

Spain

InspirAction
Intermon – Oxfam
ODG

Sweden

Afrikagrupperna
Church of Sweden Aid
Diakonia
Forum Syd

Switzerland

Aktion Finanzplatz Schweiz
Alliance Sud
Berne Declaration

United Kingdom

CAFOD
Christian Aid
Jubilee Debt Campaign
Jubilee Scotland
New Economics Foundation
Oxfam GB
Save the Children UK
WaterAid
World Development Movement
World Vision UK

Eurodad's work

The Eurodad network provides a platform for gathering intelligence and ideas, exploring complex issues, and undertaking collective advocacy on development finance. It combines an extensive presence in the field with policy analysis capabilities, and with the ability to disseminate evidence and policy proposals to decision-makers and influential bodies throughout Europe and at major international forums.

The Eurodad office fulfils a number of vital roles: it acts as a research body, as a link between different perspectives and approaches, and as a well-informed leader in the advocacy field. Eurodad issues and commissions briefings in order to inform and support the work of its members. We gather and circulate political intelligence and suggest specific advocacy strategies. Eurodad also undertakes direct advocacy initiatives on behalf of and with its members, aimed at officials in international institutions such as the World Bank and the IMF, EU institutions, the OECD or the Paris Club.

Eurodad's track record goes back twenty-five years, and the organisation has been heavily involved in most major recent civil society research and mobilisation initiatives on debt, aid effectiveness, international financial institutions, tax justice and capital flight, and recently on the role of private sector in development. Substantial progress has been made in reshaping official debates on debt and financial flows – the scrutiny of civil society has resulted in the cancellation of significant amounts of low income country debt, increasing the quantity and quality of the aid provided, improving global regulations aimed at reducing capital flight from developing countries, and ensuring that public and private flows to developing countries adhere to higher standards of responsible finance.

Introduction

Eurodad's work during 2011 – highlights:

New research on procurement, tied aid and the use of country systems.

The report “How to spend it. Smart procurement for more effective aid” was one of the most influential and proliferated contributions in the preparatory process to the Fourth High-Level Forum on Aid Effectiveness in Busan (HLF4). It triggered interest and received positive feedback from key policy makers and civil society and resulted in extensive media attention. Combined with networking and advocacy efforts, it allowed Eurodad to play an instrumental role in European and global CSO advocacy towards the HLF4 contributing to new and strengthened commitments in the areas of procurement and aid untying, and to donors' commitments to using country systems as default approach.

Analysis and mobilisation on the role of the private sector in development finance.

Eurodad conducted analysis and led the process to establish civil society positioning on this growing topic. Together with member organisation CRBM, Eurodad organised its biannual international conference, gathering 101 participants from 31 countries (25 per cent of which were participants from the South) to the two-day conference “The private turn in development finance: Effective for development?”, allowing participants to engage in in-depth discussions around a new and growing trend within development finance.

Pushing tax and development higher on the agenda of the EU, European governments and international financial institutions.

Eurodad and members successfully pressured European governments to agree on development friendly legislation for corporate transparency and influenced the EU position towards the G20 to support enhanced domestic resource mobilisation. We also put pressure on international financial institutions to adopt responsible finance guidelines on tax havens and tax avoidance for companies receiving their support.

Linking debt campaigns in Europe with debt activists and academics from the South.

As debt hit the headlines in Europe, Eurodad brought Southern views to new campaigners working on issues of debt and the IMF in Europe. Eurodad co-organised a successful 2-day conference “Debt and austerity – from the global South to Europe” which was attended by more than a thousand participants.

Launch of the Eurodad Responsible Financing Charter. This key document proposes concrete contractual changes to loan and investment contracts to ensure positive development outcomes. Eurodad was invited to present the charter at several occasions, including at UN and World Bank conferences and at the European Commission. Eurodad also took an active part in processes to develop stronger guidelines for responsible finance within UN institutions. Furthermore, Eurodad gained increased interest from non-development sectors within the EU institutions with its report on Export Credit Agencies and their role at the root of developing country debt. The recommendations of this report are based on the Eurodad Charter.

Support for members’ and Southern partners’ advocacy initiatives.

Eurodad supported members and partners by providing political intelligence, critical analysis of official documents, information exchange and joint strategy platforms. We worked closely with Southern networks and organisations to share updates on policy developments, set priorities and develop joint analyses and coordinate advocacy strategies.

Note from Eurodad's Chair

This year's achievements are testament to the strength of Eurodad's network of like-minded members, as well as the skill and tenacity of the staff team. The tough financial climate we're all facing, means we have had to work harder than usual in order to further our common goals.

But once again it has been an impressive year. Together, we have built on years of work to launch the Responsible Financing Charter, and played a major role in pushing both the EU and G20 on transparency and country by country reporting. We have remained flexible to jump on threats and opportunities, such as co-organising the debt conference in Athens. We've continued to drive new research and advocacy on the role of the private sector and the private turn of development finance, which also bolstered our work around Busan. And throughout the year there's been an impressive investment in media, especially social media, to amplify our messages and share evidence.

Of course we also said goodbye and a huge thank you to Nuria Molina this year, who played a major role in leading Eurodad to the successes detailed in this year's annual report. But with Jesse Griffiths joining us as Director, and a strong team of experts in the secretariat, the Board is looking forward to another year of achievement.

Emma Seery

Chair of Eurodad's Board

Eurodad's main objectives for 2012

Entering 2012, the global financial and economic crisis is continuing to have dramatic repercussions worldwide. The protracted crisis is drastically changing the environment in which civil society operates, posing new and important internal and external challenges.

The unresolved global financial and economic crisis and widespread austerity policies in Europe have further accentuated shifts in European development finance which started in the wake of the global crisis: as aid budgets are slashed, and European governments increasingly turn to the private sector as a source of development finance, by using public funds to leverage private sector investments in the South. On the other hand, some political opportunities are opening up to address regulatory loopholes that enable the South to North leakage of development funds, such as European-wide regulation on country-by-country reporting, and increased attention on public and private debt.

In its 2011-2013 strategy plan, Eurodad identified key priorities in the changing landscape of development finance and throughout 2011 it has pioneered civil society work on the role of public finance in leveraging private funds, and the increasing official call to blend grants and loans. It is Eurodad's firm intention to continue broaden its perspective on the effectiveness of public development finance to also cover publicly-supported private flows, to continue putting forward proposals for just debt crisis prevention and resolution, on tax justice and domestic resource mobilisation as a crucial aspect to provide stable, predictable and nationally owned resources for long-term and equitable development in the South.

Eurodad's objectives for 2012 include:

Making aid more effective by ensuring that EU policies do not impede developing countries' policy space to use public procurement as an effective tool to raise resources domestically;

Deepening CSO understanding and positioning on publically supported private flows to developing countries, in order to force European governments and development finance institutions to accept our critiques;

Advancing towards a just debt crisis prevention and resolution by engaging progressive governments and institutions in informal discussions to develop a concrete policy proposal for an independent debt workout procedure;

Ensuring development-friendly legislation on tax matter at the EU by engaging in the review of the review of the transparency and accounting directives and the anti money laundering directive to ensure country by country reporting and disclosure of beneficial ownership;

Eurodad's main activities in 2012 will involve:

Influencing European governments and EU institutions to use public procurement policies to make aid more effective;

Producing new research on publically supported private flows to developing countries and ensuring wide dissemination among civil society and policy makers;

Together with Southern, demonstrating harmful impacts of debt in developing countries and put pressure on policy makers to ensure just debt resolution;

Putting pressure on EU decision makers to establish laws that will curb tax evasion and avoidance, specifically during the review of the transparency and accounting directives and the anti money laundering directive;

Facilitating coordinated CSO position making and advocacy within Europe by working closely with members and other relevant networks and CSOs;

Developing cross-regional advocacy strategies with Southern partners to further strengthening our collaboration and joint research and advocacy activities with CSO allies in the South.

Section 1

Maximising North-South financial flows

and improving their quality and poverty impact



Coffee breaks during the Eurodad and CRBM International Conference were used for lively discussions.

Improving the quantity and quality of European aid

In 2011 Eurodad:

... published ground-breaking new research on procurement, tied aid and the use of country systems. The report “How to spend it. Smart procurement for more effective aid” was one of the most influential and proliferated contributions in the preparatory process to the Fourth High-Level Forum on Aid Effectiveness in Busan (HLF4). It triggered interest and received positive feedback from key policy makers and civil society and resulted in extensive media attention.

...played an instrumental role in European and global CSO advocacy towards the HLF4 contributing to new and strengthened commitments in the areas of procurement and aid untying, and to donors’ commitments to using country systems as the default approach.

...supported members and Southern partners’ advocacy initiatives by providing political intelligence, critical analysis of official documents, information exchange and joint strategy platforms.

Driving paradigm changes in development policy – new research on procurement, tied aid and the use of country systems

In September and in time for the highly charged run-up to the HLF4, Eurodad launched its major aid effectiveness report “How to spend it. Smart procurement more effective aid”. The report goes to the core of the aid effectiveness agenda: procurement is where the money is, more than half of ODA is used to procure goods from the private sector. It revealed that much aid continues to be tied, and even so-called untied aid is spent largely for the benefit of Northern firms, which receive the majority of contracts.

The report blew the whistle on how donors have not been delivering on commitments made in the Accra Agenda for Action to use country systems as the first option. It sets out a positive agenda showing how using developing countries’ own procurement systems could change the picture by doubling the impact of aid.

“How to spend it” was the most widely proliferated research ahead of Busan, with media coverage in major newspapers such as Reuters Africa, The Guardian, Alternatives Economiques, IPS, among others. Launched in Brussels in attendance of Development Commissioner Andris Piebalgs, the report received feedback from senior decision-makers and practitioners. “How to spend it” also fed into the OECD-hosted Working Party on Aid Effectiveness and the United Nations Development Cooperation Forum, two key policy processes on aid effectiveness.

Said about “How to spend it”



EU Development commissioner Piebalgs confirmed that

“The European Commission is committed to make every effort to continue increasing the use of country procurement systems.”

OECD DAC Chair Brian Atwood stated that

“Procurement is the biggest constraint on the side of donors to improve aid effectiveness.”

Charles Gore, UNCTAD’s Head of Research for Africa and LDCs, summarised that

“Eurodad simply asks that developing countries can do what developed countries do and always did: use procurement for developing their domestic industries.”

Manuel Montes, Chief of UN DESA’s Development Policy and Analysis Division acknowledged that

“The report is of great interest to our current work.”

At the forefront of civil society advocacy towards the High Level Forum on Aid Effectiveness

Eurodad and members led advocacy by EU development NGOs towards the Fourth High-Level Forum on Aid Effectiveness in Busan – the key event in global development policy-making in 2011. Eurodad participated directly in the preparatory process led by the OECD-hosted Working Party on Aid Effectiveness (WP-EFF), where it took the lead in coordinating global civil society advocacy efforts on procurement and using country systems.

Successful advocacy by civil society and developing countries resulted in strengthened agreements in the areas of procurement, tied aid and the use of country systems. The “Global Partnership for Effective Development Cooperation”, the outcome document from Busan, obliges donors to “accelerate our efforts to untie aid” and improve reporting on tying status. The agreement also spells out that untying aid offers opportunities for local procurement, implicitly recognising the double dividend that can be yielded for development when more aid is spent locally. The existing agreement to using country systems made in Paris and Accra was strengthened when donors committed to making country-systems the default approach for aid delivery.

Eurodad staff worked tirelessly during the preparatory phase to Busan, presenting civil societies’ key asks in consultations with the European Commission and the European Parliament, and at the OECD-hosted HLF preparatory meeting, communicating the asks through Eurodad’s widely read newsletter and website, and by travelling to European capitals to support members’ activities on national levels.

Eurodad followed the complex and complicated preparatory process at the OECD WP-EFF closely, and analysed and digested information for members and other audiences in order to enable them to engage effectively. Regular “Countdown to Busan” updates and occasional newsletter articles became one of the most-consulted sources for European development NGOs ahead of Busan. Strategy meetings organised back-to-back with WP-EFF meetings in Paris prepared members for meaningful engagement and facilitated access to decision-makers.

During the HLF4, Eurodad was also at the forefront of advocacy efforts, in particular in the areas of “effective institutions” and “the private sector”. These two areas are expected to substantially shape the post-Busan agenda on aid and development effectiveness.

Eurodad’s policy analysis and capacity development for members and Southern partners was crucial to preparing civil society organisations to take on the upcoming challenges in 2012 and beyond.

Eurodad also played a major role in *global* civil society work towards Busan through playing a lead role in coordination of BetterAid, the civil society global platform on aid effectiveness and hosting BetterAid’s Communications Officer, who disseminated global civil society news and position papers widely via the website, newsletter and traditional and social media.

Improving the quality of North to South private flows

In 2011 Eurodad:

... promoted the issue of the role of the private sector in development as a new, cutting edge agenda item amongst civil society organisations.

... led civil society advocacy towards the Fourth High-Level Forum on Aid Effectiveness in Busan on the issue of the role of the private sector in development and the growth based development paradigm.

... organised an international conference, providing a much needed space for civil society actors to discuss and develop positions on the role of private capital flows in development.

Responding to the rise of the private sector in development policy

In recent years, multilateral and bilateral development institutions have dramatically increased their lending, investments and other types of support to the private sector. A good share of these funds is channelled through financial intermediaries such as private equity funds, and other opaque investment vehicles. Several European countries are boosting the financial capacity of their bilateral institutions specialised in private sector lending despite their unclear development mandate and poor track record delivering pro-poor development results. In addition, some European governments and institutions are considering blending grants and loans to create concessional finance for private sector investment, which effectively shifts ODA from the public to the private sector.

Recognising the increased role that is being asked of the private sector in terms of political and financial commitments to development, Eurodad and members actively engaged bilateral and multilateral organisations responsible for this push. This engagement came in the form of analysis of official documents, such as the New Agenda for Change which states that “private sector activity and resources (are key) for delivering public goods,” and the G20 Development Working Group which emphasises the need to “diversify and enhance sources of financing, and develop (new) financial instruments.” This work was complemented with intelligence gathering through informal and formal meetings with decision makers.

At the forefront of European civil society advocacy on the private sector in development

Eurodad and its members secured a position as a key interlocutor with decision makers and development institutions on issues related to the role of the private sector in development. Eurodad mobilised its members to take part in the private sector discussion and contributed effectively to the national and multi-lateral discourse. Eurodad was also asked to contribute directly in the forms of speaking roles and official input to a variety of fora, as they were widely recognised as having the expertise to address the issue and were seen as constructive to the policy processes that they were engaged in.

Eurodad also reached out to the traditional aid community to ensure that issues concerning the private sector and the growth based development paradigm were effectively addressed within the context of aid effectiveness. This resulted in Eurodad playing a central role at the OECD-hosted Working Party on Aid Effectiveness (WP-EFF), taking the lead and coordinating global civil society's advocacy efforts on the private sector.

In the preparatory phase to the High Level Forum on Aid Effectiveness (HLF4) in Busan, Eurodad was tasked with developing and presenting the official civil society statement on the role of the private sector in development, culminating in the BetterAid response to the joint statement on public private cooperation. At HLF 4 itself, Eurodad led civil society advocacy on the area of the private sector.

Gathering civil society globally for cutting edge discussions and policy development

In mid-May, Eurodad and Eurodad member CRBM gathered 101 participants from 31 countries (25 per cent of which were participants from the South) in Rome for a two-day conference “The private turn in development finance: Effective for development?” The main aims of the conference were to share knowledge and build capacity in order to increase understanding of the trends described above; identify common ground to position Eurodad's future work according to priorities identified in the Eurodad 2011-2013 strategic plan; seek views from Southern partners; and identify linkages with other issues including those in the Eurodad work programme or covered by other CSO networks in order to forge wider alliances. Through plenary sessions and break-out sessions on how private flows related to each of Eurodad's core work areas, participants discussed this new and growing trend in development finance.

Some views from participants at the conference

“Extremely informative and interesting conference. You managed to give an overview of an extremely complex issue which was both frightening and constructive. Well done!”

“I have absolutely enjoyed every aspect of this conference, especially the content of the presentations and discussions. The organisation is also good.”

“It was a very well organised conference. Liked the opening plenary most; Learnt a lot about the international financial scenario and the advocacy points for civil society. Major takeaway included understanding the issues of private finance in development and connecting with so many other people working on similar/related issues.”

“Energetic people! Impressing Eurodad staff, not only in Brussels but in Rome as well.”

“Innovative theme, diverse participation and discussion!”

“Congrats to the organisers for the attentions, logistics and the quality of the participants!”

Section 2

Reducing South-North financial flows

Regulating finance for development



Eurodad member in the UK, Jubilee Debt Campaign, shedding light on the massive socialisation of private debt in Europe.

Photo: Jubilee Debt Campaign.

Promoting responsible finance and a fair and transparent resolution of debt difficulties and disputes

In 2011 Eurodad:

... played a crucial role in linking rising campaigns on debt in Europe with development NGOs and debt activists and academics from the South. Eurodad co-organised a successful conference in Athens which was attended by more than a thousand participants.

... launched the Eurodad Responsible Financing Charter, proposing concrete contractual changes to loan and investment contracts to ensure positive development outcomes. Eurodad was invited to present the charter on several occasions, including at UN and World Bank conferences and at the European Commission.

... research finally put a figure to the share of debt cancellation which is cancellation of debts mostly resulting from commercial interests, and yet is reported as development aid. With the report “Exporting goods or exporting debts”, Eurodad initiated a stronger CSO dialogue with Export Credit Agencies and related government ministries and EU institutions.

Debt in Europe: Building coalitions and transferring knowledge from the South

As the debt crisis in Europe worsened and spread to more countries, Eurodad played a central role in linking new groups and individuals starting to take action against debt, austerity and IMF conditionality in European countries, with the development community in Europe and in the South.

In May, Eurodad co-organised the conference “Debt and austerity – from the global South to Europe” where more than one thousand participants from civil society, trade unions, universities, parliaments and political parties – mainly from peripheral EU countries – met with academics and debt campaigners from the South to discuss impacts of debt and austerity and learn from Southern activists and academics. The conference provided a new and much-needed space for exploring the links between debt in the North and in the South and identifying next steps to tackle unjust debt.

The increased networking has resulted in several initiatives where civil society groups, some of which have no development background, demand information and transparency regarding the debt crisis in European countries.

Gaining support for alternative ways of solving developing country debt problems

Eurodad continued to work closely with members and Southern allies in coordinating actions for a fair and independent procedure for solving sovereign debt crises. While sovereign debt workout has been put high on the public and political agenda due to the debt crisis in an increasing number of European countries and the continuous failure to deal constructively with

the situation, the desperate situation has created a challenging environment for raising issues of developing country debt and not least for seeking public statements and support from EU institutions and Member States regarding structural problems in the way sovereign debt crises are dealt with on an international level. Nevertheless, in a survey undertaken by the European Commission (the Accountability report) almost half of the EU Member States saw a need to *“reform the international architecture for the restructuring of sovereign debts in order to deal with potential cases of debt distress in low-income countries.”* While in 2010 Member States did not see any need for the European Commission to take a role in initiating discussions on alternative debt restructuring for developing countries, the 2011 report stressed the need for the EU to develop a common position on the matter.

Successful advocacy by Eurodad, members and Southern allies also resulted in some progressive European governments being willing to form a working group to develop a proposal for an alternative procedure for solving sovereign debt problems. Towards the end of the year, the Swiss government committed to work out a proposal for a debt workout framework for sovereign states. The member led campaign “Defuse the debt crisis” has supported advocacy efforts by public awareness activities in several countries.

Advocacy by Eurodad, Afrodad and Latindadd contributed to the Joint Parliamentary Assembly of the EU and Africa, the Caribbean and Pacific countries initiating a parliamentary report on debt and development. This resulted in parliamentarians from four continents adopting progressive language on debt, including stronger standards to prevent reckless lending and the need for a new debt resolution procedure.

New steps towards stronger standards for responsible finance

In mid-2011, Eurodad launched the new Responsible Finance Charter. Building on the Eurodad charter from 2008 it proposes contractual changes to loan and investment contracts to ensure that they contribute to a decent and equitable future for the people of developed and developing countries. The charter concretely suggests how to improve the quality of loans and investments, thus preventing future illegitimate and unsustainable debt and harmful impacts of foreign investment. Eurodad was invited to present the charter on several occasions, including at the UN and the World Bank.

In 2011 AFRODAD launched its responsible borrowing charter. The two documents take a complementary approach to responsible finance and have been received with interest from policy makers. AFRODAD and Eurodad have presented their charters together at several occasions, resulting in increased interest from policy makers, including at the European Commission. In its development communication in April, the European Commission recognised: *“to avoid new debt crises, support for improved capacity for sound debt management and for responsible lending and borrowing practices are needed.”*

Eurodad also played an active role in influencing two UN processes establishing guidelines for responsible lending and borrowing; at the UN Conference on Trade and Development (UNCTAD) and the UN expert on debt and human rights. Following strong efforts from Eurodad and allies, both processes reflect key demands such as the need for a new procedure for debt resolution.

Towards the end of the year, Eurodad published the report “Exporting goods or exporting debt? Export Credit Agencies and the roots of developing country debt.” The report reveals that 85 percent of developing country debt cancelled by European governments and charged from aid budgets in 2005-2009 was actually debt created by export credits, which are in most cases driven by commercial, not development objectives. Eurodad’s recommendations were welcomed by several policy makers at national and EU level that expressed interest in continuing the debate with Eurodad regarding how to make export credit finance more responsible and effective for development.

Retaining domestic resources through fighting capital flight and tax evasion

In 2011 Eurodad:

...pressured European governments to agree upon development friendly legislation for corporate transparency.

... influenced the EU position towards the G20 and the G20 position to enhance domestic resource mobilisation.

... supported members' advocacy towards Development Finance Institutions and pressured International Finance Institutions to adopt responsible finance guidelines on tax havens and tax avoidance for companies receiving their support.

... together with CSO allies, put forward proposals for development-friendly multilateral tax information exchange and country by country reporting at the OECD.

New victories on country by country reporting and financial transparency

Eurodad played a key role in facilitating European CSO advocacy for country by country reporting at the EU. Well coordinated CSO efforts resulted in a strong, coherent advocacy campaign with members and allies and generating concrete outcomes in specific regulatory proposals at the EU level. Through advocacy meetings, policy analysis, letters and media work, Eurodad, members and allies influenced the following policy processes:

- Eurodad influenced the European Parliament ahead of the adoption of its report "Cooperating with developing countries on promoting good governance in tax matters".
- The EU Competitiveness Council called upon the Commission *"to come forward with initiatives on the disclosure of financial information by companies working in the extractive industry, including the possible adoption of a country-by-country reporting requirement, International Financial Reporting Standards (IFRS) for the extractive industry, and the monitoring of third-country legislation."* – Eurodad produced an analysis of the conclusions and of the EP report mentioned above.
- Partially as a result of Eurodad and members' pressure on governments, the Conclusions of the Heads of State or Governments of the Euro Area included some language on the need to tackle tax evasion at the EU level and the need for stronger tax coordination. *"Pragmatic coordination of tax policies is a necessary element of stronger economic policy coordination in the Euro area to support fiscal consolidation and economic growth. In this context, Member States commit to (...) ensure the exchange of best practices, avoidance of harmful practices and proposals to fight against fraud and tax evasion. Developing a common corporate tax base could be a revenue neutral way forward to (...) contribute to fiscal sustainability and the competitiveness of European businesses."*

- Following the member led campaign End Tax Haven Secrecy which called on the G20 to take action against financial secrecy, a report from international organisations mirrored some of the key CSO demands to G20 governments, including the need to establish binding country by country reporting. Eurodad and members produced a joint G20 score card analysing progress made by the International organisations report and by the G20 summit on tax issues relevant for developing countries.
- Through Action Aid, Eurodad participated in the OECD Task Force on Tax and Development, with a particular focus on promoting country by country reporting.

Well coordinated efforts contributed to securing a proposal for an EU directive which goes beyond the comparable US legislation on country by country reporting by including the forestry sector in addition to the extractives sector, and which also contains a review clause to consider the possibility of widening the scope and applicability of the legislation within the next five years.

Building a strong alliance

As an active member of the Task Force on Financial Integrity and Economic Development, Eurodad launched an advocacy and outreach coordination project involving Asian, African and Latin American partners. This working group was set up in the second half of 2011. Through regular conference calls and discussions the group exchanged updates, priorities and plans, and defined a clear framework for enhanced future collaboration on tax and development.

Eurodad closely coordinated its work on financial transparency with groups working on transparency in extractive industries: The Publish What You Pay coalition, Revenue Watch and the CSO campaign around the relevant legislative process in the US; the Dodd-Frank Act. In addition groups that had previously not worked on the issue, began to include tax-related concerns in their agenda. In April Eurodad published a briefing together with Publish What You Pay on country by country reporting for multinational companies. Regular conference calls and several joint strategy meetings were co-organised with PWYP in order to strengthen coordination of EU advocacy on country by country reporting.

New research on International Financial Institutions' tax policy and on country by country reporting

In the report "Approaches and impacts. IFI tax policy in developing countries" Eurodad and Action Aid reviewed existing literature on the IFIs' approach to tax policy reform during the last decade. NGO and academic research suggest that the IFIs have used technical assistance and policy advice to encourage developing countries to reform their tax systems according to a consistent template of interlinked policy prescriptions. The report examines criticisms that have been made of IFI tax policy advice and the extent to which the IMF has responded to them. The report was presented to key decision makers and institutions at the International Tax Compact conference in Bonn in mid-September.

Eurodad also published the report "Exposing the lost billions: How financial transparency by multinationals on a country-by-country basis can aid development." The report explains how the lack of adequate transparency regulations for multinational companies has damaging implications for a country's ability to mobilise domestic resources. The report was launched at the European Parliament and supported by several MEPs. Together with the roundtable launch event and a series of online articles, this led to coverage by the Inter Press Service. The report was linked to by the Wall Street Journal Blog on Corruption.

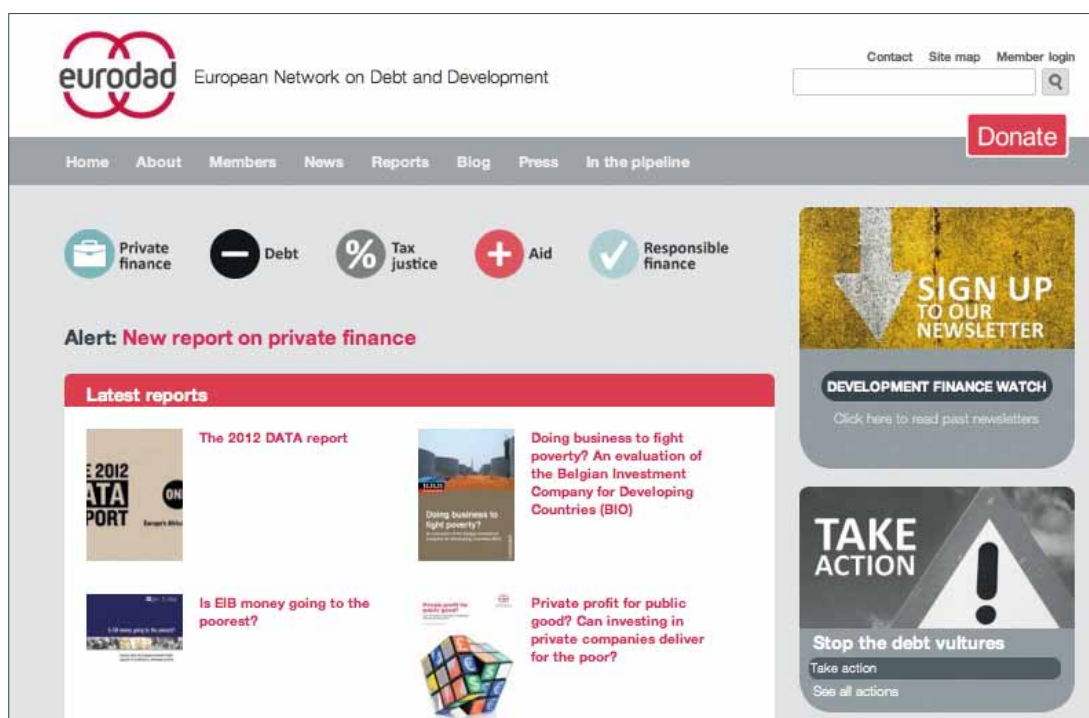
Communications

eurodad.org joins Web 2.0

Eurodad's impact on global policy-making relies on the clear and effective communication of key research and advocacy messages. A new website was designed and launched in 2011 to this effect. With approximately 15.000 unique visitors per month to the site each month in 2011, an increase of 15 per cent from the previous year, the website is the main way by which policy makers, civil society campaigners, media and other interested parties keep up to date with latest news from Eurodad.

Following consultation with website users, the new site informs visitors of upcoming projects, research and events in the new 'in the pipeline' section, as well as displaying Eurodad news, reports, press releases and the blog, and enabling users to sign up to the newly styled newsletter online. The site also reflects the new aesthetic look for Eurodad, with a refreshed logo and style.

Most notably, the new website brings Eurodad up to speed by allowing users to easily share website content through social media, and by linking in with the Eurodad Twitter and Facebook accounts. By the end of 2011, Eurodad had 400 followers on Twitter, and had just launched its Facebook page. These new strings to Eurodad's communications bow provide a way to engage with stakeholders that is not possible through traditional communications channels.





Tweets about Eurodad

Counter Balance @Counter_Balance

"2/3 of aid money awarded to companies in the North, only benefiting the North's economy" ipsnews.net/news.asp?idnew.
@eurodad @ipsnews

Mangel @Mangelbauer

As @Eurodad report points out Country by country reports are needed !!

Nicholas Shaxson @nickshaxson

Illicit financial flows: official data revealed. Putting Galbraith into context <http://bit.ly/oXWScr> @eurodad

Eurodad reaches a wide global audience through mentions in the media

Eurodad's commentary and findings are highly valued and respected by the media. With 25 press releases issued throughout 2011, Eurodad was referenced and quoted by major national newspapers and wires as key events unfolded and new research was released. Notable media mentions include coverage of the report 'How to spend it' and advocacy efforts during the Fourth High Level Forum on Aid Effectiveness.

Tax was another hot issue in the press. The case of a Glencore mining subsidiary dodging taxes in Zambia was covered by Mail&Guardian and Eurodad was also quoted by various media outlets including TP Week and The EU Observer after exposing the biased composition of expert groups advising the European Commission on issues such as transfer pricing.

Eurodad 2011 reports and briefings

Storm on the horizon? Why World Bank Climate Investment Funds could do more harm than good

February 2011

Helping or hindering?

Procurement, tied aid and the use of country systems in Bangladesh

March 2011

Procurement, tied aid and country systems in Nicaragua

April 2011

The private turn in development finance: Effective for development?

Background briefing for Eurodad and CRBM International Conference

May 2011

Eurodad Responsible Finance Charter

June 2011

How to spend it: Smart procurement for more effective aid

September 2011

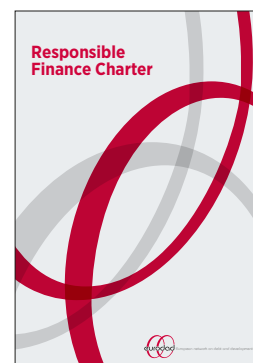
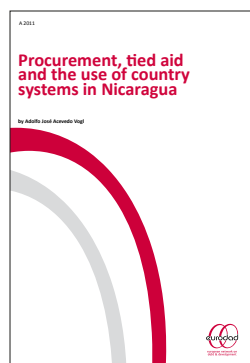
Exposing the lost billions:

How financial transparency by multinationals on a country by country basis can aid development

November 2011

Exporting goods or exporting debts? Export Credit Agencies and the roots of developing country debt

December 2011



Eurodad reports undergo a makeover

Following the template design for Eurodad reports established the previous year, the communications officer worked closely with designers in 2011 to create more bespoke designs for major reports. Eurodad has received an overwhelmingly positive response to the new reader-friendly design.

Eurodad's staff in 2011

Núria Molina

Director

Marta Ruiz

Senior Policy and Advocacy Officer

Bodo Ellmers

Policy and Advocacy Officer

Nora Honkaniemi

Policy and Advocacy Officer
(until March)

Øygunn Sundsbø Brynildsen

Policy and Advocacy Officer

Maria José Romero

Policy and Advocacy Officer
(maternity leave cover for Marta Ruiz since October 2010)

Jeroen Kwakkenbos

Policy and Advocacy Officer
(from March)

Cibele Cesca

Finance Manager

Clare Birkett

Communications Officer

Kirsten Ehrich

Research, Events and Finance Assistant

Cristiano Antunes

Research, Events and Communications Assistant
(until May)

Alex Marriage

Advocacy and Outreach Assistant
(from March)

Diana Hulova

Events, Communications, Finance and Research Assistant
(from May)

Eurodad board members in 2011

Emma Seery

Oxfam International
Board role: Chair

Jenny Brown

Christian Aid
Board role: Staff liaison

Antonio Gambini

CNCD
Board role: Treasurer

Iolanda Fresnillo

ODG

Mark Herkenrath

Alliance Sud

Wiert Wiertsema

Both Ends

Anna Thomas / Lucia Fry

Action Aid
Change of board member in November

Lars Koch/ Ivan Lukas

IBIS/ Glropolis
Change of board member in May

Jostein Hole Kobbeltvedt / Kjetil Abildsnes

Norwegian Church Aid
Change of board member in May

Financial overview

Eurodad's financial year begins on January 1st and ends on December 31st. The 2011 financial statements were audited by an external auditor, Saskia Luteijn Bedrijfsrevisor BV BVBA, in accordance with the financial reporting framework applicable in Belgium. The 2011 accounts will be available online on the National Bank of Belgium (<http://www.bnb.be>) website, when they have been approved by the General Assembly of Members in June 2012. A copy of the Auditor's report can be obtained from the Secretariat upon request.

Eurodad is grateful to all its network members and to other funders who have made possible the work presented in this report. Public funding was provided by the European Commission for a project on financial regulation and for another on debt and the EuroIFI network. Private funding was given by the Ford Foundation for work on financial regulation, and by the Bill & Melinda Gates Foundation and Fundación Carolina for aid effectiveness activities. A grant from EED (Evangelischer Entwicklungsdienst, a German Church NGO) was provided for enhancing South-North CSO research and advocacy on tax and debt issues and another from IBON Foundation for delivering communications activities as part of the BetterAid Programme. The Global Financial Integrity Task Force also funded Eurodad for the global delivery of an advocacy and outreach plan on transparency, tax, and development. Eurodad also received other smaller contributions from its members for specific projects or research.

In 2011, Eurodad hosted its biennial international conference in Rome from 18 to 20 May. Attendees participated in the costs of the conference and several organisations contributed with travel reimbursement for southern participants and other types of financial support.

The financial result for 2011 amounted to €98,435 which will go towards increasing the organisation's reserves to €247,819. It is Eurodad's policy to continue building up its reserves until it holds 6 months operational costs in reserve (around €330,000).

All amounts presented in the tables and charts below are in euros and have been rounded to the closest unit.

Balance sheet

	2011 Amount	2010 Amount	2009 Amount	2008 Amount
Non current assets	1.696	3,367	4,321	14,087
Current assets	940.897	902,709	311,964	421,311
Total assets	942.593	906,076	316,285	435,399
Permanently restricted funds (1)	107.075	107,075	107,075	107,075
Social reserves (2)	149.317	150,714	71,141	71,141
Accumulated profit & loss (3)	98.502	68	-32,209	-83,852
Provision for potential audit issues (4)	32.500	-	-	-
Debts (5)	145.201	113,320	124,936	54,807
Accrued charges and deferred income (6)	409.998	534,899	45,341	286,227
Total liabilities	942.593	906,076	316,285	435,399

Explanation

- (1) Patrimoine de depart – cannot touch this amount, only if Eurodad goes bankrupt and needs to dissolve itself
- (2) Reserves for staff obligations (salaries, charges, holiday for notice period) in case Eurodad needs to dissolve
- (3) Reserve reportée

(4) Several large projects finished in 2011, so we provisioned 1% of their income for potential issues identified in the next 3 years if need to return money

(5) Invoices paid after 31 December such as December salary, 13th month, charges, taxes

(6) Funds received in 2011 which refer to activities delivered in 2012

Income

	2011 Amount	%	2010 Amount	%	2009 Amount	%
Members	159.774	15%	223,681	27%	233,560	30%
Public (European Commission)	271.838	25%	148,176	18%	183,833	24%
Private Foundations (Gates, Ford, Carolina)	372.477	35%	196,424	24%	162,576	21%
IBON for BetterAid Project	127.730	12%	75,000	9%	24,547	3%
EED (Evangelischer Entwicklungsdienst)	38.300	4%	46,640	6%	31,381	4%
Financial Integrity Task Force	24.708	2%	39,343	5%	-	0%
Other smaller grants	42.485	4%	-	0%	47,359	6%
Int'l Conference Fees	28.235	3%	91,016	11%	77,238	10%
Zimbabwe Europe Network funders	-	0%	1,811	0%	14,210	2%
Other (financial income)	1.247	0%	822,092	100%	774,704	100%
Total income	1.066.795	100%	822.092	100%	774.704	100%

Expenditure

	2011 Amount	%	2010 Amount	%	2009 Amount	%
Human resources	470.278	49%	419,312	58%	383,602	53%
Publications & outputs	221.043	23%	71,622	10%	76,306	11%
Meetings & partner support	61.236	6%	9,853	1%	44,013	6%
Travel	92.907	10%	47,468	7%	55,006	8%
Equipment & running costs	86.185	9%	74,012	10%	83,103	11%
Zimbabwe Europe Network	-	0%	84,348	12%	72,760	10%
Financial expenses	4.210	0%	2,084	0%	4,356	1%
Provision for potential audit issues	32.500	3%	-	-	-	-
Costs previous year	-	0%	1,543	0%	3,915	1%
Total expenditures	968.360	100%	710,241	100%	723,061	100%

Results

	2011	2010	2009	2008
Total income	1.066.795	822,092	774,704	546,577
Total expenditure	968.360	710,241	723,061	638,641
Result	98.435	111,850	51,643	-92,064

Eurodad members who contributed over EUR 1,000

Member	2011 Amount €	2010 Amount €
OXFAM-NOVIB	20 000	75 000
Christian Aid	18 271	11 641
OXFAM GB	11 458	11 862
CORDAID	10 000	20 000
Action Aid	10 000	5 500
11.11.11	8 000	8 000
Church of Sweden	7 121	6 274
IBIS	6 710	6 718
Norwegian Church Aid	6 379	6 309
Trocaire	5 000	14 750
CNCD	5 000	2 500
Diakonia	5 000	
Broederlijk Delen	4 000	4 000
KEPA	3 700	3 700
Save the Children	3 426	4 000
CCFD	3 300	2 300
Intermon Oxfam	2 500	
Forum SYD	1 400	1 400
CAFOD		5 859
World Vision UK		1 118

Grants forwarded directly to other organisations

Project/Issue	Beneficiary organisation	2011 Amount €	2010 Amount €
Financial regulation awareness raising (Co-funded by European Commission)	BWP, CCFD, CRBM, Glropolis, WEED	194 779	168 614
Aid effectiveness (Funded by the Gates Foundation)	Reality of Aid Network	104 709	155 149
Advocacy & Outreach Plan (Funded by Financial Integrity Task Force)	Latindadd, TJN-Africa, CBGA India	14 659	-
BetterAid Marketing Campaign HLF-4 (Funded by IBON)	GCAP Argentina, Cameroon, Ghana, India, Liberia, Malawi, Nicaragua, Sri Lanka, Uganda	27 194	-
Financial regulation (Funded by Ford Foundation)	BWP, CRBM, WEED	-	88 948

Contact

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european network on
debt and development