



As one of the few countries to pursue a feminist foreign policy, Luxembourg defends gender rights and dignity in the various committees and is committed to the fight against all forms of discrimination and inequality. Our strategy is to adopt an evolutionary approach to gender equality in all areas. We are also working on concrete tools to support our different actors in implementing our new cross-cutting strategy”

Declaration on Luxembourg’s cooperation policy to the Chamber of Deputies. Mr Franz Fayot, Minister for Development Cooperation and Humanitarian Affairs, November 2021

MAIN CHANGES IN 2021

After a COVID pandemic-related reduction in 2020, due to the overall fall in gross national income, economic recovery led to a 9.7% increase of ODA in 2021. This increase made it possible, among other things, to strengthen Luxembourg’s humanitarian aid and support in response to the COVID-19 pandemic, notably by raising its contribution to the COVAX Facility. Driven by the collaborations created in 2020 in response to the pandemic, Luxembourg has expanded its collaboration with EU Member States by participating in 16 TEIs at country level and seven at global and regional level. In 2021 the Ministry of Foreign Affairs developed a new Environment and Climate Change Strategy and revised and updated its gender strategy.

THE GOVERNMENT’S RELATIONSHIP WITH AND ATTITUDE TOWARDS CSOs

The Luxembourg government has consistently shown its commitment to funding civil society organisations. Each year, about one fifth of ODA is channelled through NGOs, of which about 15% goes to Luxembourgish NGOs. Nevertheless, NGOs would like to contribute more to topical debates. With the inter-ministerial committee on development (CID), a space for dialogue between the different development cooperation stakeholders in Luxembourg exists.

BUDGETISED AID IN THE CONTEXT OF BILATERAL COOPERATION WITH SENEGAL



The national execution modality, called “budgetised aid,” is the intervention modality prioritised in the bilateral component of the cooperation agreement between Luxembourg and Senegal (2018-2022). It has been designed and implemented progressively since 2011, promoting ownership and alignment of programmes to national policies. This support is accompanied by a capacity building component for local actors. While budgetised aid uses Senegal’s public finance systems and procedures, it differs from traditional budget support in that the resources made available are uniquely identifiable to guarantee their availability and traceability in order to ensure their eligibility in relation to agreed programme activities.

However, NGOs are not invited when topics which are traditionally risk areas for Policy Coherence for Sustainable Development (PCSD) are being presented. Although Luxembourg’s 2019 sustainable development strategy includes policy coherence as an explicit priority alongside other domestic policy objectives and although a new regulatory impact assessment will consider planned regulation against this priority, the CID does contribute to discussions on the impact of national policies on developing countries and therefore has no impact on the formulation and adaptation of national policies.

Although some efforts are made to involve civil society actors in devising bilateral cooperation programmes with partner countries, greater involvement of local CSOs, Luxembourgish NGOs and their partners in PCSD-risk areas and topics would enhance debate on policy coherence issues, contribute to better policy making and resolve problems of inconsistency.

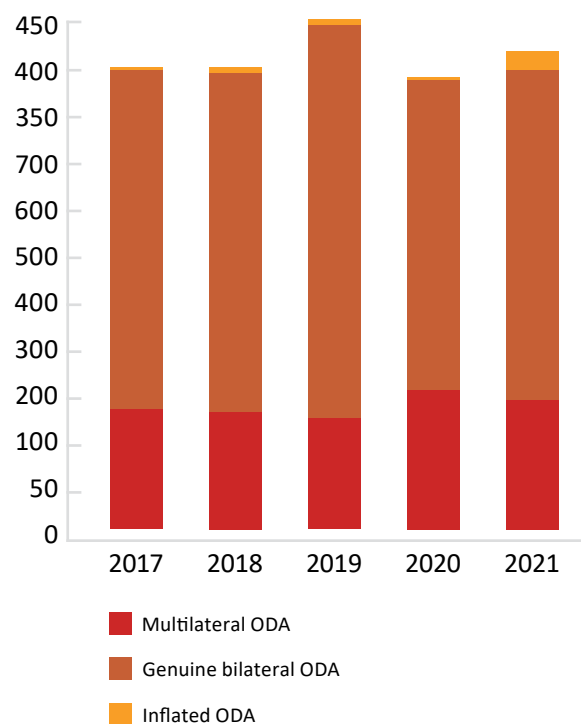
TRENDS AND PROJECTIONS FOR 2022 AND BEYOND

For the years 2022 and 2023 no major changes are planned in relation to ODA. The encouraging economic forecasts for 2022 and 2023 suggest that the ODA budget will continue to grow steadily. National elections will be held in 2023, so it remains to be seen how the next government will position itself on this issue.

RECOMMENDATIONS TO THE LUXEMBOURG GOVERNMENT

- Make public and easily accessible all information on ODA provided to support the private sector, including (but not be restricted to) information on ODA used to support public private partnerships, to leverage private sector funds or to provide technical assistance for private sector actors.
- Develop a clear strategy for the private sector and apply relevant criteria to their stakeholders to evaluate progress towards leveraging funding. For the financial sector: assess how this funding contributes to the strategic objectives, countries and sectoral targets of Luxembourg's international cooperation. For development banks: clarify how the Luxembourg MFA perceives its role in mobilising funds for local development assistance projects.
- Commit to keeping its leadership role in Europe on the quantity and quality of aid – especially considering the major geopolitical factors that could have an impact on EU Member States aid allocation and priorities.
- Develop spaces for critical and transformative dialogue between development cooperation actors, the private sector and civil society in Luxembourg and in partner countries for the monitoring and drafting of development policies and programmes and for strengthening PCSD.
- Develop a strategy for the inclusion of human rights in cooperation programmes and policies.

LUXEMBOURG – GENUINE AND INFLATED ODA (€ million, constant 2020)



ODA TO LDCS (€ million, constant 2020)

Year	ODA to LDCs	%GNI	% ODA
2017	175.3	0.4	43.2
2018	189.9	0.5	46.8
2019	203.2	0.5	45.5
2020	183.1	0.5	46.1

AID MODALITY (€ million, constant 2020)

Year	Bilateral (gross)	Grants	Loans	Loans (% of gross bilateral)
2017	293	293	0	0
2018	302	302	0	0
2019	348	348	0	0
2020	276	276	0	0

ODA TO CLIMATE FINANCE (€ million, constant 2020)

	ODA for mitigation	ODA for adaptation	Total climate finance	Adaptation finance as % of climate finance	Climate finance as % of ODA
2017	6.8	8.1	14.9	54.5	3.7
2018	6.4	6.5	12.9	50.6	3.2
2019	7.1	8.1	15.3	53.4	3.4
2020	1.1	1.8	2.8	62.6	0.7

ODA TO SUPPORT GENDER EQUALITY (€ million, constant 2020)

	Bilateral allocable	Total screened	Not screened	None	Significant	Principal	Significant (% of screened)	Principal (% of screened)
2017	270.6	270.6	0.0	194.4	62.5	13.6	23.1	5.0
2018	280.3	280.3	0.0	192.6	76.8	10.9	27.4	3.9
2019	324.2	129.5	194.7	24.4	82.7	22.4	63.8	17.3
2020	254.4	20.9	233.5	4.9	9.1	6.9	43.7	32.9

ODA TO SUPPORT CSOs (€ million, constant 2020)

	Non-CSO	CSO Earmarked	CSO Core funding	Total bilateral CSO support (% bilateral)	Total bilateral CSO support (% ODA)	Core bilateral CSO support (% bilateral)	Core bilateral CSO support (% ODA)
2017	209.3	57.9	23.6	28.0	20.1	8.1	5.8
2018	212.8	66.7	15.1	27.8	20.2	5.1	3.7
2019	254.2	72.7	16.3	25.9	19.9	4.7	3.6
2020	182.6	70.5	15.5	32.0	21.7	5.8	3.9