



european network on debt & development

ANNUAL REPORT 2007



About Eurodad

Eurodad (the European Network on Debt and Development) is a network of 54 non-governmental organisations from 18 European countries who work together on issues related to debt, development finance and poverty reduction. The Eurodad network offers a platform for exploring issues, collecting intelligence and ideas, and undertaking collective advocacy.

Eurodad's aims are to:

- Push for development policies that support pro-poor and democratically defined sustainable development strategies
- Support the empowerment of Southern people to chart their own path towards development and ending poverty.
- Seek a lasting and sustainable solution to the debt crisis, promote appropriate development financing, and a stable international financial system conducive to development.

More information and recent briefings on conditionality, aid effectiveness, debt and other topics are at: www.eurodad.org.

To receive updates each month, subscribe for free to Eurodad's Development Finance Watch newsletter.



CONTENTS

Aid: monitoring targets, changing relationships	5
1. Aid effectiveness	5
a) Eurodad launched major research project on aid effectiveness	5
2. Promoting donor accountability	6
a) Eurodad held the applause for EU governments on aid	6
b) Eurodad and Diakonia examined the reality of Chinese aid	6
3. Cross-learning and information sharing on aid	7
a) Eurodad launched new blog and website on aid issues	7
b) Eurodad encouraged South-North exchange on aid	7
c) Eurodad facilitated CSO strategising on aid	7
Debt: from illegitimacy to responsibility	8
1. Illegitimate debt	8
a) Eurodad made part of groundbreaking Debt Audit Commission in Ecuador ..	8
b) Eurodad highlighted hypocrisy of G7 illegitimate debt claims	8
c) Eurodad drove Responsible Lending Declaration	9
d) Eurodad criticised World Bank odious debt paper	9
e) Eurodad drove CSO action on illegitimate debt	10
2. Debt cancellation	11
a) Eurodad emphasised that MDRI has not removed the need for further debt cancellation	11
b) Eurodad developed CSO understanding of debt swaps for development ..	11
c) Eurodad built CSO capacity around debt cancellation	12
3. Financing for development	12
a) Eurodad drafted Responsible Lending Charter	12
b) Eurodad published briefing on debt laws in European countries	13
c) Eurodad drove CSO action on financing for development	13
International financial institutions and global financial governance ..	14
1. Conditionality	14
a) Eurodad uncovered the reality of World Bank conditionality	14
b) Eurodad investigated European Commission outcome conditions	15
c) Eurodad assesses impact of IFI policies on the poorest	15
2. Campaigns	15
a) Eurodad drove World Bank campaign	15
b) Eurodad helped change World Bank president	16
c) Eurodad challenged European control of IMF top jobs	17
d) Eurodad examines capital flight and financial liberalisation	17
3. Cross-learning and information exchange	18
a) Eurodad facilitated coherent CSO activity on IFIs	18
b) Eurodad facilitated cross-learning with Southern CSOs	18
Organisational news	20
Financial report	22
Eurodad members	24

Letter from the board chair Penny Davies

Statement from the board chair: a year of firsts and recognition

2007 was a year with significant improvements in the quality and reach of Eurodad's outputs, and validation from an external evaluator and many others of the influence that Eurodad achieves.

Some 14 high quality reports have informed both members and officials; briefings and newsletters have been circulated by thousands of readers. These cover a wide range of development finance topics, and are achieved in collaboration with allies in Europe and globally. From EU aid levels, through illegitimate debts of the G7, to debt swaps and World Bank conditionality, Eurodad is covering the major development finance topics that influence economic and social policy for millions of people across the world.

The Eurodad website was relaunched and now highlights Eurodad and member analysis and action in a clearer and more visible manner. Eurodad has continued its innovations on the internet. The group blog on the World Bank president was read by officials and opinion-formers across Europe and in Washington, and played an important part in the sharing of intelligence in a process which resulted in the departure of the highly controversial World Bank President Paul Wolfowitz. This site achieved an incredible 62 million hits in three months. Eurodad also started, in collaboration with several members and Southern colleagues, a new group blog on aid effectiveness.

Eurodad's communications go far beyond the internet, including media appearances, key note speeches at international events, advocacy to officials at different levels and working with members to launch a pan European campaign. Media work has included live TV, documentaries, print and radio on debt, International Financial Institutions and also aid issues.

Eurodad's strength lies in the combination of the outputs provided by the staff and the facilitation of activities by its 54 member organisations. The appreciation of this work by members, officials and other researchers was shown in an external evaluation of Eurodad's work conducted during 2007. The evaluator assessed three aspects of the work between January 2004 and March 2007: Eurodad's support for its members, Eurodad's public profile and the impact of Eurodad's advocacy work.

The evaluation showed a high satisfaction among members with the support and services provided by Eurodad. Members identified Eurodad's research and analysis as the main added value of membership, along with the networking and coordination opportunities. Eurodad staff is seen as one of the organisation's main strengths. The evaluation shows that Eurodad also reaches Southern partners who value Eurodad as a source of information and a support mechanism. The evaluation also gives clear examples of where Eurodad and its members have had an impact on policies that matter for poor people and development.

The evaluation also generated new ideas for improving Eurodad's work. The board has considered these carefully. Some new useful routines have already been adopted, for example involving the board more formally in reviewing and approving major Eurodad reports. The new Eurodad communications prize – awarded this year to Water Aid – will give fresh impetus to learning across the network about how to convey policy proposals.

To sum up, the 2007 evaluation and the Annual Report show many significant results and reflect the positive energy that surrounds the network. I am sure these pages will inspire you to collaborate more closely with Eurodad's work, to change development finance policies and practices to assist with sustained poverty reduction.

Penny Davies

Chair Eurodad Board



Aid: monitoring targets, changing relationships

Eurodad member groups have campaigned for many years to increase aid levels and to improve the way aid is transferred and targeted so that it maximises benefits for impoverished people. Official Development Assistance is projected to increase by around \$50 billion a year by 2010, with over 70% of the increase to come from EU governments. EU governments have also signed up to aid effectiveness targets. Eurodad monitored and advocated on these targets, and helped member groups and Southern partners think through complex issues surrounding aid delivery. Eurodad works in particular to ensure that aid recipient governments become increasingly accountable to their own citizens not external donors. Eurodad's work in this area has been picked up widely by members and other NGOs and has influenced official decisions.

1. Aid effectiveness

a) Eurodad launched major research project on aid effectiveness

In April 2007, Eurodad embarked on substantial research and coordination on aid effectiveness. Working towards the major aid effectiveness meeting that will take place in 2008 it initiated joint terms of reference to assess donor practices on the ground in seven countries. The major aim of the research is to identify whether donors are changing their aid delivery mechanisms and if so how these are affecting accountability mechanisms.

Eurodad carried out background research to provide basic profiles of case-study countries and key donors. Aid effectiveness case studies were then carried out by different members in Cambodia, Honduras, Nicaragua, Mali, Niger and Mozambique based on an agreed common analytical framework. In addition Eurodad conducted research for the Sierra Leone case study. Each study examined at least three European donors plus the World Bank and the USA.

All the available case studies have been published on Eurodad's website. Further case studies from Niger and Mali will be completed in early 2008. The final key report will be published in the spring featuring good and bad performance and the views of southern CSOs and governments.

Eurodad was invited to speak on aid effectiveness at meetings in Kenya, Austria, Ireland and Belgium

The research received funding from the UK Department for International Development and was done through a collaboration with a number of Eurodad members including ActionAid, Cafod, Ibis, CNCD, Oxfam and Trócaire. Lucy Hayes travelled to Sierra Leone for the month of September to carry out case-study research on aid effectiveness and work with the national NGO the Campaign for Good Governance.

Also in this area, Eurodad produced a briefing for its members to introduce aid effectiveness and highlight opportunities for member action: "Putting donors under surveillance? A Eurodad briefing on the aid effectiveness agenda". Eurodad was also represented on the CIDA-initiated "Advisory Group on Aid effectiveness and Civil society" for the first half of 2007 and at an international meeting on CSOs and aid effectiveness in Nairobi, both of which engaged CSOs from both North and South.



“The process towards Ghana is filled with papers ... One of the useful ones has been your March briefing, which we are using as an introduction here.”

Vagn Berthelsen, Secretary General, IBIS

Promoting donor accountability

a) Eurodad held the applause for EU governments on aid

Eurodad wrote the second annual EU-wide report on European aid, which was this year entitled: [“Hold the Applause: EU governments risk breaking aid promises”](#). The report – published by CONCORD – calls on EU governments to set annual timetables for their aid increases and improve the quality of their aid.

“The analysis in the report on EU Aid has been very influential in strengthening the disaggregation of aid budget reporting, and has allowed me to strengthen policy documents and frameworks in my own organisation.”

OECD official cited in Eurodad’s evaluation

Using a participatory drafting process - with considerable input from development NGOs in 27 EU countries - the report compared government performance on aid quantity with a section detailing the quantity and quality of aid from each government. It particularly looked at how much they inflate their aid figures by counting debt, imputed student costs and refugee spending and to what extent they continue to tie their aid. Using detailed statistics throughout the report made a strong case for increasing aid levels, improving aid quality and making aid reporting more accurate and timely.

“In our meeting, the Finnish MPs were also shocked by the low level of real aid ... some of them will take the issue forward and use the data.”

Valia Wistuba, KEPA

The report was launched on the 11th May in Brussels, and then in many other national capitals across Europe and was covered by the media in 11 countries.

The EU aid report messages and dissemination won the top award in the non-profit category at the [European Excellence Awards](#).

Eurodad conducted several follow-up activities, including helping organise a CONCORD seminar and speaking on a panel at the 50th Anniversary congress of the Society for International Development.

b) Eurodad and Diakonia examined the reality of Chinese aid

Penny Davies from Diakonia and Eurodad board chair published an excellent new report on Chinese aid in December 2007 with support from Eurodad staff. Entitled “China and the end of poverty in Africa - towards mutual benefit?” the [report](#) examines the details of China’s engagement in Africa.

Based on several weeks research in China, the report presents facts, opinions and government positions on China’s real plans in Africa, particularly around China’s aid effectiveness, its ‘no political strings attached’ policy and debt sustainability. Penny proposes triangular dialogue between European, African and Chinese civil society groups to take forward the issue of responsibility in development financing.



2. Cross-learning and information sharing on aid

a) Eurodad launched new blog and website on aid issues

The network launched an aid effectiveness [blog](#) as a place to exchange information between CSOs on the very latest developments in the field.

Launched in September 2007, the betteraid blog is a tool for short, sharp articles looking into an aspect of aid, discussing official positions, or scooping official intelligence. It is a great way to share information that is gathered, but which cannot easily be published on official organisational websites.

Eurodad also contributed to the design and content of the betteraid [website](#) which is a portal for information on aid effectiveness. There is a wealth of resources from official and NGO sources, as well as information about the official and unofficial Accra processes. The site contains a calendar and information about official and CSO processes on aid effectiveness.

b) Eurodad encouraged South-North exchange on aid

Eurodad was active in the CSO International Steering Group for the Ghana 2008 High Level Forum on aid effectiveness and helped write and disseminate a joint position paper and advocacy strategy.

Eurodad worked with International Budget Project to produce a short briefing aimed at supporting the capacity of groups in Southern countries who monitor government budgets. The briefing explains the growth of budget support, its potential dangers and benefits, and how donor processes and decisions fit with those at national level.

The good work of Eurodad on aid issues was recognised when it was asked to join the Reality of Aid network as its European hub. This is the only Southern-led global network analysing and advocating on aid issues.

c) Eurodad facilitated CSO strategising on aid

The network organised an aid strategy meeting in Brussels, 14-15 June 2007 for interested members working on aid effectiveness and conditionality. This was a key opportunity to discuss and plan joint research and advocacy on these issues.

Eurodad contributed to a joint European NGO position paper on aid effectiveness and staff twice went to Sweden to raise aid effectiveness issues with NGOs and officials. It helped to facilitate and organise a series of meetings on aid effectiveness between civil society organisations and the OECD pushing for more frequent and formalised dialogue between NGOs and the DAC.

Staff travelled to Krakow, Poland to give a training to NGO representatives from Poland and other new EU member states on monitoring and advocating on ODA. They also attended and spoke at a conference organised by FRIDE in Madrid on aid effectiveness and Spanish aid and helped organise an aidwatchers seminar, in Brussels in October.

Finally, Eurodad helped initiate reflection about whether and how European civil society groups should change their own funding and partnership practices in line with the principles and goals of aid effectiveness. This resulted in a two day seminar in Brussels and a joint statement to be presented to a conference in Canada in February 2008.

Debt: From illegitimacy to responsibility

Campaigning for debt cancellation on humanitarian grounds has yielded important advances. Yet it is important to shift the discourse away from charity to justice and to question the legitimacy of many creditor claims. Looking forward Eurodad is working on the hot political issue of how to prevent the rapid re-accumulation of unsustainable and illegitimate debts. This work involves a mix of European and global monitoring, research and advocacy, plus specific support for national work by Southern governments, for example in Ecuador and Liberia.

1. Illegitimate debt

a) Eurodad made part of groundbreaking Debt Audit Commission in Ecuador

Gail Hurley of Eurodad is one of the international representatives on Ecuador's groundbreaking Debt Audit Commission along with Eurodad member Jürgen Kaiser of Erlassjahr.de.

The Ecuadorian Government of Rafael Correa elected in November 2006 has been a very progressive voice on debt and in January 2007, Gail Hurley travelled to Amsterdam to meet with Ecuador's then Finance Minister Ricardo Patiño. He stated that he would like to set up an ambitious audit commission to investigate creditors' claims on Ecuador so as to reduce debt service payments and enable Ecuador to boost social expenditures.

At the end of April, Eurodad participated in an international forum on illegitimate debt in Quito gathering together Ecuadorian civil society organisations, international organisations and debt experts with representatives of the Ecuadorian Government. The forum considered the illegitimacy of Ecuador's external debt burden and the actions the new government should take.

Ecuador's President Rafael Correa gave the go-ahead for the debt audit commission, which is to run for one calendar year and Eurodad was invited to be part of it. Gail is one of 3 non-Ecuadorian commissioners. At the first meeting in July 2007 it was decided that Eurodad would be responsible for a working group on bilateral loans.

In 2007, Gail worked to prepare a report exposing the unfair loan clauses and practises routinely employed by European donors and export credit agencies. Eurodad secured access to loan documentation from the Ecuadorian Ministry of Finance and worked in cooperation with member organisations in Spain, Italy, Germany, Belgium and the UK - the main European creditors for Ecuador.

Eurodad has also facilitated contact between a group of UK-based lawyers and the Ecuadorian Government to assist the Ecuadorian Government consider potential legal options in the treatment of various debts.

The Ecuadorian debt audit commission will present its final report in July 2008.

b) Eurodad highlighted hypocrisy of G7 illegitimate debt claims

Eurodad published a major report on the illegitimate debt claims of G7 countries. Entitled "Skeletons in the Cupboard: Illegitimate Debt Claims of the G7," the report highlights the



hypocrisy of many of the developed world countries' debt claims held on the South.

The report notably highlights specific cases of loans which G7 countries should never have made, but which the citizens of developing nations continue to reimburse.

Eurodad wrote the report in partnership with Erlassjahr.de, CRBM, Plate-forme Dette et Développement, Jubilee Debt Campaign, PARC Japan, Probe International and Jubilee USA. It was launched in February in Essen at the G7 Finance Ministers meeting and was used to put pressure on the G8 to look at the issue of the 'quality' of claims.

The report was picked up by several prominent press agencies and was cited in many civil society publications.

c) Eurodad drove Responsible Lending Declaration

Eurodad worked with members and Southern groups to support parliamentarians in drafting and launching a new political declaration on responsible lending.

By December 2007 the declaration on responsible lending was signed by 121 legislators from Latin America, Europe, Asia and Africa.

A joint effort of the Parliamentary Network on the World Bank, Eurodad, Erlassjahr.de, Jubilee South, Latindadd, Afrodad and Jubilee USA, the declaration aims to build a solid base of political support for greater responsibility in the loan contraction process.

It particularly aims to engage important non-civil society actors and encourage MPs to stimulate national debate on these issues, pose parliamentary questions, support research and initiate audits into debt at national levels.

The text was launched at the annual conference of the Parliamentary Network on the World Bank in Cape Town in March where a significant number of MPs from different regions demonstrated their support for the principles outlined in the document.

Eurodad also met with a number of MEPs to discuss complementary strategies to support the declaration and created a website with full details of the initiative and the declaration in English, French, Spanish, Italian, German, Swedish and Japanese: www.debtdeclaration.org

d) Eurodad criticised World Bank odious debt paper

Eurodad played a key role in coordinating civil society criticism of the World Bank study on odious debt published in 2007 after a drafting process surrounded in secrecy.

The Bank's report provided a simple review of recent case law on odious debt and assessed to which degree the doctrine could usefully be applied in national and international law. It concluded that the odious debt concept was not that useful and current international debt relief initiatives were sufficient to address the problem of developing country debt.

Eurodad anchored civil society pressure on the World Bank, including through the coordinated writing of letters to the Bank outlining the shortcomings of the paper and requesting a meaningful process to discuss its content.

"Your strategic skills serve us well. I think this is a good plan. I [had] been pondering how to respond to this in a way that could actually have an impact."

Jostein Hole Kobbeltvedt, NCA

Eurodad met with officials from the World Bank to discuss the paper. The Bank said that it had

no plans to change the 'discussion paper' status of the report.

The World Bank agreed to Eurodad requests to convene a round-table debate to discuss contents of its 2007 paper on odious debt. It met with Eurodad and its members to discuss the planning of such a debate which will be held in April 2008.

A more positive UNCTAD report was also published at a similar time to that of the World Bank, with both being part-funded by the Norwegian Government. In November, Eurodad participated in UNCTAD's international debt managers' conference as a panellist and discussed their study.

e) Eurodad drove CSO action on illegitimate debt

In February, Eurodad held a strategy meeting with more than twenty of its members on the issue of illegitimate debt. Joint activities were discussed and agreed, including targeting parliamentarians on the issues of odious debt and responsible lending.

Alex Wilks participated in the World Social Forum in Nairobi, Kenya in late-January and organised, facilitated and spoke at a number of sessions and side meetings on debt. The WSF resulted in a strong common declaration by organisations working on debt and a new International Facilitation Team on Illegitimate Debt of which Eurodad was a founder member. The team aims to develop new strategies and ensure good collaboration across regions by facilitating exchange through conference calls and a new bulletin on illegitimate debt.

"Thank you very much for sending us the first edition of the new joint Illegitimate Debt Campaign Bulletin produced by Eurodad CADTM, Jubilee South and Jubilee USA. It is very informative and inspiring [and] we definitely will be using part of it in our expo for the Labour Day."

Veena Dholah, Rezistans ek Alternativ (Mauritius)

Eurodad co-organised - with colleagues from the north and south - a networking-strategy meeting on debt on the occasion of the G8 summit in Rostock. The meeting gathered more than 50 participants from all over the world and permitted a stock taking of the many current and up-coming actions and plans on debt.

Eurodad spoke at a meeting in Berlin organised by the German churches and with the participation of the German Finance Ministry and supported members with their regional events. The network also established an on-line roster of experts who could be invited by members to speak at their events.

Eurodad was active in campaigning against the unfreezing of two bank accounts owned by Baby Doc Duvalier in Switzerland. They, and others, have argued that the money in these accounts should be returned to Haiti. They succeeded in achieving a three-month extension to the freeze to give the Haitian authorities more time to prepare their case. Eurodad also gave a training session on debt to Haitian CSOs when a delegation visited Brussels in September 2007.

Eurodad supported the Global Week of Action on Debt and IFIs that took place 14-21st October. Activities organised by member organisations included public demonstrations, street theatre and education sessions in Spain (ODG) and [a 6-day vigil and fast to cancel \\$1 billion of debt claimed from Indonesia](#) (Jubilee Scotland) Further details are available on the website: www.debtweek.org.

Eurodad created a new mechanism to coordinate strategies and exchange information on



illegitimate debt. The International Facilitation Team (with Eurodad, Jubilee South, Jubilee USA and CADTM) pools information, has regular teleconferences, and produces a bi-monthly Illegitimate Debt Campaign Bulletin. This mechanism has already helped build understanding and collaboration between groups in different countries and regions.

2. Debt cancellation

a) Eurodad emphasised that MDRI has not removed the need for further debt cancellation

In its 2007 update [report](#) on the Multilateral Debt Relief Initiative, “One step forward, how many back?”, Eurodad argues that failure to address the root causes of the debt crisis – the failure to address the issue of shared responsibility and creditor impunity – means that the MDRI does not signal an end to the global debt crisis.

Coming two years after Gleneagles, the report asked how much debt had really been cancelled and for how many countries. It examined whether donors had kept their promises to reimburse the World Bank for lost reflows, the incorporation of the Inter-American Development Bank in the MDRI, why some countries are rejecting HIPC and the emerging free-rider/new lender debate.

The report highlighted action civil society groups in Europe could take to bring the European Investment Bank and European Commission into the MDRI. The report got good media coverage in print, radio and TV.

Eurodad also analysed and advocated on the specific situation of two countries Mali and Liberia. On Mali Eurodad researched and wrote a report: “Conditional Debt Relief in Mali, Small Change for a High Price”. And Eurodad worked with members and colleagues in Liberia and the USA to write letters and issue press releases to keep pressure on World Bank and IMF shareholder countries to agree a deal. This finally resulted in Liberia – a country with an annual budget of US\$130 million and a debt burden of US\$3.7 billion – to get agreement from creditors for a deal.

“The IMF received a large volume of emails expressing concerns about Liberia’s Debt situation. This strong public support to the cause of debt relief contributed to the broad donor support that made the financing possible.”

Masood Ahmed, IMF External Relations Director

b) Eurodad developed CSO understanding of debt swaps for development

A Eurodad paper on debt swaps, “Debt swaps for development - creative solution or smokescreen?”, was published in October 2007. This paper gave a comprehensive understanding of the main pros and cons of debt swaps for development and was developed in close collaboration with Latindadd.

The paper examined how debt swaps are being implemented by some of the major bilateral donors with regard to aid effectiveness principles and looked at new initiatives being explored at a multilateral level, such as the Debt2Health initiative.

Around this paper, Marta Ruiz attended a working group meeting on debt swaps for education in Buenos Aires with officials from different countries and Latindadd as a follow up

to a 2006 UNESCO working group.

She also participated in the International civil society meeting on Debt2Health in Berlin to discuss a new swap agreement under which Germany will cancel €50 million of Indonesia's bilateral debt, half of which will be disbursed by Indonesia to the Global Fund for health projects in the country.

Also on swaps, Eurodad produced research for the World Resources Institute in Washington DC exploring bilateral debt swaps for the Government of Ecuador's Yasuni-ITT proposal. This suggests that Ecuador will leave oil in the ground in a sensitive area of the Amazon, if the international community pays half of the opportunity cost for doing so. Gail presented Eurodad's analysis at a seminar in the Ecuadorian Embassy in Washington DC in September.

c) Eurodad built CSO capacity around debt cancellation

Eurodad attended and contributed to a meeting in Georgia in May on the debt of Central Asian and Eastern European countries. This was the second networking meeting with organisations from Germany, the Czech Republic, Poland, Bulgaria, Serbia, Armenia, the Kyrgyz republic, Russia and Georgia.

The meeting planned capacity building work on debt for CSOs in the region and looked to strengthen information sharing and networking. It also discussed debt swaps, since Georgian organisations are interested in this mechanism to deal with their national debt. The meeting issued a declaration addressed to the annual meeting of the Governors of the European Development Bank dealing with illegitimate debt.

3. Financing for development

a) Eurodad drafted Responsible Lending Charter

Eurodad drafted a Charter on responsible financing to be launched in early 2008. The Charter outlines the essential components of a responsible loan and sets out why measures are urgently needed to enforce and reward responsible lending and borrowing behaviour as the only way to avoid future debt crises.

Drafted through an extensive six month consultation process involving members, southern colleagues, academics, lawyers and other sectors, the Charter promotes principles of creditor co-responsibility and argues that current frameworks are unpredictable and load costs onto citizens of impoverished countries.

The Charter sets out clauses covering repayment terms, dispute settlement mechanisms, human rights and environmental protection and aims to support advocacy work on preventing new illegitimate debt. It also aims to respond to political developments within official circles – such as the G20 – which has been developing its own “Responsible Lending Charter”.

The Charter sparked significant interest in 2007 from members and officials, including a number of European capitals such as Oslo, Rome, the Hague and Berlin. In October 2007, Gail spoke at a German Government policy dialogue on the issue of debt sustainability and was able to present the key principles of the Eurodad charter to government officials, representatives of the OECD, export credit agencies, World Bank and IMF.



b) Eurodad published briefing on debt laws in European countries

Eurodad produced a [briefing paper](#) on the legislation in several European countries covering how loans to developing nations are enacted and managed. Called “Parliamentary activity on debt: a growing challenge”, the briefing highlighted the strengths and weaknesses of various measures – in both policy and practice.

The paper aimed to inform members of current legislative measures and practice around debt management with the overall intention of stimulating debate within the Eurodad network and encouraging more progressive official language on debt within governments.

c) Eurodad drove CSO action on financing for development

Eurodad produced up-date briefings on the UN Financing for Development process and spoke at NGO meetings on the theme. It facilitated joint strategising with members and Southern groups at its annual conference in Oslo on how to follow up the progress of governments since the 2002 Monterrey summit. Eurodad also signed and circulated a joint NGO advocacy letter with key process-related demands which was then sent to the FfD co-facilitators (Egypt and Norway) and the European Commission.

International financial institutions and global financial governance

For many years Eurodad has played a central role in NGO monitoring and advocacy on the roles of the World Bank and IMF. This has achieved clear results – with new policy frameworks announced by the institutions and much greater access to information and discussion. 2007 was a year of major debate about the leadership of both institutions, as well as about their missions and effectiveness. Again Eurodad informed and energised discussions across Europe and globally on how the heads of the institutions should be chosen and their roles in applying economic policy conditions. Eurodad's work was recognised by many decision makers, prompting debate and action.

Eurodad is picking up work that it used to do on public policies needed to govern private finance so that it helps, not harms developing countries' interests. In 2007 this has involved sounding the alarm on vulture funds and investigating the role of tax havens.

1. Conditionality

a) Eurodad uncovered the reality of World Bank conditionality

In November 2007, Eurodad published "[Untying the knots: how the World Bank is failing to deliver on conditionality](#)" - a progress report on the World Bank's review of its conditionality policy. This report was widely picked up, used by parliamentarians, journalists and advocates in many European countries and some African ones.

The report found that the World Bank's Good Practice Principles for reforming conditionality have helped reduce the overall number of conditions that the World Bank attaches to its development finance in poor countries. However, there has been very limited progress in curbing the Bank's practice of attaching sensitive economic - often privatisation and liberalisation - policy conditions to its lending.

The report was based on an analysis of the World Bank's own database of conditions – which was made available for the first time for the purpose of the research. The report updated Eurodad's 2006 publication: *World Bank and IMF conditionality: a development injustice* and provided a quantitative analysis on the trends of World Bank and IMF conditions in 2006 until mid-2007.

The report called for the World Bank to replace such economic policy conditionality with responsible financing standards agreed by the Bank and any recipient country. Eurodad and some members met officials at the Norwegian Ministry of Foreign Affairs and the UK Department For International Development to present this.

Eurodad also presented the research to both British and Norwegian parliaments and the report was discussed in the Dutch parliament.

"I find the [Eurodad] report extremely useful ... and agree with [its] conclusion ... that an increased number of independent evaluations should take place regarding the use of policy conditions by the Bank."

Parliamentary answer by Bert Koenders, Dutch Minister for Development Cooperation

Eurodad, in co-operation with members, organised a meeting in Washington DC with the European officials negotiating the replenishment of the World Bank's IDA low-income country fund. Several deputies expressed interest in Eurodad's research. Some governments concurred with the need to phase out economic policy conditionality.

b) Eurodad investigated European Commission outcome conditions

In December 2007 Eurodad finalised an advanced draft of a paper presenting the results of research on the use and understanding of outcome-based conditionality by the World Bank, the IMF and the European Commission. The research included three desk-based case studies on Burkina-Faso, Mozambique and Tanzania. Eurodad assesses whether the Commission is a potential best practice compared to the World Bank but questions whether the implementation challenges are such that .

The initial findings of the research were presented at meetings with World Bank staff in Oslo and London in November. Eurodad organised, together with the German Marshall Fund, a roundtable in Brussels to discuss the research with European Commission and Member State representatives.

An internal discussion on outcome-based conditionality also took place in a seminar at Eurodad's Annual Conference in Oslo with colleagues analysing the EC's proposed new MDG contracts.

c) Eurodad assesses impact of IFI policies on the poorest

In collaboration with several members Eurodad published a report highlighting the negative impact of World Bank and IMF policies on the poorest people. The report "[Blind Spot: the continued failure of the World Bank and the IMF to assess the impact of their advice on the poor](#)" complains that the Bank and Fund are doing too little to implement their pledge to analyse all policies which may have significant distributional impacts.

Initiated by Oxfam International and signed by 8 Eurodad members, the report updates Eurodad's 2005 study and argues that "both institutions should urgently ensure that before they recommend a course of action, the impacts of a range of options on poor people have been thoroughly explored in a country-led process. The findings should also have been discussed by parliamentarians, NGOs, and other citizens' groups".

2. Campaigns

a) Eurodad drove World Bank campaign

With the participation of many members and some leading environmental groups, Eurodad animated a major campaign challenging how the World Bank operates. It developed a campaign statement "[Put your money where your mouth is](#)" calling on European governments not to pay into the IDA replenishment without the Bank accepting specific reforms in economic policy and fossil fuel lending.

The World Bank campaign statement was endorsed by 78 organisations from across Europe.

A new website www.worldbankcampaigneurope.org was set up for the campaign with the possibility for members of the public to vote for how they want development aid to be spent to help the world's most impoverished people. Members also organised votes at specific events



throughout the year including music festivals and a parallel conference to the G8 in Rostock. Some 14,000 votes were cast in 2007 with each vote being sent to the relevant national development minister.

The 'Global Call to Action Against Poverty' adapted Eurodad language from the European World Bank campaign for its major autumn 'Stand-up against poverty' mobilisation.

Eurodad helped coordinate the campaign's launch in Paris on 5 March, coinciding with the start of the IDA 15 Replenishment discussions. As a publicity stunt, a big cheque was displayed in front of the French Ministry of Finance asking European governments to make their contributions to IDA contingent on World Bank reform.

On 15 October, the World Bank was put on trial in The Hague. A [Public Hearing on the World Bank](#) was convened by the campaign, under the auspices of the Permanent Peoples' Tribunal. Witnesses from all Southern continents gave testimony of the impacts of World Bank policies and practices, especially in the areas of conditionality and fossil fuel project funding.

Live video streaming of the event was provided and members organised press and lobby events around the hearing. An artist produced interesting images working of the hearing throughout the day and a film of the event was produced. The group of experts and speakers who took part published a joint [declaration](#) at the end.

Members organised actions around the subsequent IDA meetings. Irish activists dressed up as Irish Finance Minister Brian Cowen and called on him through a giant megaphone to stop giving Irish aid to the World Bank. In Berlin, activists organised a publicity stunt in front of the meeting venue showing the World Bank 'executing' renewable energies. In December the campaign held its final protest in Berlin outside the last negotiation meeting for the refinancing of the World Bank's IDA.

Eurodad met the World Bank chief economist Francois Bouguignon in Brussels to discuss the World Bank's long-term strategy.

b) Eurodad helped change World Bank president

As soon as the Wolfowitz scandal broke during the Spring Meetings, Eurodad made a sustained effort to contribute to the World Bank President's resignation. Together with members, Eurodad sent a joint statement to representatives of all European governments calling for his resignation and contributed to the drafting of a global CSO letter. The European statement also referred to the on-going structural problems of World Bank governance and urged European governments to advocate reform.

In addition, Eurodad revived its specialist website www.worldbankpresident.org to provide a forum to exchange the latest information on the scandal and encourage people to take action. The website received 61,539,773 hits in 3 months and hundreds of posts and comments. The site became the best source for officials, journalists and activists tracking the stubborn efforts of Wolfowitz to stay in office. Eurodad encouraged this by taking the risky step of giving site log-ins to 3 people inside or very close to the Bank. Wolfowitz's resignation was announced in May 2007.

"Your site site has become THE must read for many World Bank employees, so keep up the good work. I can sense you are putting in a lot of time and effort to stay on top of this story and there are many people who are grateful for this extra effort."

Name withheld



c) Eurodad challenged European control of IMF top jobs

Eurodad produced a draft briefing on European governance at the IFIs, “How to fit 27 elephants in a single chair” challenging European dominance of top jobs at the IMF. The briefing updated Eurodad’s 2006 report “European coordination at the WB and IMF: a question of harmony?” and supported the work of Bretton Woods Project and others in this field.

Eurodad also worked with members, and allies at the Bretton Woods Project, to set up and speak at meetings with the Sub-Committee on the IMF, an obscure but important European Council body where European government representatives discuss their strategies for the IMF. Eurodad raised the need for Europeans to reduce their dominance of the institution’s governance.

Eurodad also raised concerns about European governments’ involvement in nominating the new head of the IMF at a meeting with European finance commissioner Joaquin Almunia. His unsatisfactory reply was that, “if the US considers the gentleman’s agreement still applies then the EU cannot consider that it does not apply any more,” but did claim that this would be the last time that the European governments will retain control of the top post at the IMF.

d) Eurodad examines capital flight and financial liberalisation

Eurodad - together with CRBM, WEED and Bretton Woods Project - started a new project on “Shaping European governance of global finance”. The project involves research, lobbying and campaigning on financial liberalisation and its impacts on developing countries. Eurodad’s contribution will focus in particular on tax havens. Tax havens are a conduit for much of the estimated US\$500-800 million which flow as capital flight out of developing countries each year. These flows from poorer to richer countries dwarf ODA flows the other way by a factor of more than five.

The project will look at the role of the global banking sector and international taxation. It will particularly examine how tax havens work as a crucial component of the global financing system that, by fostering capital flight and corruption practices, prevent developing countries from keeping their revenues and perpetuate their poverty and dependence on the donor community.

Two literature surveys were produced in 2007 as the basis for forthcoming research on these issues and an internal briefing document set out the main issues on which to develop work on this theme.

Eurodad also raised the problems with some of the worst private sector operators by sounding the alarm on vulture funds – investors who buy debt stocks at a discount and then sue for their full value. Eurodad’s presentation to the Belgian parliament on this issue helped secure a law mandating the government to take active steps to ensure that official debt deals are not undermined by such private profiteering.

3. Cross-learning and information exchange

a) Eurodad facilitated coherent CSO activity on IFIs

Eurodad organised the EuroFInet meeting in Brussels in March and attended and spoke at the follow-up meeting in Stockholm. These meetings provide opportunities for information sharing and common strategising before the World Bank and IMF Annual Meetings 2007 in Washington at which Eurodad participated. With members, Eurodad co-organised seminars on illegitimate debt, governance reform at the Bank and the Fund, and global citizen audits.

Eurodad coordinated the meeting with the European World Bank Executive Directors - on conditionality, climate change and governance reform. For the first time, Eurodad and some EuroFInet members also attended a meeting with the EU Executive Directors at the IMF - on the role of the IMF in Low-Income Countries and governance reform.

Eurodad attended and was a speaker at a roundtable on global economic governance reform at the Special high-level meeting of the UN ECOSOC with the Bretton Woods Institutions and the World Trade Organisation at the UN in New York.

Eurodad attended an NGO meeting with the World Bank and the European Commission in the framework of the Limelette Process intended to coordinate WB and EC development aid. It also supported an on-going comparison by Action Aid and Oxfam GB of the World Bank with the European Commission, African Development Bank and other multilaterals.

b) Eurodad facilitated cross-learning with Southern CSOs

Eurodad and its members supported Southern partners participating in the World Bank-organised consultations with IDA countries around the World Bank Conditionality Review. Especial attention was given to the official meeting in Mozambique in June, with teleconferences and other communications in support. Eurodad also fed back the messages from these partners into its analysis of the trends in World Bank conditionality. Two briefings and statements from Mozambican and African-wide networks were circulated to members.

At the end of November, Eurodad drafted a [comment on the IDA 15 report](#) which was signed by several members and submitted to the World Bank. With support from Eurodad, several members contacted their national officials to put forward their conditionality demands ahead of the discussion on conditionality that the World Bank Executive Board held at the beginning of December.

In July, Eurodad (with Gender Action, IDEAS network and Jubilee South APMD) supported Focus on the Global South to co-organise a conference in Bangkok on the 10th anniversary of the Asian Financial Crisis. The conference, entitled “Understanding global finance, building international resistance” considered key issues relating to global financial regulation and the role of the IMF in developing countries and called for stronger common work amongst civil society to advocate for reform.

“Southern partners value Eurodad as a source of information and a support mechanism to strengthen their own campaigns.”

Cambridge Policy Consultants



Eurodad analysed the content of the IMF Independent Evaluation Office's report on the IMF's role in Sub-Saharan Africa and participated in a seminar on the findings and recommendations.

Eurodad sent an open letter to the Bank of the South supporting colleagues in the South in their demands for open discussions on the Bank's charter and financing.

Colleagues from the South participated in Eurodad's annual conference in Oslo and Eurodad attended Latindadd's General Assembly in Quito. This meeting offered the opportunity to share information about strategies, analysis and campaigns, strengthening the work of both Latindadd and Eurodad. Further opportunities for sharing and collaboration between these networks were taken during the year, for example at meetings in Rome with senior Italian officials in November.

Organisational news

1. Eurodad annual conference debates IFIs and alternatives

Eurodad members and southern colleagues convened in Oslo, 28-31 October for the 2007 annual conference and GA. Co-organised with member organisations SLUG, Norwegian Church Aid and other Norwegian CSOs the annual conference had as a theme: “Limiting the roles of the World Bank and IMF: towards alternative institutions for channelling finance”.

Keynote speakers included: Ricardo Patiño, Ecuadorian Finance Minister; Torbjørn Urfjell, political advisor to Norway’s Minister of Development Cooperation; Oscar Ugarteche, Latindadd; and Nicholas Shaxson, Associate Fellow, Royal Institute for International Affairs.

Participants were mainly from across Europe, but included some 25 analysts and activists from Southern groups Eurodad works with. Significant time was also allocated to joint planning and strategising in both innovative formats of plenary debates and dedicated workshops. These sessions yielded several plans and insights for the Eurodad network for 2008 and beyond.

2. External evaluation praises Eurodad’s work

After an open tender, Cambridge Policy Consultants were commissioned by Eurodad to undertake an [evaluation of Eurodad activities](#) between January 2004 and March 2007. The focus of the evaluation was on Eurodad’s support for its members, its public profile and the impact of its advocacy work. Eurodad was pleased with the evaluation’s findings and has taken steps to follow up its recommendations, for example on extra peer reviewing of draft research outputs.

“The general impression is one of high satisfaction among members with the support and services provided by Eurodad. Members find it difficult to suggest services that are currently missing or existing service that they would be willing to forego.”

Cambridge Policy Consultants

3. Eurodad agrees new 3 year plan

A draft 3 year plan was circulated to members and discussed by them and the board in Oslo in November. The strategy was then agreed and finalised. Building on Eurodad’s achievements to date, the 2008-2010 strategy sets out a programme of enhanced analysis, advocacy and mobilising work for Eurodad staff and network members.

4. Eurodad’s members give views on campaign activities

Nessa Ní Chasaide from Debt and Development Coalition, Ireland completed a survey on the campaign activities of Eurodad member organizations following a discussion on this issue at the General Assembly in Oslo. The study found that most Eurodad member groups do public campaigning and want to do more. They most appreciate facilitation support from Eurodad rather than direct engagement.

5. New Eurodad website launched

Eurodad launched a [new website](#) in April. The new site is easier to navigate and search including to feature its rapidly increasing multi-lingual content. The site also includes action alerts and featured member section. From the nine months the new website was up the Eurodad site received 65,453 visits and over 2 million hits.



A jury knowledgeable of communications experts from different non-profit groups has awarded Eurodad's 2007 communications prize to Water Aid for its **World Toilet Day** ([link](#)) which it said "should inspire other groups planning online campaigns."

6. Eurodad team news

There were a number of changes to the Eurodad team in Brussels during 2007. Marta Ruiz joined the team in late March as Policy and Advocacy Officer on debt. Juliane Westphal joined in April to work with members on media and campaigns, focussing in particular on the World Bank. Nicolo Tomaselli became the new Office and Finance Manager, taking over from Melissa Acar who temporarily held the post after the departure of Olivia Debouver at the end of June, during the busy period of the annual conference. Rita Guerreiro (communications and annual conference) and Martine Dahle Huse (research and communications) completed internships at Eurodad in 2007.

*"Members agree that the Eurodad staff are one of the organisation's main strengths."
Cambridge Policy Consultants*

Alex Wilks (Coordinator) and Gail Hurley, Lucy Hayes and N ria Molina (Policy and Advocacy Officers) continued in their important roles throughout 2007.

During 2007 several staff trainings were carried out, for example on advanced Excel techniques that are useful for presenting statistics. Also during 2007 a new staff appraisal policy was introduced which involves asking a colleague in the office and a colleague in a network member organisation to give a formal assessment, plus any suggestions for improvement.

7. Board and General Assembly updates

During 2007 General Assembly in Oslo three Eurodad board members stood down after excellent service. They were Sony Kapoor, Kjetil Abildsnes and Max Lawson. To replace them members elected Arnaud Zacharie, Hetty Kovach, Jostein Hole Kobbeltveldt and Jesse Griffiths as new board members. They will bring insights from their organisations and countries and have specific skills that will be useful in strategy and organisational development.

As well as the regular sessions on Eurodad's governance and strategy the General Assembly included a forward-looking assessment of Eurodad's support for members' campaigning, and a training session to share advocacy techniques. Members agreed that in future Eurodad would only hold major conferences every two years, meaning that in the interim years the General Assembly will become more important and can include further skill sharing.

8. Media coverage

During 2007 Eurodad staff were interviewed for several major international media outlets including the BBC World Service, Al Jazeera English, Bloomberg, Inter-Press Service and Reuters. Eurodad media briefings and analysis were also picked up by many national media, including Morgenbladet, The Guardian, Business Day, Malta Today and the Peoples' Daily. A listing and links are available [on-line](#).



Financial report

The financial statement for 2007 shows continued progress in Eurodad activity. While the assets of the organisation are stable and confirm the absence of long term debt, the current account is expanding thanks to a good performance on the income and funding coming from member and non-member organisations. Member income remains close to one third of the budget.

Eurodad's payroll is increasing, showing the expansion of the structure. The fund for social contingencies has been improved, according to Belgian standards, to 60,000 Euro. To meet this requirement, Eurodad generated a small surplus of 17,558 Euro. No off balance sheet commitments towards third parties is present.

This financial statement has been externally audited by Clybouw Reviseurs d'Entreprises Scprl, Oosterveldlaan 246, Anvers, Belgium. The full audited accounts are available on request from the Eurodad office.

ASSETS AND LIABILITIES

ASSETS	2007
NON CURRENT ASSETS	30,728
Tangible assets	2,805
Intangible assets	24,923
Financial guarantees	3,000
CURRENT ASSETS	216,864
Credits within one year	
a) Trade debtors	8,699
b) Other debtors	9,501
Foreign currency placed in short term account	119,769
Cash in bank and at hand	45,387
Deferred income	33,508
TOTAL ASSETS	247,592

LIABILITIES	2007
NON CURRENT LIABILITIES	175,287
Provision for contingencies	60,000
Profit carried forward	115,287
CURRENT LIABILITIES	72,305
Long term debt	0
Short term debt	
a) Trade creditors	54,280
b) Other creditors	0
Fiscal debt, salaries & social charges	342
Accruals	17,683
TOTAL LIABILITIES	247,592

INCOME STATEMENT (CURRENT ACCOUNT)

	2007
TURNOVER	663,855
MEMBER INCOME	249,017
OTHER INCOME AND FUNDING	414,835
PURCHASE OF GOODS AND SERVICES	-261,345
SALARY	-362,665
DEPRECIATIONS	-26,382
OTHER	-445
FINANCIAL PROFIT	11,086
FINANCIAL LOSS	-6,140
EXCEPTIONAL PROFIT	228
WITHOLDING TAX	-634
PROFIT	17,558

DETAILED INCOME	2007
Members	249,017
// Member contributions	34,390
// Voluntary member contributions	195,838
// Fees annual conference	18,789
Other income and Funding	414,835
// EPEP Fund	
// Swedish International Development Agency	55,410
// Dutch Ministry of Foreign Affairs	250,000
// DFID	51,773
// Other private fundings (Ford Foundation)	57,549
// Extraordinary Income/Previous Year	103
DETAILED EXPENDITURE	2007
Human Resources	404,616
Travel	38,685
Partner Support	43,400
Equipment	1,139
Running cost	88,860
Outputs	98,606

Eurodad members

Eurodad has 54 member groups in 18 European countries.

As of November 2007 Eurodad's member organisations were as follows:

Organisation Name	Country	Web Site
11.11.11	Belgium	www.11.be
Action Aid UK	United Kingdom	www.actionaid.org
Afrika Grupperna	Sweden	www.afrikagrupperna.se
Alliance Sud	Switzerland	www.alliancesud.ch
ASTM - Action Solidarite Tiers Monde	Luxembourg	www.astm.lu
ATTAC Sweden	Sweden	www.attac.se
Berne Declaration	Switzerland	www.evb.ch
Both Ends	Netherlands	www.bothends.org
Broederlijk Delen	Belgium	www.broederlijkdelen.be/
CAFOD	United Kingdom	www.cafod.org.uk
Campagna per la Riforma de la Banca Mondiale	Italy	www.crbm.org
CCFD	France	www.ccf.asso.fr
Centre national de coopération au développement (CNCD)	Belgium	www.cncd.be
Christian Aid	United Kingdom	www.christian-aid.org.uk
Church of Sweden Aid	Sweden	www.svenskakyrkan.se
Cordaid	Netherlands	www.cordaid.nl
Debt and Development Coalition	Ireland	www.debtireland.org
Development Research Center	Bulgaria	
Diakonia	Sweden	www.diakonia.se
Ekumenicka akademie Praha (Ecumenical Academy Prague)	Czech Republic	www.ekumakad.cz
Erlassjahr.de	Germany	www.erlassjahr.de
Forum Syd	Sweden	www.forumsyd.org/
Hivos	Netherlands	www.hivos.nl
Ibis- North South Coalition	Denmark	www.ibis.dk
ICCO	Netherlands	www.icco.nl
Intermon - Oxfam	Spain	www.intermon.es
International Jesuit Network for Development	Ireland	www.ijnd.org
Jubilee Scotland	United Kingdom	www.jubileescotland.org.uk/
KEPA	Finland	www.kepa.fi/english
Kerkinactie - Global Ministers	Netherlands	www.kerkinactie.nl
Kindernothilfe	Germany	www.kindernothilfe.de
Koo	Austria	www.koo.at
MS - Mellefolkeligt Samvirke	Denmark	www.ms.dan.dk
North South Coalition - Ibis	Denmark	www.ibis.dk
Norwegian Church Aid	Norway	www.nca.no
Observatori del deute en la globalitzacio	Spain	www.pbservatorideute.org
OEFSE	Austria	www.oefse.at
Oikos	Netherlands	www.stichtingoikos.nl
Oxfam France-Agir ici	France	www.agirici.org
Oxfam GB	United Kingdom	www.oxfam.org.uk
Oxfam Novib	Netherlands	www.novib.nl
Plan International Netherlands	Netherlands	www.plannederland.nl
Plate-forme dette et developpement	France	www.dette2000.org/
Save the Children UK	United Kingdom	www.savethechildren.org.uk



SLUG	Norway	www.slettgjelda.no
Ekvilib Institute	Slovenia	www.zavodekvilib.si/en/
Tearfund	United Kingdom	www.tearfund.org
Trocaire	Ireland	www.trocaire.org
Wateraid	United Kingdom	www.wateraid.org.uk
WEED	Germany	www.weed-online.org
Wemos	Netherlands	www.wemos.nl
World Development Movement	United Kingdom	www.wdm.org.uk
World Vision Germany	Germany	www.worldvision.de
World Vision UK	United Kingdom	www.worldvision.org.uk
WWF European Office	Belgium	www.panda.org/eu

Further details and updates are available at: www.eurodad.org/members/?id=492.