



EU Aid in Pakistan

EC development cooperation

Taken alone, the European Community ranks as the world's fifth largest aid donor accounting for 9% of global ODA. This equals net disbursements of € 7.5 billion in 2005. The objective of EC aid is the eradication of poverty in the context of sustainable development, in line with the Millennium Development Goals (MDGs).

EC aid is guided by the following policy documents:

- The European Consensus on Development.
- The revised Cotonou Agreement.
- The Development Cooperation Instrument.

These documents reveal several common trends:

- Increased budget support (target: 50% of EC aid).
- Decreased disbursement of aid through programs and projects.
- Commitment to involve Civil Society.

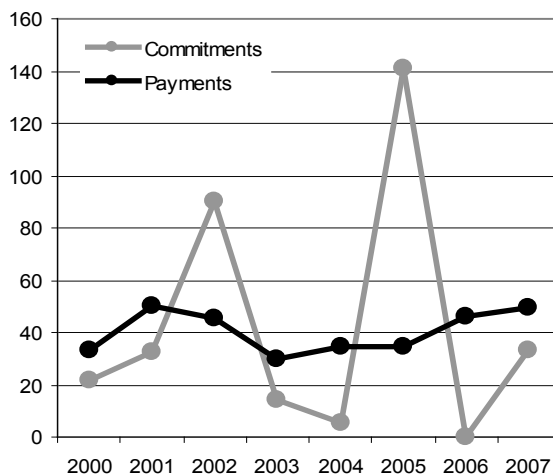
The largest share of EC aid goes to African, Caribbean and Pacific (ACP) countries. Country Strategy Papers (CSP) guide the implementation of the above mentioned policies. They are drafted for a period of seven years.

Aggregated information on how EC policies are implemented is scarce. These fast facts help to better understand the reality of EC ODA in the field and its implication for funding for Sexual and Reproductive Health and Rights (SRHR).

This case study is based on meetings held with representatives of the British Department for International Development (DFID) and the European Commission's delegation to Pakistan in January 2009 and the EC's annual reports on external aid.

EC development aid to Pakistan

in million €



Source: EC annual reports

Country Strategy Papers

The EC relies on CSPs to identify the priorities for its development assistance. They are proposed by the partner country's national government and negotiated with the EC. Each country is allowed two focal priority areas plus non-focal areas that also can receive some funding.

The new strategy paper directs funding from 2007-2013 with a mid-term review in 2010. In principle, the CSPs can be readjusted during the mid-term review: new objectives can be introduced to reflect changing conditions in the country and funding can be re-allocated.

The new CSP for Pakistan is available from the European Commission's RELEX website.¹



German Foundation for
World Population (DSW)

EU Aid in Pakistan

EC's CSP for Pakistan

CSP from 2007 to 2013:

Focal sectors:

- Rural development and resource management
- Education and human resource development

Non-focal sectors:

- Trade development and Economic cooperation
- Democratisation and human rights
- Support to NSAs and thematic budget lines
- Governance and Security

Health Sector

Pakistan spends 0.7% of its GDP—or 2.6% of its development budget—on health care. This is the lowest health spending in South Asia,² and lower than Pakistan's PRSP³ target of contributing 0.92% of its GDP to health.⁴ 60% of this budget goes towards primary health care, including the provision of family planning services.

In real terms, this allows the Government to spend \$5 per person per year. With an additional \$12 per person per year coming from private funding and out-of-pocket expenses, about \$17 per person per year is available for health care.

Donor Cooperation

Health funding in Pakistan is contributed by a selection of development partners: DFID, the World Bank, the Asian Development Bank (ADB), USAID, and the German GTZ. The Canadian International Development Agency had been supporting health in previous years, but decided to withdraw their support this year.

In line with the EU Division of Labour, the EC delegation to Pakistan has made an analysis of the different EU donors' actions and contributions in Pakistan (see Table 1). Considering DFID's substantial contributions, the EC delegation has requested DFID to take the lead in matters of health and education, as the EC itself is not active in the field. All donors aim for cooperation in cases of field missions and reviews. EU donors meet monthly.

A Health Development Partners Group was created by the Ministry of Health and the Ministry of Population Welfare, under the supervision of WHO. This Group meets quarterly to discuss improvements to mutual cooperation and to how individual projects evolve. Two subgroups were created: one to discuss population issues, limited in composition to bilateral and multilateral partners; and a second group to support the Government in developing a new health strategy, which includes the representation of CSOs working in health.

The Health Development Partners Group launched the idea of establishing a SWAp for health, supported by "like-minded donors", consisting of the World Bank, GTZ, AUSAID and DFID. Such a SWAP is to be supervised by the Government. At the moment however, the exceptionally large turn-over of personnel at the Ministry of Health has stalled these plans.

In addition, Pakistan is currently being considered a pilot country for a "One UN approach," aiming to pool funding through UN agencies and to develop one strategy, one budget, one leadership and one monitoring of development cooperation in the country.

Aid in Figures

Although the EC is one of the larger donors to Pakistan, providing an indicative amount of €398 million between 2007-2013,⁵ it is not the largest. DFID, USAID, and Japan all give more.⁶ In addition, while the EC stresses its commitment to reducing the health MDGs, its latest CSP has no significant support for health related issues.

DFID is the second largest donor in Pakistan, and the largest contributor to health.⁷ By 2011, DFID will contribute €600 million, making Pakistan its second largest recipient of development assistance.⁸

DFID's health funding was initially designed for NGOs like AKDN (Aga Khan Development Network) and Islamic Relief. Since 2003, DFID's health programme has been primarily run through the government *via* budget support. Today, its health funding is divided over several programmes, particularly the current National Health Facility (NHF) and the Maternal and Newborn Health programme.



German Foundation for
World Population (DSW)

EU Aid in Pakistan

Table 1: Health-related Development Assistance by European states (Commitments 2005-2007)

	AT	FI	FR	DE	GR	IT	UK	EC	Total
Balance of Payments/ Budgetary Support							107879		107879
Gender & Women Development		543		5968		270	5519		12300
Health & Nutrition	295	135	236	9314	362		65004	8470	159332
Population Welfare				1000					1000
Social Welfare	96				205		6167		6468
TOTAL	391	678	236	16282	567	270	184569	8470	211463

Source: European Union, "Blue Book Pakistan 2008," p.9

The National Health Facility, run through the Ministry of Health, deals primarily with basic health care with a budget of €146 million.⁹ The NHF will end in 2010 to be replaced by its successor, Sehatmand Pakistan (Health Pakistan) for a period of 4 to 5 years with a budget of €80 million, of which €14 million is destined for NGOs.¹⁰

Reproductive Health Assistance

In terms of reproductive health, the Maternal and Newborn Health programme will be implemented by the government from 2007-2013 and funded primarily by budget support. During this period the programme will receive €101 million (£69 million) through DFID's budget support, in addition to €32 million (£22 million) provided for technical cooperation for CSOs (research and advocacy) and technical assistance for public service delivery.¹¹ A further €18,6 million is provided by AusAID to support the program.¹²

Changes to development cooperation funding, particularly with donors increasingly channelling their ODA through budget support rather than projects, has reportedly made it increasingly difficult for NGOs to access financial resources. For example, PSI's affiliate GreenStar is running out of RH commodities because traditional bilateral donors have ceased their project funding in favour of budget support. So far, GreenStar has not been successful in accessing any SWAp funding.

Budget Support

DFID is Pakistan's only development partner to provide direct budget support. It is managed in the following way:

1. The funding of the National Health Facility is channeled according to its health priorities requiring cooperation with the Ministry of Finance. In this respect DFID and the Ministry, with the assistance of government partners (such as larger NGO's and consultancies), carry out reviews every 6 months.
2. For the Maternal and Newborn Health Programme, its budget support is treated similarly and reviewed annually.

EC Funding and Civil Society

In terms of capacity and funding, local CSOs working in the field of RH in Pakistan are generally weak.¹³ Funding for CSOs was initially destined towards family planning programming, but a large part of the budget is now spent on HIV/AIDS.¹⁴

There is a lack of networking between local CSOs though the Government promotes networking within its "Social Action Programme." DFID's position is that if the Government receives budget support for health care, CSOs need support to enable them to do advocacy work and thus control expenditures. For this purpose, CSOs will be offered technical assistance funding from 2010 onwards under DFID's Maternal and Newborn Health programme.

The EC, in contrast, concentrates on the importance of NSAs in providing essential social services in Pakistan. Although health is not a focal area of their CSP, it is indirectly treated under the EC's non-focal support for NSAs and other thematic budget lines, such as the EC's "Non-State Actors and Local Authorities in Development" call, which prioritizes poverty reduction in the context of sustainable development.¹⁵



German Foundation for
World Population (DSW)

DSW

EU Aid in Pakistan

Endnotes

1. To access Pakistan's CSP, visit <http://ec.europa.eu/external_relations/pakistan/csp/07_13_en.pdf>
2. Islamic Republic of Pakistan & the EC, "Country Strategy Paper 2007-2013 (CSP)," p.12.
3. Interim Poverty Reduction Strategy Paper, signed in late 2000.
4. Islamic Republic of Pakistan, "Poverty Reduction Strategy Paper," p.107 retrieved from: <http://poverty2.forumone.com/files/15020_Pakistan_PRSP.pdf>
5. CSP p.25.
6. CSP p.14.
7. European Union, "Blue Book Pakistan 2008," p.21 retrieved from: <<http://www.delpak.ec.europa.eu/Documents/EU%20Blue%20Book%20Pakistan%202008.pdf>>
8. DFID, "The UK government's programme of work to fight poverty in Pakistan," p.7 retrieved from: <<http://www.dfid.gov.uk/pubs/files/pakistan-CAP-08.pdf>>
9. £100,05 million, calculated at the 2007 average exchange rate of 1.46178.
10. £72.5 million and £12.5 million respectively, at 1.46178.
11. £69 million and £22 million respectively, at 1.46178.
12. AUS \$30.5 million, calculated at the 2007 average rate of 0.61208.
13. European Commission, DG Relex, "L3 Non Paper of Non State Actors (NSAs) in the programming process in the countries of Asia and Latin America", p.15
14. EU Blue Book, p.2
15. In 2008, funding for reproductive health in Pakistan amounted to an indicative total of €2 million. For more information, see the DSW Fast Fact "Reproductive Health and the EC's NSA Programme," available from <http://www.euroresources.org/fast_facts.html>



German Foundation for
World Population (DSW)