Report series

EuropeAid

EU Accountability Report 2011 on Financing for Development

Review of progress of the EU and its Member States

EUROPEAN COMMISSION

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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review

{SEC(2011) 500 final}
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{SEC(2011) 505 final}

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1. Introduction

Following the global crises and last year's renewed commitment to accompanying developing countries in reaching the Millennium Development Goals (MDGs), this Communication and its accompanying Staff Working Document[1] analyse the EU and its Member States' performance in fulfilling common commitments on mobilising domestic (tax governance) and international resources for development, increasing trade capacity and investment, Official Development Assistance (ODA), innovative sources and mechanisms of financing, aid effectiveness, debt, climate finance and the voice and representation of developing countries in international financial institutions. They break down progress on the above issues, showing where the EU has been successful and where more should be done. They also reflect progress on transparency and accountability in international cooperation: for the first time the replies of Member States agreeing to do so and of the Commission to the annual questionnaire are published. The Communication is also an input for the Istanbul UN conference on Least Developed Countries[2] and the Busan High Level Forum IV on Aid Effectiveness[3].

The Communication recaps proposals on how to reach common EU targets, considers how to bridge the estimated EUR 50 billion gap between current ODA levels and the target for 2015, and provides a basis for the Council report to the European Council for the annual ODA peer review discussion on how to meet the EU ODA targets by 2015[4].

2. EU Financing for Development in the global context

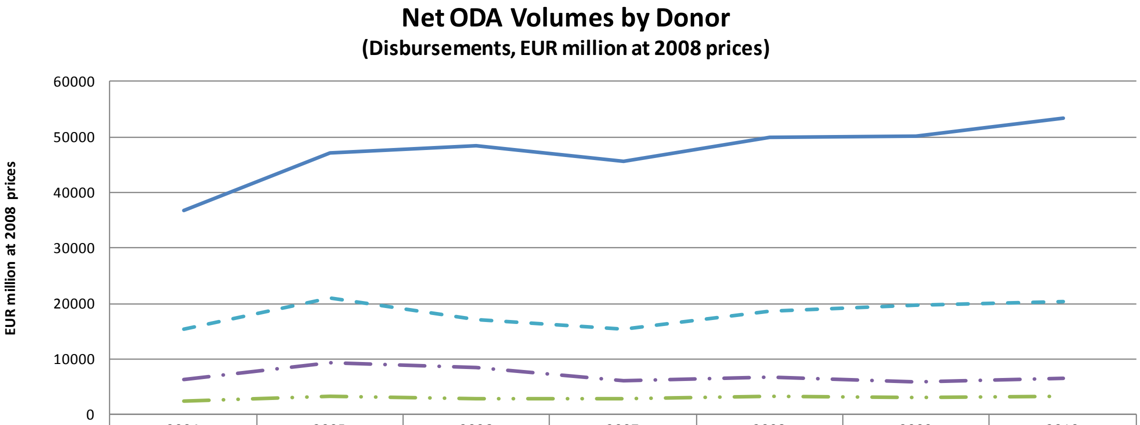
The EU has been a leading force in pushing for better living standards in developing countries. When world leaders convened last autumn in New York for the UN Summit on MDGs, the EU actively promoted the global consensus on joint action. Mobilising more development financing from all available sources is crucial to fighting poverty. More money alone, however, does not bring about development. Developing countries have primary responsibility for their own development and improving policy and governance frameworks. In addition to being a generous donor, the EU has a comprehensive set of actions to support developing countries in their quest for sustainable development, in particular by designing aid policies with partner countries, ensuring that the EU's internal policies are consistent with development objectives and helping developing countries tackle global challenges. Unlike most donors, the EU has set itself quantitative and qualitative targets against which its progress can be measured.

The EU commitments are founded on the global Financing for Development agenda[5], covering different sources of finance, although this agenda does not sufficiently reflect changes in the global landscape such as new official donors and investors, charities, South-South cooperation and private sector activity. ODA is the best known indicator of official donors' resolve and the main focus of this document; but is not the only source of funds mobilised for development.

Over the period 2004–2010, the EU and its Member States accounted for 57 % of net ODA to developing countries from all OECD DAC and EU donors and for 65 % of the global EUR 25.7 billion increase in ODA. In 2010, the OECD DAC and EU donors' ODA reached EUR 97.2 billion in nominal terms. The EU as a whole provides 58% of this aid. Already the world's biggest donor, the EU and its Member States promised to increase ODA spending to 0.7 % of its combined Gross National Income (GNI) by 2015. This would add another EUR 50 billion to the current EUR 53.8 billion.

1 *SEC(2011) 500 final EU Accountability Report 2011 on Financing for Development.*
2 *LDC IV conference, Istanbul, May 2011.*
3 *HLF IV, Busan, November 2011.*
4 *Conclusions of the European Council of 17.06.2010, par. 20.*
5 *Monterrey Consensus of 2002, Doha Declaration on Financing for Development of 2008.*

Graph: ODA of the EU and its Member States and of other non-EU G8 members



	2004	2005	2006	2007	2008	2009	2010
EU	36775	47083	48367	45617	50032	50152	53458
Canada	2477	3228	2889	2937	3324	3000	3382
Japan	6225	9443	8547	6018	6656	5925	6624
USA	15315	21010	17140	15428	18610	19737	20436

Source: OECD DAC Table 1

There are other major sources of financing available for developing countries besides ODA. For example, global remittances from migrants were expected to amount to around EUR 245 billion in 2010, private charities are by some calculations estimated to provide about EUR 35 billion annually[6]; global Foreign Direct Investment (FDI) flows are about equal to ODA and new economic powers like Brazil, Russia, India and China spend increasing amounts supporting developing countries. While these funds are of a distinct nature and managed differently from ODA, together they could, if harnessed to complement ODA, better meet the need to foster development and tackle global challenges.

3. EU Performance in 2010

This Communication and supporting document illustrate how the EU and its Member States have moved to meet their various commitments. It shows that, in general, the EU as a whole has kept up progress in delivering on its pledges, although the situation varies greatly between issues and between Member States.

3.1. Making more resources available for development and global challenges

3.1.1. Support for mobilising domestic resources for development

Generating more domestic resources is widely seen as the most important way of achieving sustainable development and growing out of aid dependency over time. Developing countries' state budgets are by far the biggest source of development finance. Increasing financial independence from external support creates the fiscal space necessary to finance the MDGs and strengthens the link between the state and its citizens.

In 2010, the EU and its Member States continued to refine their methods of working with partner countries on these issues with the aim of providing enhanced support, including through capacity building, for domestic revenue mobilisation in developing countries in line with the principles of good governance in tax matters (transparency,

6 *http://www.hudson.org/files/pdf_upload/Index_of_Global_Philanthropy_and_Remittances_2010.pdf*

exchange of information and fair tax competition), as part of their wider efforts to strengthen good governance and public finance management. The EU will continue to promote those principles and to support developing countries to fight tax evasion and harmful tax practices so as to develop a transparent, cooperative international tax environment.

The EU already enhanced its support for the Extractive Industries Transparency Initiative (EITI) as an emerging global standard for revenue transparency and accountability and will encourage developing countries' efforts to improve governance of extractive industries active in their countries. The EU is also working towards increased policy coherence for development, e.g. by working towards the possible disclosure by multinational corporations of financial data on a country-by-country basis to enhance transparency and corporate governance. The Commission is considering legislation on this issue, at least with regard to listed companies active in the extractive industry, in the framework of the revision of the Transparency Directive, currently foreseen for autumn. Enhanced transparency and improved corporate governance will help developing countries to optimise revenue collection and maximise their fiscal resources to ensure the delivery of public goods and services.

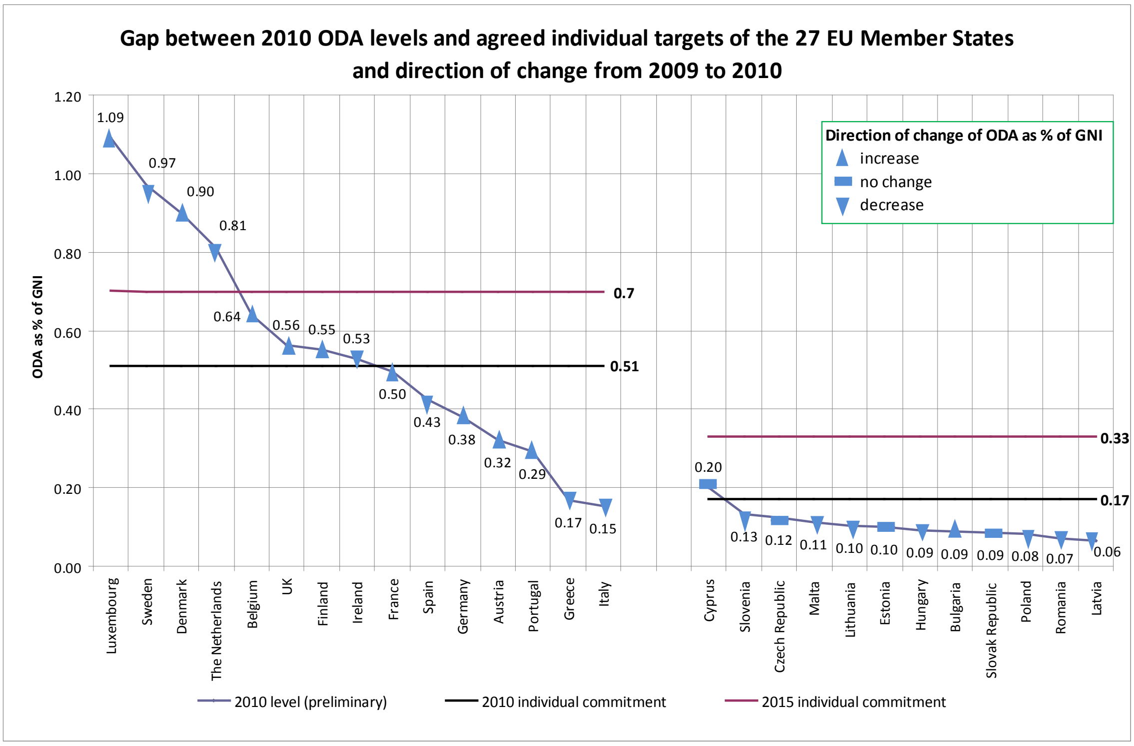
3.1.2. EU largest donor but 2010 targets missed

The EU is the world's most ambitious group of donors, committed to providing 0.7 % of its collective GNI in ODA by 2015, in line with the long-standing UN goal. The EU leaders agreed this collective target in 2005, based on Member States' differentiated individual targets.

Part of the agreement was the intermediary collective goal of 0.56 % ODA/GNI by 2010. While reaching a historical high of EUR 53.8 billion, representing 0.43% ODA/GNI and mobilising additional more than EUR 4.5 billion despite the economic downturn, Member States missed the intermediate target, falling short of the promise by EUR 15 billion.

Large differences between Member States persist: while some endeavour to do their share in implementing the common agreement, others do not deliver on their individual commitments to the collective EU results. This undermines the principle of fair internal EU burden-sharing and may have contributed to aid cuts in some Member States with ODA levels at or above 0.7 % of GNI. Unless all EU Member States do their agreed part, the EU will not reach the collective 2015 target. In this context, it is of particular concern that some Member States have announced ODA decreases for 2011 and beyond, which challenge the common EU efforts.The European Commission has reported EUR 14.95 billion as ODA net disbursements for 2010. The amount includes EUR 5.15 billion of non-grant concessional EIB loans, mainly financed through EIB own resources and the remainder through the European Development Fund and the EU budget.

Graph: Member States' ODA performance in 2010 in% of GNI



Source: OECD DAC and EU annual questionnaire on financing for development

ODA to Africa: The EU and its Member States together remain the biggest aid donor to Africa and disbursed EUR 20.5 billion to the continent in 2009. However, the 2005 commitment - to increase ODA to Sub-Saharan Africa and to channel at least 50 % of the combined aid increase to the continent - has only partially been realised. While ODA to Sub-Saharan Africa grew by EUR2.7 billion since 2004, only 26% of the total ODA increase in real terms has been allocated to the African continent.

ODA to Least Developed Countries (LDCs): Within the overall ODA commitment, the EU, in 2008, pledged to collectively spend at least 0.15 % of its combined GNI by 2010 on ODA to the LDCs. This target has been narrowly missed: Combined EU ODA to LDCs corresponded to 0.13% of GNI in 2010, based on preliminary data available. In 2009 eight Member States individually met the threshold and another three spent at least a third of their overall ODA in LDCs, thereby demonstrating their resolve to help the poorest countries.

3.1.3. EU financing for climate change and biodiversity

Developing countries need increased support to adapt to and mitigate climate change effects. In the lead-up to the 2009 UNFCCC Copenhagen Conference, the EU committed itself to contributing EUR7.2 billion over the period 2010-2012 to **fast-start climate funding for developing countries**[7]. In 2010 the EU as a whole provided EUR2.34 billion in line with its overall target for 2010-2012[8]. The EU is also reflecting on ways to meet the developed countries' commitment under the Cancun Agreements, to mobilise USD 100 billion per year by 2020 jointly, from various sources (public, private, bilateral, multilateral and innovative sources), to address the

7 *As its part of the collective developed countries' commitment to provide new and additional resources approaching USD 30 billion for that period.*

8 *According to the Member States' replies to the Commission's annual survey on Financing for Development, see Volume II, Annex 4 of SEC(2011) 501 final. The figures provided by the Member States have been slightly adjusted as compared to the preliminary data provided for the EU fast start finance Report for Cancun adopted by the Council on 6.12.2010.*

needs of developing countries[9] Developing comparable and transparent methods to measure, report and verify climate financing remains a key challenge. While the EU and its Member States have made significant progress in reporting on their implementation of fast-start finance in a transparent way, continued improvement in this area, particularly in view of the longer term financing, will be important to maintain trust in the international process.

Protecting biodiversity is also high on the EU agenda. At the Nagoya conference of the Convention on Biological Diversity (CBD) in 2010, the EU committed itself to substantially increase financial resources by 2020, to effectively implement the Strategic Plan 2011-2020 and to "take effective and urgent action to halt the loss of biodiversity … contributing to … human well being and poverty eradication." Several Member States announced major increases in their commitments for conserving biodiversity in developing countries.

3.1.4. Innovative financing sources and mechanisms for development

As aid will never be enough to meet the financing needs of developing countries to achieve the MDGs and other internationally agreed development objectives, the EU committed itself to seriously considering innovative financing mechanisms with significant revenue generation potential to ensure predictable financing for sustainable development[10]. Several EU Member States already use different innovative sources and mechanisms that have raised, so far, about EUR 13 billion for development. While some Member States are considering further sources and mechanisms, there is no common EU approach yet on the innovative sources and mechanisms with highest revenue generation potential. Mechanisms to spend revenues from innovative sources need to comply with agreed international aid effectiveness principles and avoid creating parallel spending channels.

3.1.5. Using ODA to leverage more private flows

Working together with the **private sector** as a driver of inclusive growth and sustainable development is an area where the EU has long seen great potential. The EU and the Member States use various incentives (investment guarantees, dedicated funds, preferential loans, support for joint ventures, etc.) to encourage private capital flows to developing countries and support a stronger international framework for responsible corporate behaviour. The EU and its Member States could use more blending of loans and grants or use funds in equity or risk-sharing instruments, to mobilise additional funding - including from the private sector - to cover the investment needs of our partner countries. This will be addressed in the forthcoming policy proposals on the future EU development policy.

Migrants' remittances, whose private nature the EU underscores, are another significant flow to developing countries that can contribute to development. Remittances from the EU to developing countries, even by a conservative assessment[11], are about the same as total EU ODA. Fluctuations in these flows can have a big impact on the living conditions of recipients in developing countries. The EU promised to lower the cost of and facilitate remittance transfers[12]. To that end, in 2010, the EU and the Member States continued to work on several fronts, e.g. improving data, increasing transparency and competition in the payment services' market, financing remittance-related projects, supporting financial services in developing countries, and improving migrants' financial literacy. The cost of sending remittances fell in some EU Member States but rose in others[13]. Challenges remain: (i) to get precise data on the major corridors, sending costs and informal flows from the EU; (ii) to extend cost reductions to the recipient side in developing countries; (iii) to design enabling environments; and (iv) to improve financial access and financial literacy.

3.1.6. Supporting developing countries' trading capacity through Aid for Trade

Trading on regional and international markets has great potential to support inclusive growth and has been an important motor of many development success stories. The EU has consistently supported developing countries in using trade as a tool for development. As part of its joint Aid for Trade strategy, the EU as a whole agreed to

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9 *See Commission Staff Working Document SEC(2011)487 of 08.04.2011 on «Scaling up international climate finance after 2012».*
10 *Council Conclusions of 15.06.2010 on the Millennium Development Goals.*
11 *http://data.worldbank.org/data-catalog/world-development-indicators.*
12 *Council Conclusions of 11.11.2008 Common EU position for the Doha Financing for Development Conference.*
13 *http://remittanceprices.worldbank.org/*

action to increase aid for trade and enhance its impact. The EU's combined annual aid for trade was EUR 10.5 billion in 2009[14], maintaining the all time high recorded the year before. EU and Member States' trade-related assistance — a subcomponent of aid for trade — increased substantially in 2009, to a collective EUR 3 billion, well above the spending target (for 2010 onwards) of EUR 2 billion per year.

In 2009, Africa became the biggest recipient of both combined EU trade-related assistance and aid for trade. The 2009 data also point to a strong increase in aid for trade to the African, Caribbean and Pacific States, at EUR 3.6 billion. The proportion of EU and its Member States' aid for trade to LDCs remained stable at 22 % of the total. Reports from the EU field offices point to moderate improvement in the processes that underpin both the volumes and the effectiveness of aid for trade, such as addressing trade in the policy dialogue between EU donors and partners; increasing partner country demand for aid for trade; coordination to develop and implement trade strategies; trade needs assessments; joint operations and harmonisation, and including strategic economic regional integration priorities in national development plans and trade strategy. All these strands require continued, intensive attention. In LDCs, the Enhanced Integrated Framework for trade-related assistance offers a special opportunity to help these countries enhance attention to trade related issues and increase effective aid for trade.

3.1.7. Need to pre-empt future debt crises in developing countries

The EU and its Member States are doing their share to contribute to the full implementation of the Multilateral Debt Relief and Heavily Indebted Poor Countries Initiatives. Debt sustainability and the risk of possible debt distress among low and middle income countries will have to be taken into account when increasing the use of blending loans and grants in support of developing countries. In order to avoid new debt crises, support for improved capacity for sound debt management and for responsible lending and borrowing practices is needed.

3.2. Impact of EU aid

3.2.1. Using aid better

The EU has driven international efforts to use aid more effectively. The aid effectiveness principles set out in the Paris Declaration and Accra Agenda for Action have been incorporated into the EU Operational Framework on Aid Effectiveness[15], which contains commitments and milestones that allow the EU and its Member States to gauge their progress in spending ODA more effectively. While there is some improvement on several indicators, more action is needed to reach the overall goal of maximising value for money. The aim has to be to improve the developmental impact of EU aid as a whole. This avenue will be further examined in the Communications on EU joint aid programming and on a common EU position for the Busan conference later in 2011. In Busan, the evidence on implementing aid effectiveness principles will be reviewed in the wider context of development. A future challenge will be to capture the role of aid effectiveness principles in high-impact aid and to further strengthen their implementation at country level.

3.2.2. Global financial governance, empowering developing countries

The EU has consistently advocated a stronger voice for developing countries in international financial institutions. In 2010, both the IMF and World Bank approved major governance reforms, e.g. increasing developing and transition countries' voting and quota shares. The EU must help ensure that they are implemented swiftly in both institutions. For the next World Bank shareholding review in 2015, the EU believes contributions to the International Development Association, the World Bank's concessional lending arm, should be permanently and sufficiently included in the formula on voting rights, thus setting the right incentives for all shareholders to ensure the long-term financial sustainability of the institution. The EU should also strengthen coordination in international financial institutions to speak with a single voice on key concerns.

14 2010 data not yet available.
15 Consolidated text of 11.01.2011, Secretariat General of the Council 18239/10.

4. Conclusions

Building on the findings of the Report, the Commission recommends that the following steps be taken.

(1) The EU and the Member States should strengthen their support to developing countries' efforts in **mobilising domestic resources for development in line with the principles of good governance in tax matters.**

(2) Having missed the 2010 intermediary **ODA target** of 0.56 % of GNI, the Member States should, in line with their commitment of 2005:

(a) confirm the EU's collective commitment to increasing ODA to 0.7 % of the combined GNI by 2015. Based on the clear evidence that development policy at EU level can offer high value added, the ODA volumes of the EU itself should play its part in this increase[16];

(b) confirm that they will reach their individual ODA targets, as each Member State not fulfilling its part of the agreed targets undermines the EU's collective efforts towards the 0.7 % goal:

- the EU-15 to reach at least 0.51 % of ODA/GNI as soon as possible and 0.7 % of GNI by 2015, while those already above that level undertake to sustain their efforts;

- the EU-12 to strive towards ODA levels of at least 0.17 % of GNI as soon as possible and 0.33 % of GNI by 2015;

(c) take concrete national actions to achieve the targets, including by establishing multiannual action plans and enshrining ODA targets in national legislation;

(d) share forward-looking data on their individual actions, showing the path of increase of ODA budgets year on year in the lead-up to 2015, and present this data as part of the Council's annual ODA report to the European Council.

(3) The **Member States should confirm and deliver on the collective commitment to increase ODA to Africa:** EU ODA to Africa has not increased at the same pace as overall EU ODA. Member States should step up efforts to provide at least half of the ODA increase to the African continent. The EU and its Member States should coordinate their activities to provide more ODA to the African countries most in need.

(4) The **Member States should confirm and deliver on the commitment to increase ODA to LDCs:** They should coordinate the poverty focus of their aid increases and reach the target of providing at least 0.15 % of their GNI to the LDCs. All EU Member States need to contribute to that goal.

(5) The EU and its Member States should consider strengthening the implementation of **aid effectiveness** commitments by focusing on enabling partner countries to fully lead their own development and manage aid including through:

(a) developing further **jointly programming** of aid of the EU as a whole; the Commission will present a proposal later in 2011;

(b) reinforcing the existing **EU Fast-Track Initiative on Division of Labour** by expanding it towards a broader support network for implementing the EU Operational Framework on Aid Effectiveness;

(c) based on the EU's experience in implementing Aid Effectiveness commitments, work together towards a **results-oriented Busan outcome** that focuses on how to maximise the contribution of Aid Effective-

16 *The EU Budget Review, COM(2010)700 of 19.10.2010.*

ness strands to development results at partner country level. The Commission will present a proposal for a common EU position for Busan later in 2011.

(6) In the context of **Aid for Trade**, the EU and its Member States need to:

(a) **enhance** Aid for Trade **support to LDCs**, e.g. by increasing attention to the capacity of LDCs to formulate and implement trade development strategies in support of inclusive and sustainable growth; special attention needs to be given to harnessing the potential of the Enhanced Integrated Framework for Trade-Related Assistance to LDCs as a tool for stakeholder coordination and strategy development;

(b) **improve the effectiveness of aid for trade** identified at country level, e.g. by making better use of trade needs assessments, enhancing the effectiveness of platforms intended to support the development of trade-related strategies; and acting on opportunities for increasing joint operations;

(c) further **step up support for regional integration,** also through assistance provided at national level;

(d) support partner countries' own monitoring of results and of the impact of aid for trade and the progress of their trade development strategies.

(7) **Innovative sources of financing** have great potential to help bridge the development financing gap. Member States should focus efforts on innovative mechanisms with significant revenue generation potential and ensure that a substantial share of the revenues thereby generated is used for developing countries.

(8) ODA and **climate finance** are complementary, both aim at supporting developing countries building a 'climate-proof' future for themselves:

(a) EU donors and developing countries alike need to have a single, climate-compatible development strategy that covers both adaptation and mitigation;

(b) EU donors should encourage other actors to implement climate finance actions in compliance with agreed aid effectiveness principles.

(c) According to the Cancun Agreements, climate finance must be 'new and additional' on which there is a wide range of differing views. Further progress is needed to identify a sound approach which ensures that climate financing does not jeopardise the fight against poverty and progress towards the MDGs, as agreed by the European Council in 2009.

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COMMISSION STAFF WORKING DOCUMENT

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Accompanying document to the

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Contents

List of acronyms

A2II	Access to Insurance Initiative
ACP	Africa, Caribbean and Pacific
ADA	Austrian Development Agency
ADB	Asian Development Bank
ADF	Asian Development Fund
AfDB	African Development Bank
AFI	Alliance for Financial Inclusion
AfT	Aid for Trade
AMC	Advance Market Commitment
ASEAN	Association of Southeast Asian Nations
AT	Austria
ATAF	Africa Tax Administration Forum
B4D	Business for Development
BE	Belgium
BIO	Belgian Investment Company for Developing Countries
BMI/SBI	Belgian Corporation for International Investment
BMZ	Germany's Federal Ministry for Economic Cooperation and Development
BPC	Building Productive Capacity
CBD	Convention on Biological Diversity
CDE	Centre for the Development of Enterprise
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
CGAP	Consultative Group to Assist the Poor
CIAT	Inter-American Centre of Tax Administrations
COP	Conference of the Parties to the CBD
CPA	Country Programmable Aid
CPSS	Committee on Payment and Settlement Systems
CRS	Creditor Reporting System
CRW	IDA Crisis Window
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CZ	Czech Republic
DAC	Development Assistance Committee
DDA	Doha Development Agenda
DE	Germany
DEVCO	Directorate General for Development Co-operation
DFI	Development Financial Institutions
DFID	Department for International Development
DK	Denmark
DMF	World Bank Debt Management Facilitation for Low Income Countries
DMFAS	Debt Management and Financial Analysis System
DTC	Double Taxation Convention
DTC	Developing and Transition Countries
DTIS	Diagnostic Trade Integration Study
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EDF	European Development Fund
EDFI	European Development Finance Institution
EEE	Espace Economique Européen
EGI	Ethical Globalisation Initiative
EIB	European Investment Bank
EIF	Enhanced Integrated Framework
EITI	Extractive Industries Transparency Initiative

EPA	Economic Partnership Agreement
ES	Spain
ETS	EU Emission Trading System
EU	European Union
EUR	Euro
FAC	Foreign Affairs Council
FAO	Food and Agriculture Organisation
FAT	Financial Activities Tax
FDI	Foreign Direct Investment
FI	Finland
FIRST	Financial Sector Reform and Strengthening Initiative
FLEGT	Forest Law Enforcement, Governance and Trade
FR	France
FTA	Free Trade Agreement
FTT	Financial Transaction Tax
G20	Group of Twenty (G8 countries plus Argentina, Australia, Brazil, China, EU, India, Indonesia, Mexico, Saudi Arabia, South Africa, South Korea, and Turkey), European Commission
G8	Group of Eight (i.e., Canada, France, Germany, Italy, Japan, Russia, United Kingdom and USA, plus EU)
GAVI	Global Alliance for Vaccines and Immunisation
GDP	Gross Domestic Product
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GEF	Global Environment Facility
GIZ	Gesellschaft für Internationale Zusammenarbeit
GNI	Gross National Income
HDI	Human Development Index
HIPC	Highly Indebted Poor Countries
HLF	High Level Forum
HU	Hungary
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IE	Ireland
IF	EIB Investment Facility
IFAD	International Fund for Agricultural Development
IFCA	Investment Facility for Central Asia
IFFIm	International Financial Facility for Immunisation
IFI	International Financial Institutions
ILO	International Labour Organisation
IMF	International Monetary Fund
IPD	Innovative Partnerships for Development
IPSAS	International Public Sector Accounting Standards
IT	Italy
ITC	International Tax Compact
ITF	EU–Africa Infrastructure Trust Fund
ITRS	International Transactions Reporting System,
KfW	Kreditanstalt für Wiederaufbau
LAIF	Latin America Investment Facility
LDC	Least Developed Countries
LI	Lithuania
LIC	Low Income Countries (LDC+OLIC)
LMIC	Lower Middle Income Countries
LU	Luxembourg
LV	Latvia
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MIGA	Multilateral Investment Guarantee Agency

MoU	Memorandum of Understanding
MS	Member States
MSME	Micro, Small and Medium Enterprises
MT	Malta
MTO	Money Transfer Organisation
NGO	Non Governmental Organisation
NIF	Neighbourhood Investment Facility
NL	Netherlands
NORAD	Norwegian Agency for Development Cooperation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
OJ	Official Journal
OLIC	Other Low Income Countries
PCD	Policy Coherence for Development
PEFA	Public Expenditure and Financial Accountability
PEM	Public Expenditure Management
PFM	Public Financial Management
PPP	Private Public Partnerships
PSD	Payment Services Directive
PT	Portugal
REDD and REDD+	Reducing Emissions from Deforestation and Forest Degradation. REDD+ goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.
REGMIFA	Regional Micro Small and Medium-Sized Enterprises Investment Fund for Sub-Saharan Africa
REPARIS	The Road to Europe: Programme of Accounting Reform and Institutional Strengthening
ROAP	Regional Office for Asia and the Pacific
ROSC	Report on the Observance of Standards and Codes
SE	Sweden
SME	Small and medium-sized enterprises
SWC	System-Wide Coherence Reform
TA	Technical Assistance
TCX	The Currency Exchange
TD	Trade Development
TEEB	The Economics of Ecosystems and Biodiversity Study
TIEA	Tax Information Exchange Agreements
TNA	Trade Needs Assessment
TPR	Trade Policy Regulations
TRA	Trade Related Assistance
TRAdj	Trade Related Adjustment
TRI	Trade Related Infrastructure
UK	United Kingdom
UMIC	Upper Middle Income Countries
UN	United Nations
UNCCD	United Nations Convention to Combat Desertification
UNEP	United Nations Environment Programme
UNFCCC	United Nations Convention on Climate Change
UNITAID	International Drug Purchasing Facility
US or USA	United States of America
USD	United States Dollar
WB	World Bank
WBIF	Western Balkans Investment Framework
WFP	World Food Programme
WTO	World Trade Organisation

Introduction

This Staff Working Document is the ninth EU Accountability Report on Financing for Development in a series of annual progress reports drafted since 2003 (previously labelled ‘Monterrey report’). It assesses where the EU and its Member States stand in relation to their common commitments. The Report fulfils the Council’s mandate[1] to the European Commission to monitor progress and report annually on common EU commitments, which were initially with a view to the International Conference on Financing for Development in 2002 and have been further developed and extended. The Council expanded the monitoring mandate to the Commission accordingly to cover aid effectiveness[2], aid for trade[3], good governance in tax matters and development[4] and fast-start climate finance.[5]

The report is also an input to EU preparations for several international meetings in 2011, namely the UN Conference on the Least Developed Countries (LDCs) in Istanbul (May 2011) the Busan High Level Forum IV on aid effectiveness (HLF4) in late November 2011, the follow-up meetings to the Cancun UNFCCC climate conference of December 2010, and the bi-annual WTO/ OECD monitoring meeting on aid for trade by all donors.

The report builds on the input provided by the EU Member States and Commission staff in (i) the annual questionnaire on Financing for Development 2010/11 (formerly known as the ’Monterrey questionnaire’), which covers all EU commitments related to the international financing for development agenda, (ii) the bi-annual trade and development WTO/ OECD survey of 2010, (iii) the complementary in-country monitoring of aid for trade provided by EU donors, through EU Delegations and (iv) the third questionnaire on the implementation of the EU Fast Track Initiative on Division of Labour and Complementarity. Germany, in close cooperation with the European Commission, led the monitoring of the Fast Track Initiative.

The Council also called on the Commission to make the annual progress report a model of transparency and accountability[6]. For this reason, in contrast to previous years, this year the Commission is presenting a single, comprehensive report covering all topical issues of the international financing for development agenda. For the first time, 22 of the 27 Member States have agreed to the publication of their replies to the annual questionnaire on financing for development. The replies can be consulted online[7]. Extra information will be included in the EU Donor Atlases 2011[8]. **Annex 1** lists the bibliography for all chapters, **Annex 2** presents the methodology applied for analysing ODA indications/ forecasts provided by EU Member States. **Annex 3** is the Statistical Annex on ODA trends (including individual graphs for all EU Member States showing the gaps from 2010 to reaching 2015 targets for ODA to Africa and ODA to LDCs). **Annex 4** reports the results of the EU Fast Start Climate Finance (FSF) monitoring exercises. **Annex 5** is the Third Monitoring Report and Progress Review of the EU Fast Track Initiative on Division of Labour. **Annex 6** enclosed the Aid for Trade Report for 2011. **Annex 7** reflects Member States’ replies to the most pertinent questions on the questionnaire, while **Annex 8** gives an overview of the overall outcome of the survey.

Financing for development aims to create a favourable environment for development by addressing the responsibilities of both developing countries and the global community. The UN Doha Follow-up Conference on Financing for Development in 2008 reiterated that sustainable development depends on mobilising financial resources for development and using them effectively. It also recognised that each country bears primary responsibility for its own development and that national policies, domestic resources and national development strategies are essential.

1 *Council Conclusions of 21 May 2003 and 24 May 2005.*
2 *Different Council Conclusions on the EU Operational Framework on Aid Effectiveness, last of 10 December 2010 (on transparency and mutual accountability).*
3 *Council Conclusions of 15 May 2007 on the European Conduct of Division of Labour in development policy, Council Conclusions of 29 October 2007 on the EU Aid for Trade Strategy.*
4 *Council Conclusions of 14 June 2010*
5 *Council conclusions of 7 December 2010.*
6 *Council Conclusions of 15 June (on the MDGs) and 10 December (on transparency and mutual accountability).*
7 *http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports/index_en.htm*
8 *The donor atlases will be available on http://development.donoratlas.eu.*

The EU and other donors need to **live up to their commitments** and to keep their part of the agreement on what is needed to achieve the Millennium Development Goals (MDGs).

This report shows that over the period 2004-2010, the EU and its Member States accounted for 57% of net ODA to developing countries from all DAC and EU donors, and for 65% of the global EUR 25.7 billion increase in ODA during this period; in 2010, the EU and its Member States missed their collective 2010 target of 0.56% by a wide margin (by almost EUR 15 billion), but the positive trend continued and the EU and its Member States together reached the highest ODA/GNI ratio of the last 20 years, i.e. 0.43%. The EU scaling-up process has been uneven, with asymmetric efforts. Member States not contributing their fair share to the burden-sharing effort endanger the performance of the EU as whole and substantially increase the risk of failure on future ODA targets.

The third Monitoring Report and Progress Review of the EU Fast Track Initiative on Division of Labour (see Annex5) was drafted by Germany, in close coordination with the European Commission. Together with trends since 2008, that report shows that in the 17 partner countries involved in the initiative since the beginning, there has been encouraging progress. There is widespread use and institutionalisation of donor mappings as an aid management instrument, an upward trend in country-level agreement on sector definitions as an important pre-condition for Division of Labour and solid use of 'lead donor' arrangements that can generate more momentum for Division of Labour in the future.

The Monterrey Consensus and the Doha Declaration recognise the importance of other financial flows for development besides ODA. To achieve sustainable progress towards the MDGs the financing discussion should look holistically at increasing developing countries' overall revenue base for development. The EU can effectively support its partners' with increasing their domestic resources for development in line with the principles of good governance in tax matters (transparency, exchange of information and fair tax competition). Enhanced international cooperation in tax matters in particular will not only increase domestic revenues in developing countries by reducing tax evasion, it will also help to address money laundering, corruption and the financing of terrorism.

The EU has consistently supported developing countries in using trade as a tool for development. As part of its joint Aid for Trade strategy the EU as a whole agreed to actions to increase Aid for Trade and enhance its impact. The EU's combined annual Aid for Trade was EUR 10.5 billion in 2009, matching the all-time high recorded the year before. As regards the EU and Member States' Trade Related Assistance – a subcomponent of Aid for Trade, a substantial increase was reported in 2009, bringing the collective amount to EUR 3 billion), well above the target (as from 2010) of EUR 2 billion per year.

2. Increasing Financial Resources for Development and Global Challenges

2.1. Improving Domestic Resource Mobilisation

The objective of this chapter is to present progress in implementing the Monterrey consensus and subsequent Doha declaration in the area of tax and development. This area was not covered in depth in previous accountability reports – the EU Council asked in 2010 that it be from 2011 onwards. The analysis is based on the current international debate on issues identified in recent European Commission documents on the subject. Taxation should also be seen in the context of the diminishing importance of debt relief. Domestic resource mobilisation is crucial create more and sustainable fiscal space to implement and sustain development programmes. The review is also informed by feedback provided by the EU and Member States. The focus is on two topics: (a) strengthening good governance in tax matters in developing countries; and (b) harnessing EU instruments to provide enhanced support.

2.2.1. Providing enhanced support for domestic resource mobilisation

EU Commitments

Current EU thinking on tax and development set out in the Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee of 21 April 2010,Tax and Development - Cooperating with Developing Countries on Promoting Good Governance in Tax Matters9 and the accompanying Staff Working Document[10]. Its recommendations were backed up by the Council Conclusions of 14 June 2010[11].

Taxes are essential for sustainable development, the legitimacy of the State, economic stability, and the financing of public services and infrastructure. The Communication on Tax and Development[12] argued that development aid policies should contribute to building **effective, efficient, fair, and sustainable tax systems** in line with the principles of good governance in tax matters (transparency, exchange of information and fair tax competition) and generate sustainable **revenues** in EU partner countries.

When attempting to increase domestic tax revenues, developing countries are often confronted with the incidence of corruption, lack of capacity of tax administrations and the structure and competitiveness of their economy (large informal sectors. Some developing countries rely to a large extent on revenues stemming from extractive industries which tend to be less predictable. The effectiveness of national tax systems could also be affected by the use of tax incentives to attract foreign investment. In addition, implementing domestic tax rules is becoming ever more difficult in a world with an increasing geographical mobility of taxpayers and the existence of non-cooperative jurisdictions and harmful tax practices. In view of these challenges, the EU, in its Council Conclusions on Tax and Development of 14 June 2010, stated that it would 'support developing countries in tax policy, tax administration and tax reforms, including the fight against tax evasion and other harmful practices'. This covered 10 points:

1. Mobilising domestic resources for development through efficient and fair tax systems;
2. Discouraging capital flight, including tax evasion and avoidance, and illicit financial flows;
3. Supporting proposals outlined in earlier Commission communications;
4. Recognising that developing countries bear primary responsibility for building and improving efficient and fair tax systems and committing the necessary resources thereto, with EU and Member States supporting these efforts;
5. Using budget support programmes to accelerate tax reform;
6. Emphasising programme-based and comprehensive approaches;
7. Enhancing support for the EITI;
8. Promoting the principles of good governance in tax matters and working towards a transparent and cooperative international tax environment;
9. Encouraging the participation of developing countries in structures and procedures for international tax cooperation; and
10. Facilitating this process by covering these aspects in the annual Financing For Development Report.

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9 *COM(2010)163 of 21.04.2010 .*

10 *http://ec.europa.eu/taxation_customs/resources/documents/common/publications/com_reports/taxation/sec(2010)426_en.pdf*

11 *3023rd FOREIGN AFFAIRS Council meeting Luxembourg, 14 June 2010*

12 *COM(2010)163 of 21.04.2010*

It is for each partner country to define its policies and reforms. This is particularly true of taxation policy. **Development aid** should be adapted to each country according to its economic situation, international position and policies.

In the case of low income countries the main challenges could be to increase generally low tax revenues by expanding the tax base. A recent study[13] states that, as a rule of thumb, according to the UN, these countries would need to increase revenues by about 4 percent of GDP, although a low tax-to-GDP ratio does not necessarily reflect a poor tax performance. Therefore, it is important not only to increase domestic revenues, but possibly to consider the tax system as a whole: its composition, its impact on economic activity and private investment, its redistributive effects and its impact on state-building.

There is limited systematic and comparable information on the tax systems of developing countries. The annual PWC / World Bank 'Doing Business' report provides an estimate of the impact of tax policy and governance in most developing countries. While limited in scope, the information is available and updated annually and could provide a useful indicator of relative and absolute progress on the tax reforms pursued by developing countries to improve the business climate. However, extreme care is needed in interpreting the results as some of the underlying assumptions can lead to misleading results in some countries. Similarly, the PEFA measurement framework[14] includes four indicators on revenues, transparency and effectiveness. For some specific indicators, measurement of progress (and accountability) is straight forward such as the conclusion of bilateral tax treaties or tax information exchange agreements. Measuring progress in partner countries is complicated due to incomplete information on donor support. Donor support in the area of tax and development is embedded in either policy reform programmes or technical assistance/capacity building projects. Sometimes policy reforms are also embedded in government commitments in the context of budget support operations. They may be complemented by assistance to institutions, typically over the medium-term, e.g. with technical advice, drafting laws and regulations, consensus-building, and setting up and/or building institutions. Frequently, tax-related activities are a component of a larger programme and/or project assisting a country. As seen in the responses to the questionnaire discussed below, technical assistance and capacity-development activities tend to be quite varied.

During the 2000s, developing countries received support from multilateral and bilateral donors, notably the EU and its Member States to build tax systems. Available information indicates that in the last decade some 65 developing countries undertook tax reforms with donor support – but efforts were sustained in fewer than 10 countries. Furthermore, following Monterrey, there has been no visibly increased emphasis on tax reform in developing countries; in contrast to the significant scale-up of reforms in public expenditure management (PEM, i.e., public financial management and procurement).

There are several possible explanations for the limited importance of support for tax reforms in the 2000s. One is that budget support operations and the related policy dialogue tend to focus more on public expenditure management and social sectors than on revenue mobilisation. Another is that the agenda in the 1990s was driven by the tariff reform that took place in most countries, together with strong demand for support on taxation in former communist countries. While this agenda has to some extent been exhausted, developing countries still require country-specific support in the area of tax policy and administration.

Tax reform and related institutional support is complex and needs to be sustained over time, to implement a full agenda and also to benefit from experience of what does and does not work in order to fine-tune the arrangements as needed. Given the importance of tax reforms and their central role in the Monterrey agenda, EU donors may consider accelerating progress in this area through promoting more domestic resource mobilisation in line with the principles of good governance in tax matters, **inter alia** in the context of budget support operations.

13 *http://ec.europa.eu/development/services/events/tax_development/docs/td_tax_challenges_bird.pdf*
14 *See for instance recent ITC study of 26 countries: http://taxcompact.net/pdf/ITC%20PEFA%20paper%20first%20draft%2012102010.pdf*

2.1.2. EU assistance to developing countries in tax and customs reform and related capacity building

This section is based on EU Member States' replies to the 25 questions in the annual survey of progress on the implementation of the Monterrey commitments. The questions and statistics on the replies are given in Annex 8. These are analysed in the light of the 10 points listed in the previous section. Before discussing the replies, a few issues warrant mention. The space to reply to some questions was left blank and the feedback received may be incomplete. The analysis assumes in such cases that the donor does not provide significant support in the area.

Furthermore, part of the information provided concerns ongoing support, some of which may have begun a few years back while in other cases, it may refer to possible future involvement. Moreover, some of the answers given had to be discounted because they were not relevant to the question asked or a positive answer was given even though the explanatory text suggested the opposite. Finally, the level of details provided differed from one Member State to another – with some countries providing extensive answers and specific examples.

2.1.2.1. Mobilising domestic financial resources for development

The questionnaire did not ask about the volume of support provided to tax and customs systems. However, the OECD/DAC collects information on assistance to public financial management and trade facilitation (mainly customs) in the Creditor Reporting System. These data show that the 15 EU DAC members committed some EUR 125 million of such assistance in 2008 and 2009. Germany, the Netherlands and Sweden reported the most assistance to these sectors.

A quarter of EU countries do not provide any support to tax systems and revenue mobilisation, five of them having joined the EU only recently. While aid levels are not quantified, in terms of donor focus ACP countries tend to receive support from most other EU Member States, reflecting the fact that the poorest countries are given priority. On average, each donor covers two or more regions/country groupings, typically ACP, EU candidates, EU neighbourhood policy, or Asia – support for Latin America is less frequent. The two EU-related groups seem to be considered important for economic and, no doubt, political reasons. In addition to the EU, France, Hungary, Spain and the UK were the only Member States to be active in all five regions listed in the questionnaire, some of them indirectly. The remaining member countries were typically involved in only one or two regions. These figures may reflect selectivity and division of labour, but also seems to indicate that broad based support for tax systems and resource mobilisation is not yet a priority for many Member States.

The most common type of support provided is to tax administrations, followed by tax policy. A handful of Member States provide other types of support such as training and capacity development, notably in customs administration and the judiciary. These contribute significantly to improved revenue mobilisation and to the effectiveness, efficiency and fairness of tax systems. It is less apparent whether Member States pursue coordinated and complementary approaches to avoid aid fragmentation and unmet demand in some countries – especially those with less donor presence.

Ministries of Finance are the primary beneficiaries of this aid. Over half the EU donors also help customs and/ or semi-autonomous revenue authorities. A handful of respondents reported that they provided support to other institutions, for example a Prevention of Money Laundering Office. The choice of counterparts seems justified by the fact that Ministries of Finance bear primary responsibility for tax reform and revenue collection, whereas many developing countries have chosen not to set up semi-autonomous revenue authorities yet. National governments are the most frequent beneficiaries of capacity-building for financial management. Over two-thirds of EU and Member States support national supreme audit institutions, with civil society organisations (CSOs) and parliaments being helped less frequently. **The relatively low level of engagement with CSOs and national parliaments may lead to low level of stakeholder ownership of tax reform.** Where CSOs are weak, key stakeholders in reforms may lack a voice. Similarly, parliaments lacking an adequate understanding of public financial management issues may not fully appreciate the importance of the laws presented to them in this area, and may not sufficiently scrutinise public expenditure and hold governments to account.

2.1.2.2. Promoting good governance in the tax area

The EU and most Member States provide support for addressing tax evasion and harmful tax competition, and promote the principles of good governance in tax matters in their cooperation policy. According to comments made in reply to the questionnaire, **the approaches vary from one donor to another.** Most commonly, donors use budget support as an entry point, together with technical assistance, dialogue and monitoring agreements.

Under the 10th European Development Fund's (EDF) 'governance incentive' tranche, the EU may offer additional funding in return for detailed commitments on the principles of good governance in taxation. A number of encouraging and concrete commitments have been made by ACP countries. In March 2010, in the second revision of Cotonou Agreement, the EU and ACP countries agreed, subject to further ratification at national level, to include a provision allowing EU support for the implementation of international best practices in tax matters, including transparency and exchange of information. The main challenge would appear to be to ensure that commitments are translated into concrete measurable and effective actions and that sufficient technical cooperation is provided to achieve this.

The German Federal Ministry for Economic Cooperation and Development (BMZ) has launched the International Tax Compact[15] (ITC) – an informal international action and dialogue platform grouping bilateral and multilateral donors to strengthen international cooperation with developing and transition countries to fight tax evasion and avoidance. Other EU Member States supporting this initiative include France, the Netherlands and Spain. The work of the ITC focuses on the following areas: (1) at country/regional level encouraging increased development cooperation in tax matters; and promoting the dissemination of successful practices and the exchange of reform experiences in policy formulation, legislation, and implementation, in addition to capacity development and institution building; (2) at international level facilitating access to and the exchange of information between policy makers, tax administrators, donors, civil society and the private sector; (3) analytical work and studies; and (4) networking and dialogue.

The European Commission has since late 2008 taken part in the International Tax Dialogue (ITD). The ITD is a collaborative arrangement involving the IMF, OECD and World Bank Group, among others, to encourage and facilitate discussion of tax matters among national tax officials, international organisations, and a range of other key stakeholders. The ITD Secretariat is currently hosted by the OECD.

2.1.2.3. Adoption and implementation of the OECD Guidelines on Transfer Pricing

About half of the Member States provide assistance with implementing OECD guidelines on transfer pricing. The reasons given for not providing support included strategic choices, a lack of resources, reliance on indirect support, an intention to support this area in the future and no request from beneficiaries. The support that was confirmed tended to go through two main channels: OECD and Africa Tax Administration Forum (ATAF).

While transfer pricing rules could help developing countries to mobilise revenues, donor support for this remains rather limited. The EU encourages research on innovative approaches to implementing the OECD transfer pricing guidelines in developing countries, such as assistance by other countries in applying the rules, or joint tax audits by developing countries' administrations. It also considers that developing countries need to strengthen their tax administrations' assessment capacity to apply the arm's length' principle. Most of the activities of Member States tend to be part of broader programmes. A few EU donors provide support through the OECD (e.g. the EU, France, Germany, Ireland, Slovakia and the UK) or through twinning projects, discussion of fraud avoidance mechanisms and negotiations on double taxation (Austria, Latvia and Romania).

2.1.2.4. Assessment of the three principles of good governance in the tax area

Most Member States say they assess beneficiaries' commitment to the principles of good governance in tax matters and say they use indirect means to deal with this issue, for example when devising a new cooperation framework.

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15 http://taxcompact.net/index.html

2.1.2.5. Transparency

The Commission and the majority of Member States said that they analysed the country's situation in the light of international standards for the transparency of tax systems. In doing so, a number use comparisons with international transparency standards and many draw upon the conclusions of Public Expenditure and Financial Accountability (PEFA) assessment reports and, in one case, a Report on the Observance of Standards and Codes (ROSCs). Others conduct periodic studies, use public information, or take advantage of opportunities, e.g. when signing tax treaties, to review this area. France mentioned the use of peer reviews undertaken by the Global Forum on Transparency and Exchange of Information for Tax Purposes and of the list of non-cooperative jurisdictions published by OECD. Overall, it appears that **there is sufficient public information available for the EU and Member States to conduct analyses of the transparency of tax systems**, even if in some cases the basic documentation may not be recent.

2.1.2.6. Exchange of Information

Half the Member States indicated that they analysed the situation in the beneficiary country in the light of international standards of exchange of information. They pursued various approaches, such as use of PEFA – which may not be the most relevant tool - and public information sources, specific analysis and studies, tailor-made approaches for least developing countries and use of discussions on double taxation as the entry point. The indicators used for standards of exchange of information may also be based on the assessment of the OECD Global Forum on taxation. One Member State noted that exchange of information is an important objective, but that, **when the focus is on least developed countries the extent to which implementation of international standards emerges as a dominant theme in an individual programme will depend on the circumstances of that country** and particularly the capacity and sophistication of its tax authority. The reason why certain EU Member States did not address this area included **lack of capacity and reliance on alternative ad-hoc approaches.**

2.1.2.7. Fair tax competition

While **some Member States indicated that they analysed fair tax competition issues** most others mention selectivity/ division of labour, limited relevance and reliance on indirect means as arguments for not being active on this issue. Where analysis was done, it was done as part of general comparative studies of tax systems, in preparation for a cooperation project, or it was driven by country circumstances. Another common practice cited was the use of available reports, notably PEFA and 'Doing Business Reports'. **This is thus an area that, based on Member States' answers, does not seem to be perceived as a priority as part of meeting the EU's commitments.**

2.1.2.8. Tax Information Exchange Agreements

During 2010, **the vast majority of EU Member States concluded Tax Information Exchange Agreements (TIEAs) and Double Taxation Conventions (DTC)** and were drafting additional ones. This is an area where significant progress is being achieved. However, **only two EU donors provide technical assistance to countries with which TIEAs or double taxation conventions are planned or signed**, while half provide broader assistance on good governance in tax matters. Further technical cooperation with developing countries that are committed to the principles of good governance in the tax area is essential to enable them to negotiate and implement TIEA and, where appropriate, DTC. If non-EU countries are willing to sign and implement TIEAs with Member States, technical assistance may be offered by the EU provided that funding is available and based on prior commitments to implement the three principles of good governance in tax matters (transparency, exchange of information and fair tax competition). A noteworthy approach to transparency pursued by the Belgian Ministry of Finance is to publish all such agreements on its website[16].

2.1.2.9. Donor coordination in the tax area

The EU is also committed to harmonisation with other donors. The EU and most Member States indicated that they coordinated with bilateral and multilateral donors when supporting developing countries' tax reform agendas. The usual way of doing this was at country level (9) or through international initiatives (ATAF, Afritacs, OECD, ITC

16 http://www.minfin.fgov.be/portail2/fr/index.htm and International Tax Dialogue[17] (ITD), EU, World Bank and IMF). Other stand-alone or complementary approaches included coordination through twining projects and budget support policy dialogue. However, a review of budget support programmes implemented during the last decade indicates that **tax reform is not a major feature of multilateral donors' reform agenda and coordination has not yet yielded significant broadening or deepening of tax reforms in budget support operations.**

A majority of Member States supported international or regional initiatives or organisations that are active in the area of tax reform. **The IMF** (both Regional Technical Centres and the Trust Fund on Tax Policy and Administration) **was the most common partner** and received by far the most financial support. In addition to the ATAF, CIAT, International Tax Dialogue and International Tax Compact, other institutions receiving some type of EU donor support included the Investment Climate Facility for Africa and OECD. While there are a number of institutions receiving support, there is insufficient information to assess whether this leads to inefficiency and unnecessary segmentation in delivery of tax reforms.

2.1.2.10. Transparency in the extractive industry sector

Extractive Industries Transparency Initiative (EITI). The EITI aims at strengthening governance by improving transparency and accountability in the extractive industries sector. With 35 implementing countries now, the initiative is becoming a global standard for corporate governance and transparency. The EITI asks companies to publish payments to governments. It asks governments to disclose revenues received from companies. This enhances domestic accountability and strengthens the demand for good governance so that corruption related to extractive activities should decrease. Some 3.5 billion people live in countries rich in oil, gas and minerals. Through good governance the exploitation of these resources can generate large domestic revenues to foster inclusive growth, discourage conflict and reduce poverty.

The EU is an increasingly active participant in and supporter of this initiative. Its position is reflected in the recent European strategy on the sustainable supply of raw materials[18], and in the follow-up to the commitments on enhanced support made in the 2010 Tax and Development Communication[19]. The EU hosted and co-financed EITI expert meetings in 2010 and 2011 and joined the supporting countries' constituency in the EITI Board in order to actively contribute to developing this initiative further.

A Multi-donor Trust Fund, administered by the World Bank, and bilateral donors including EU Member States provides assistance to EITI in-country implementation. The Trust Fund was set up in 2003 and European aid agencies such as the UK Department for International Development (DFID), Gesellschaft für Internationale Zusammenarbeit (GIZ), the Norwegian Agency for Development Cooperation (NORAD) as well as the European Commission play an important role in its implementation.

EITI implementation is advancing; 11 countries[20] have now achieved EITI-compliant status and several countries have become new candidates[21]. This is remarkable progress compared to late 2009, when only Azerbaijan was compliant among a total of 26 implementing countries.

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17 The International Tax Dialogue (ITD) is a collaborative arrangement involving the EC, IDB, IMF, OECD, UK (DFID) and World Bank Group to encourage and facilitate discussion of tax matters among national tax officials, international organisations, and a range of other key stakeholders. The ITD Secretariat is currently hosted by the OECD. http://www.itdweb.org/Pages/Home.aspx

18 COM(2011) 25, Tackling the Challenges in Commodity Markets and on Raw Materials, http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/communication_en.pdf

19 http://register.consilium.europa.eu/pdf/en/10/st11/st11082.en10.pdf, §7.

20 Azerbaijan, Liberia, Timor Leste, Ghana, Mongolia, Central African Republic, the Kyrgyz Republic, Niger, Nigeria, Norway and Yemen.

21 Afghanistan, Albania, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Democratic Republic of Congo, Gabon, Guinea, Indonesia, Iraq, Kazakhstan, Madagascar, Mali, Mauritania, Mozambique, Peru, Republic of the Congo, Sierra Leone, Tanzania, Togo, Zambia, Guatemala and Trinidad & Tobago.

In order to enhance revenue transparency and corporate governance, the European Commission is currently assessing the feasibility of asking EU listed companies to disclose financial data on a country-by-country basis. Such a reporting standard would be a powerful tool for parliaments and civil society to hold multinational enterprises and governments to account for the revenues paid and received respectively and could yield important benefits in terms of domestic revenue mobilisation by reducing corruption and harmful tax practices.

Kimberley process. The European Commission is committed to supporting the Kimberley process (KPCS), is an active participant in the KPCS and has chaired it in 2007. The Commission furthermore chairs the Kimberley Process Monitoring Working Group that supervises KPCS implementation globally and has also funded projects, e.g. through statistical analysis, satellite monitoring and technical expertise, in order to enhance the capacity of the Kimberley Process to respond to crises, e.g. in Côte d'Ivoire or Zimbabwe. Within the EU, the KPCS is implemented by a Council Regulation, adopted in December 2002. The Regulation lays down the procedures and criteria to be followed in the import and export of rough diamonds into and from the EU, and creates a uniform EU Kimberley Process certificate which is used for all shipments. In Belgium, the Kimberley Process Certification Scheme is being followed up by the Belgian Ministry of Foreign Affairs, the Ministry of the Economy and the Ministry of Finance in cooperation with the diamond industry in Antwerp. The UK has enacted the necessary national legislation allowing it to implement the Kimberly Process Certification Scheme in the UK. The UK implements the EU Regulation as a designated Community Authority which allows it to verify incoming diamond shipments for conformity with the Kimberly Process and to issue Kimberly Process Certificates for export shipments.

2.1.2.11 Emerging themes

The responses to the questionnaire indicate that the area of tax policy and administration receives attention and support from most EU Member States. In the case of good governance in tax matters, this support is more uneven. Recent Member States' support tends to be quite limited due to selectivity, lack of know-how, reliance on indirect approaches, insufficient resources or a lack of demand from counterparts. This approach has the benefit of avoiding spreading donor support too thinly, especially in the case of smaller programmes, and may result in better division of labour.

The responses suggest that many countries follow similar/coordinated approaches, even if perhaps more could be done. Budget support operations, programming of aid to a country, and the PEFA exercise appears to provide important entry points to the dialogue on various issues. Some Member States, notably the UK, appear to use a tailor-made approach to each country, with inherent differences between low and middle income countries. There are also specific examples of interesting pilots involving e-government and other approaches that if successful may be replicable. There is also reliance on partnership with others, notably the OECD, IMF, World Bank and various institutions focusing on taxes. Finally, progress is monitored through different means, which range from donor-led studies to reliance on public information, including PEFA and investment climate reports. This reflects the link and complementarity between tax reform and institution building, and public expenditure management and investment climate reform.

Member States do not seem to advocate or pursue tax policy reforms under budget support operations. This seems consistent with the earlier observation that this area does not receive priority in the macro policy dialogue with developing countries. This issue has been set out in the recent Commission Green Paper 'The future of EU budget support to third countries' to launch a public consultation[22]. Following on from this consultation, the Commission will issue a Communication on budget support later in 2011.

22 COM(2010) 586 of 19.10.2010

2.2. Scaling up Official Development Assistance (ODA)[23]

EU Commitments

In 2002, the EU Member States adopted joint commitments on ODA increases. These commitments were further developed and broadened, and endorsed by the European Council in 2005 ahead of the UN World Summit that undertook the first review of progress on the Millennium Declaration and the MDGs. The EU and its Member States agreed to achieve a collective ODA level of 0.7% of GNI by 2015 and an interim target of 0.56% by 2010, both accompanied by individual national targets. The EU Member States agreed to increase their ODA to 0.51% of their national income by 2010 while those countries which had already achieved higher levels (0.7% or above) promised to maintain these levels. The Member States that acceded to the EU in or after 2004 (EU-12) promised to strive to spend 0.17% of their GNI on ODA by 2010 and 0.33% by 2015.[24]

In addition the EU committed in 2005 to: (a) increase ODA to Sub-Saharan Africa and (b) provide 50% of the ODA increase to Africa as a whole (North Africa and Sub-Saharan Africa).

In 2008 the EU as a whole also committed to provide between 0.15 and 0.20% ODA/ GNI to the Least Developed Countries by 2010.[25]

2.2.1. EU ODA Commitments in the Global Context

The origins of the 0.7% target can be traced back to the late 1950s[26]. This was formally recognised in October 1970 when the UN General Assembly adopted a Resolution including the goal that “each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7% of its gross national product at market prices by the middle of the Decade.” Although the goal of allocating annually 0.7% of GNI to ODA is accepted by all donors except the United States of America, only EU donors and Norway have set a date to achieve it. Norway attained the goal in 1976 and, since 2000 has been providing ODA to developing countries in the order of 0.8-1% of its GNI[27]. The United States of America does not issue or approve forecasts of projected ODA; in 2010 it provided USD30 billion (EUR 20.4 billion), 0.21% of its GNI. At the G8 Summit in Gleneagles in 2005, the US, Japan and Canada alongside the EU G8 members, accepted to contribute to the collective G8 promise to increase aid to Africa. President Obama promised to double US official development assistance by 2015[28] – a pledge that, if

23 Depending on data availability, the text sometimes refers to EU15 and EU20, which can nevertheless be taken as approximations of the EU’s collective performance. For explanations, see Annex 2: Methodology.

24 The exact wording is as follows: ‘In the context of the commitment to attain the internationally agreed ODA target of an ODA/GNI ratio of 0.7%, the European Council notes with satisfaction that its Member States are on track to achievethe 0.39% target of GNI in 2006 for ODA volumes contained in the Barcelona commitments. While reaffirming its determination to fulfil these commitments, the Council decided on a new collective European Union target of an ODA/GNI ratio of 0.56% by 2010. That would result in an additional EUR20 billion a year in ODA. In this context, the European Council can reiterate, in accordance with the outcome of the Council on 24 May 2005, that Member States, which have not yet achieved an ODA/GNI ratio of 0.51% undertake to attain that level, within their respective budget allocation processes, by 2010, while those that are already above that level undertake to continue their efforts. Member States which joined the EU after 2002, and have not yet achieved an ODA/GNI ratio of 0.17%, will endeavour to increase their ODA to attain that level, within their respective budget allocation processes, by 2010, while those that are already above that level undertake to continue their efforts; Member States undertake to achieve the target of an ODA/GNI ratio of 0.7% by 2015, while those which have achieved that target commit themselves to remaining above that target; Member States which joined the EU after 2002 will endeavour to increase their ODA/ GNI ratio to 0.33% by 2015. European Council, 18 June 2005, Doc. 10255/05 Conc. 2.

25 European Council, 11 November 2008, Doc. 15075/1/08, Rev. 1

26 T.J. Moss (2005). Ghost of 0.7%: Origins and Relevance of the International Aid Target. Center for Global Development.

27 OECD-DAC Secretariat Simulation of DAC Members’ Net ODA Volumes in 2006 and 2010. http://dx.doi.org/10.1787/131026367850

28 Obama administration committed in 2009 to double foreign aid: http://www.usaid.gov/press/frontlines/fl_aug09/p5_nsc080909.html fulfilled, will begin to appear in ODA disbursements after 2010. Japan[29] promised to increase its ODA volume by USD10 billion in aggregate over 2005-2009, but fell short by USD3.6 billion; it increased its aid by USD1.6 billion in 2010, raising its ODA/GNI ratio to 0.20%, like the US well below the DAC average of 0.32%. Canada met its aim to double its 2001 International Assistance Envelope (IAE) level by 2010 to reach an ODA/GNI ratio of 0.33%[30]. Australia and Switzerland have announced their intent to reach an ODA/GNI target of 0.5% by 2015-2016 and 2015, respectively; their current levels are 0.32% and 0.41%. New Zealand has committed to 0.35% ODA/GNI in 2010-11, but fell short with only 0.26% in calendar year 2010[31]. Korea, the most recent DAC member, has committed to 0.25% ODA/GNI by 2015 with an interim target of 0.118% in 2010, which it met[32]".

The EU and its Member States are therefore – apart from Norway - the only group of donors to transform the long-standing UN 0.7% goal, considered by many as an 'aspirational goal', into a realistic, time-bound target. The EU decided to move forward and achieve this goal in steps within 15 years (2000 – 2015), in line with the deadlines of the Millennium Declaration and based on a mix of individual and collective intermediate targets. The first intermediate EU ODA objectives were defined in 2002 during the preparation for the Monterrey International Conference on Financing for Development, based on the EU's ODA levels in 2000.

The agreement was that the EU's combined efforts would achieve the 0.7% ODA/GNI ratio by 2015 in three steps:

- A first set of intermediate targets for 2006. As a first significant step, those Member States that had not yet reached the 0.7% target committed themselves –individually and within their respective budget allocation to increasing their ODA volume between 2002 and 2006 to 0.33% of GNI. The other Member States agreed to renew their efforts to remain at or above the target of 0.7% ODA, so that collectively an EU average of 0.39% would be reached by 2006. These targets were set by the then EU 15 Member States.

- A second set of intermediate targets for 2010 was agreed in 2005, after the enlargement of the EU to 25 Member States. These targets have been endorsed[33]and reconfirmed by the European Heads of State and Government on various occasions[34]. Bulgaria and Romania, in the context of their accession to the EU in 2007, also subscribed to the commitments. The new ODA targets were differentiated to take into account the different national income levels and the transition of the newer EU Member States from ODA recipients to ODA donors. The definition of the 2010 intermediate targets took into account the EU's collective ODA levels in 2004 (0.42% of GNI) and put 2010 at mid-way, i.e. 0.56% to achieving 0.7% by 2015. This collective target was translated into different individual targets for Member States (0.51% for EU15 and 0.17% for EU12). The collective target assumed that the most generous EU donors would (a) deliver on more ambitious national timetables (e.g. Belgium, Finland, France and the United Kingdom based on a steady scaling up) and (b) those already above 0.7% promised to sustain and not decrease their high levels. These countries were counted upon to achieve a higher collective level than the individual targets mentioned above.

- A third set of targets for 2015: 0.7% is the collective target and minimum individual threshold for the EU15. The EU12 target was set at 0.33% corresponding to the EU15 collective outcome for 2000, thereby accepting that the newest 12 Member States needed a long transition phase to adapt to the EU **acquis**.

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29 DAC 2011 press release on preliminary ODA 2010: Japan's Gleneagles promise was to give USD 10 billion more over the period 2005 to 2009 than if its ODA had stayed at its 2004 level over this period. It fell short by USD 3.6 billion due mainly to severe economic and budgetary constraints, as well as significant early repayments on ODA loans by some borrowing countries. http://www.oecd.org/document/11/0,3746,en_2649_34447_44981579_1_1_1_1,00.html

30 DAC 2011 press release: http://www.oecd.org/document/35/0,3746,en_2649_34447_47515235_1_1_1_1,00.html

31 OECD Development Co-operation Report 2008

32 DAC Special Review of Korea's Development Co-operation: http://dx.doi.org/10.1787/522324562341. The government is determined to increase Korea's development assistance, and outlines this objective as one of 50 core tasks in its long-term planning manifesto, Vision 2030. The government set explicit targets, and committed to reaching 0.118% ODA/GNI by 2010 and 0.25% by 2015 (an estimated USD 3 billion+): http://www.oecd.org/dataoecd/53/50/42347329.pdf

33 European Council, 18 June 2005, Doc. 10255/05

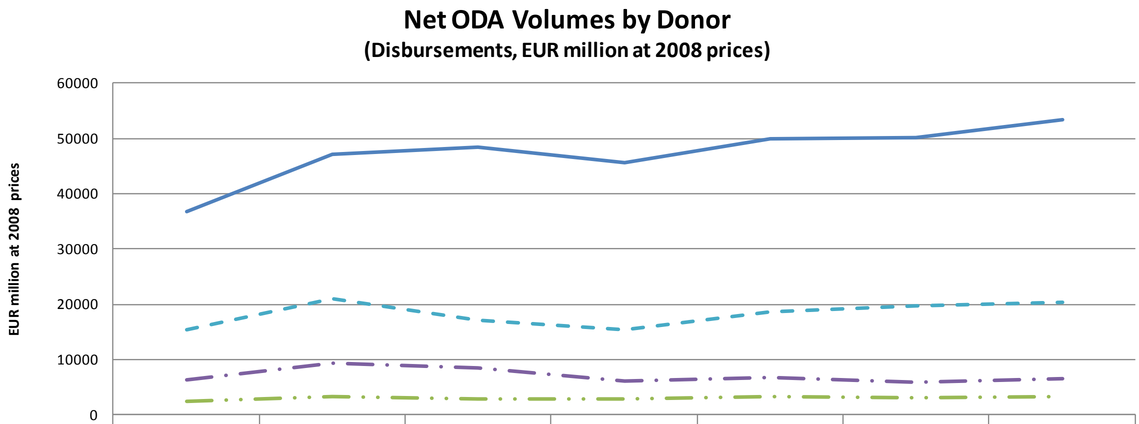
34 Most recently by the European Council on 17 June 2010

In 2005, as part of the first review of progress on the MDGs and the G8 Summit at Gleneagles, these EU commitments were the main basis for calculating that the donor community would raise an additional USD50 billion (at 2004 prices) in official development assistance by 2010[35].

2.2.2. EU ODA Performance 2005-2010 compared to other donors

The EU has not only pledged to deliver more aid than non EU donors, but its combined efforts are already delivering substantially greater amounts of ODA, and individual EU countries (with a few exceptions) are also making more substantial efforts in relative terms. Over the period 2004-2010, the EU and its Member States accounted for 57% of net ODA to developing countries from all DAC and EU donors, and for 65% of the global EUR 25.7 billion ODA increase in real terms during this period.

Figure 1 – Net ODA by Donor (EUR million, 2008 prices)



	2004	2005	2006	2007	2008	2009	2010
EU	36775	47083	48367	45617	50032	50152	53458
Canada	2477	3228	2889	2937	3324	3000	3382
Japan	6225	9443	8547	6018	6656	5925	6624
USA	15315	21010	17140	15428	18610	19737	20436

Source: OECD DAC/European Commission

The above statistics do not include aid from large emerging donors like Brazil, China, India, or Russia, as none of them report to DAC. Overall, aid from emerging donors is estimated to amount to about 10-12% of total ODA from all donors (EUR10-12 billion per year).

As shown in **Table 1**, both the EU's per capita ODA and its ODA/GNI ratios are greater than those of non-EU DAC Members. Indeed, its ODA/GNI ratio is double that of Japan and the USA. The EU12 still have ODA/GNI ratios that are below the average for non-EU DAC donors, but they have been growing from a low base. Collectively, the EU outperforms most other donors by a wide margin.

35 *The dollar value of the 2010 pledge was calculated by OECD DAC and backed by UN and World Bank estimates of incremental MDG costs, net of domestic resource contributions.*

Table 1 – ODA/GNI and ODA per capita of EU Member States and Non-EU DAC Members (at 2008 prices)

Country	ODA volumes (EUR billion)		ODA per capita (EUR)		ODA/GNI (%)	
	2004	2010	2004	2010	2004	2010
EU 25/27	36.8	53.5	75	107	0.34	0.43
EU 15	36.4	52.6	95	134	0.35	0.46
EU 10/12	0.3	0.8	3	8	0.07	0.09
USA	15.3	20.4	52	66	0.17	0.21
Japan	6.2	6.6	49	52	0.19	0.20
Canada	2.5	3.4	77	99	0.27	0.33
DAC Non EU Members	29.6	38.6	58	69	0.19	0.23
DAC Members	66.0	91.2	71	96	0.25	0.32

Source: OECD DAC/European Commission

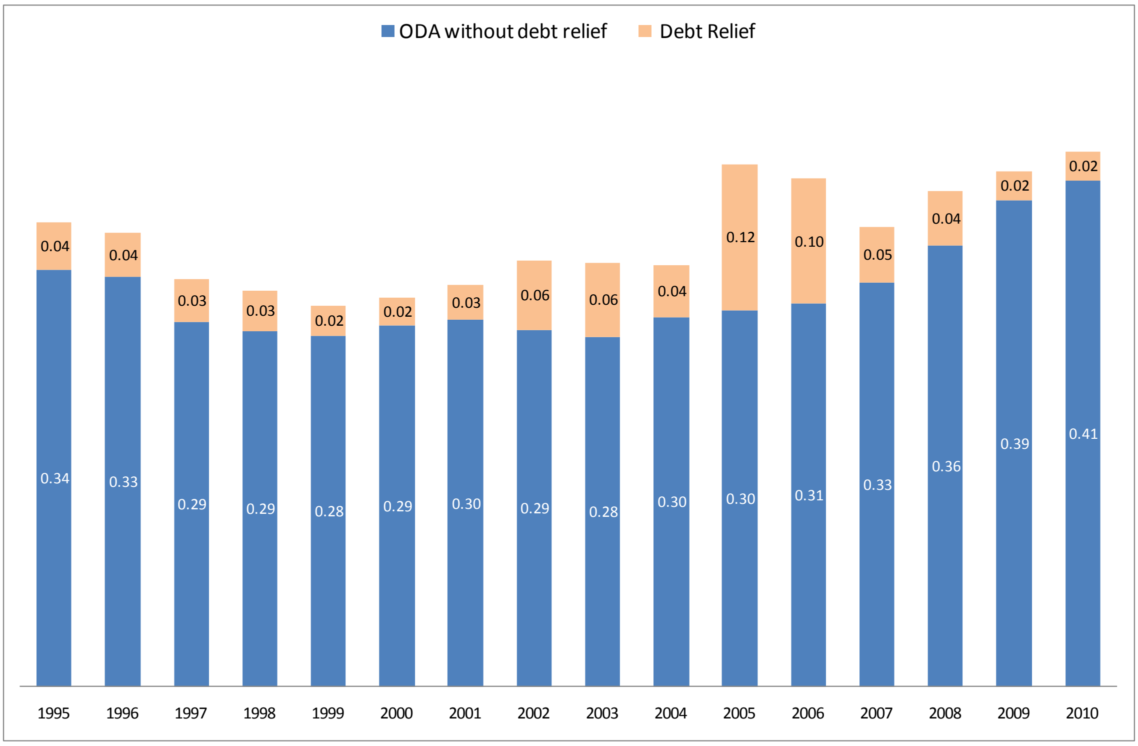
2.2.3. Role of Debt Relief in EU ODA

The growth of EU ODA in 2010 is significant if one considers the declining importance of debt relief in the overall ODA effort of EU Member States. In the period 2005-2006 several EU Member States (namely Austria, Belgium, Finland, France, Germany, Italy, Spain and the UK) saw an increase of ODA due in large part to exceptional debt relief. Almost two thirds of the EU15 debt relief over the period 2004-2009 was directed to two resource rich countries: Iraq (33%) and Nigeria (30%). Some smaller but still significant debt relief programmes were also implemented in 2007 and 2008 but became minimal in 2009, except for France.

One positive effect of the EU ODA commitments is that they stimulated growth in EU ODA other than for debt relief over the period 2005-2010, and this more than compensated for the fall in debt relief. Over the period 1995-2010, EU ODA net of debt relief grew by 0.06% of GNI from 0.34% in 1995 to 0.41% in 2010 for EU27. The gap between the EU and non-EU DAC Members' ODA net of debt relief had narrowed to only 0.10% of GNI by 2005, but the recent growth means that the gap has widened again reaching 0.23% of GNI by 2010

Debt relief certainly helped increase EU ODA over the period, and especially helped meet the targets in 2006. But it was a 'one-off' effect exercise and not sustainable. The real challenge now for the Member States is to increase their national ODA budgets in a period of budget austerity.

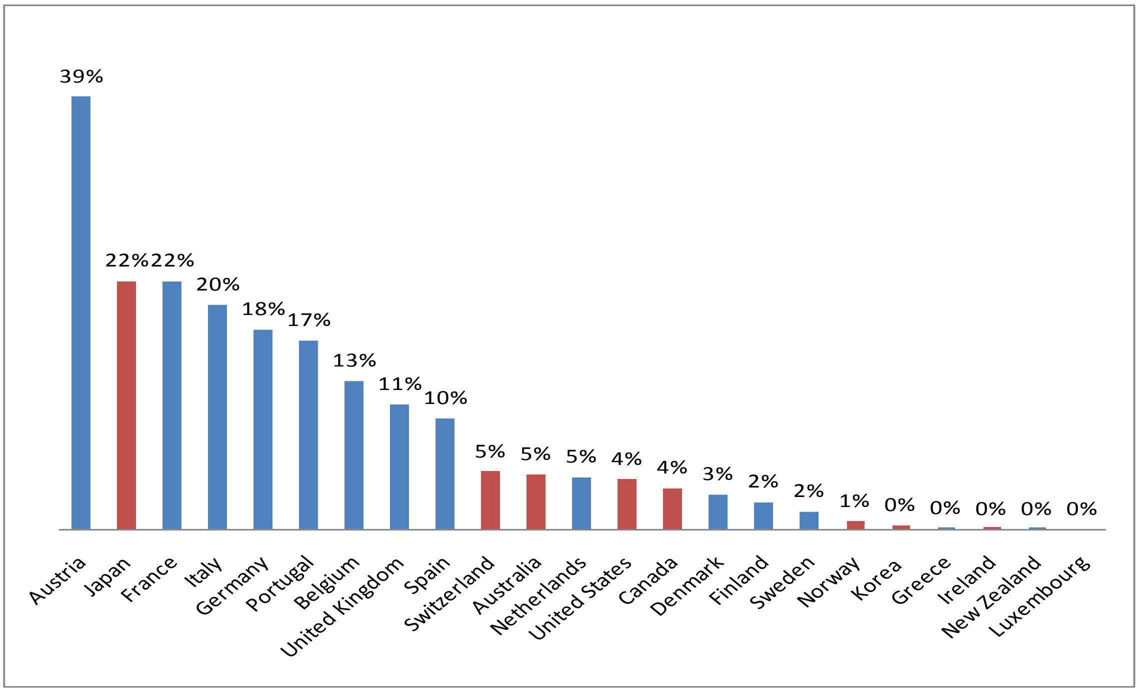
Figure 2 – EU ODA and Debt Relief as a % of GNI



Source: OECD DAC (covering 20 EU Member States reporting to the DAC)

As shown in **Figure 3**, debt relief played an important role in ODA for several Member States: Austria, France, Germany and Italy had a high share of debt relief in their ODA over the last five years. It is interesting to note that some of the Member States that are already behind schedule on their individual aid commitments have made the greatest use of debt relief (e.g. Germany, Italy and Portugal). Sudden increases in ODA shown in the country charts in Annex 3 were mainly due to debt relief. Portugal carried out substantial debt relief or rescheduling operations in 1995-2000 and again in 2004. Spain did likewise in 2001 and 2005-2006, Italy in 2002-2006, Germany in 2002-2008, France for the entire period 1995-2010 (fluctuating between 11% and 45% of total ODA), and Austria in 1999-2002 and 2005-2008.

Figure 3 – Share of Debt Relief in Net ODA (cumulative, 2004-2010, %)



Source: OECD DAC

2.2.4. Performance on ODA targets (2005-2010)

ODA figures on 2010 net disbursements are preliminary, based on information of the EU Member States and the European Commission. For those EU Member States that report to the OECD/ DAC final and more comprehensive ODA figures will become available towards the end of 2011

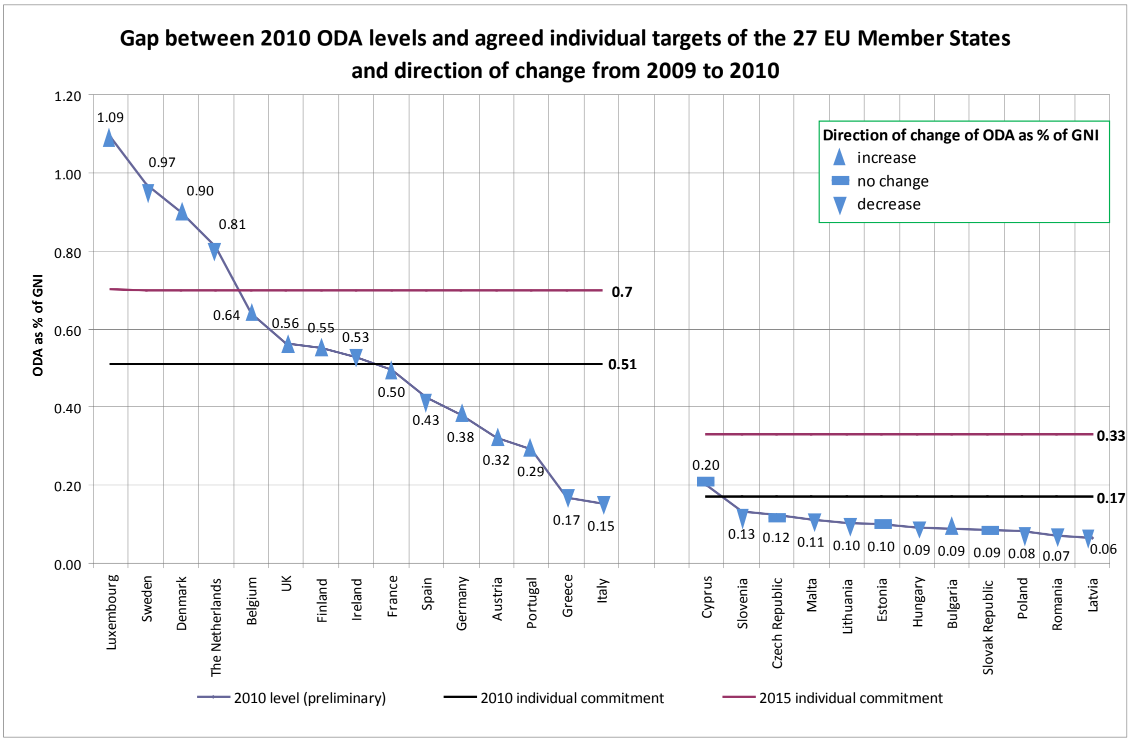
As anticipated in the 2010 Financing for Development annual progress report, after achieving its 2006 intermediate target of 0.39% of GNI, the EU and its Member States did not achieve their collective 2010 target of 0.56%. However, the positive trend continued reaching the highest ODA/GNI ratio for twenty years, notwithstanding the decline in debt relief and the EU-wide budget.

Since 2008 the financial crisis has hit EU Member States hard, triggering the deepest global economic recession for decades. State-financed rescue packages for the affected banking sector, higher social protection costs and lower budget revenues have dramatically changed the fiscal situation in many Member States. Nine Member States (namely Belgium, Cyprus, Denmark, Finland, Ireland, Luxembourg, Netherlands, Sweden, and the United Kingdom) achieved or exceeded the 2010 EU individual minimum targets. Most of them also reached their more ambitious national ODA targets. However, other eighteen EU Member States missed the individual 2010 minimum thresholds and, as a consequence, also the collective target of 0.56% has not been achieved (see **Figure 4**).

In 2009, EU-27 ODA decreased in volume terms to EUR 49 billion, but increased as a share of GNI from 0.40% in 2008 to 0.42% due to falling GNI levels during the crisis. ODA growth resumed in 2010 and ODA increased by more than EUR 4.5 billion to almost EUR 54 billion, equivalent to 0.43% of GNI. Despite the increase, this means the EU has missed the collective target of 0.56% ODA/GNI target in 2010 by a wide margin of about 0.13% of GNI (EUR 15 billion).

Low or negative economic growth rates in the EU as a consequence of the crisis, and the consequential austerity measures that Member States introduced, led to different pressures on ODA. On the one hand lower GNI growth combined with higher public expenditure elsewhere may lead to a cut-back in spending on development co-operation, which in turn would result in a lower trajectory of scaling up to meet 2015 targets. On the other hand, where aid volumes are not cut, aid level can appear higher when expressed as a percentage of GNI but provide no additional ODA funding for developing countries.

Figure 4 – Gap between 2010 and 2015 targets and 2010 results



Source: OECD DAC/European Commission (EU annual questionnaire on financing for development) and EU annual questionnaire on financing for development)

Table 2: EU ODA volumes and as % of GNI 2004 – 2010 and gaps for reaching the 2010 intermediate ODA targets

	2004		2005		2006		2007		2008		2009		2010 (preliminary)		2010 (commitments)		2010: financial gap to INDIVIDUAL targets	
	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	Gap EUR million	Gap in % of GNI
Official Targets																EU-15: 0.51 EU-12: 0.17 (or national target)		EU-15: 0.51 EU-12: 0.17
Austria	545	0.23	1266	0.52	1194	0.47	1321	0.50	1188	0.43	820	0.30	905	0.32	1419	0.51	513	0.19
Belgium	1178	0.41	1580	0.53	1575	0.50	1425	0.43	1654	0.48	1874	0.55	2265	0.64	2486	0.70	221	0.06
Bulgaria					1	0.00	17	0.06	13	0.04	12	0.04	31	0.09	58	0.17	27	0.08
Cyprus	4	0.03	4	0.03	21	0.15	18	0.12	26	0.17	33	0.20	34	0.20	29	0.17	0	-
Czech Republic	87	0.11	109	0.11	128	0.12	131	0.11	173	0.12	154	0.12	169	0.12	234	0.17	65	0.05
Denmark	1640	0.85	1697	0.81	1782	0.80	1872	0.81	1944	0.82	2018	0.88	2164	0.90	1901	0.80	0	-
Estonia	4	0.04	5	0.05	11	0.09	12	0.08	16	0.10	13	0.10	14	0.10	24	0.17	10	0.07
Finland	547	0.37	726	0.46	665	0.40	717	0.39	808	0.44	926	0.54	1008	0.55	910	0.51	0	-
France	6820	0.41	8067	0.47	8445	0.47	7220	0.38	7562	0.39	9048	0.47	9751	0.50	10026	0.51	274	0.01
Germany	6064	0.28	8112	0.36	8313	0.36	8978	0.37	9693	0.38	8674	0.35	9606	0.38	12888	0.51	3282	0.13
Greece	258	0.16	309	0.17	338	0.17	366	0.16	488	0.21	436	0.19	378	0.17	1139	0.51	762	0.34
Hungary	56	0.07	81	0.11	119	0.13	76	0.08	74	0.08	84	0.10	85	0.09	158	0.17	73	0.08
Ireland	489	0.39	578	0.42	814	0.54	871	0.55	921	0.59	722	0.54	676	0.53	647	0.51	0	-
Italy	1981	0.15	4096	0.29	2901	0.20	2901	0.19	3370	0.22	2368	0.16	2349	0.15	7780	0.51	5432	0.36
Latvia	7	0.06	8	0.07	9	0.06	12	0.06	15	0.07	15	0.07	12	0.06	31	0.17	19	0.11
Lithuania	8	0.04	12	0.06	20	0.08	35	0.11	35	0.11	30	0.11	28	0.10	46	0.17	18	0.07
Luxembourg	190	0.79	206	0.79	232	0.89	274	0.92	288	0.97	298	1.04	301	1.09	286	1.00	0	-
Malta	8	0.18	7	0.17	7	0.15	8	0.15	11	0.20	10	0.18	7	0.11	10	0.17	3	0.06
The Netherlands	3384	0.73	4115	0.82	4343	0.81	4547	0.81	4848	0.80	4615	0.82	4795	0.81	4654	0.80	0	-
Poland	95	0.05	165	0.07	236	0.09	265	0.10	258	0.08	269	0.09	285	0.08	581	0.17	295	0.09
Portugal	830	0.63	303	0.21	316	0.21	344	0.22	430	0.27	368	0.23	489	0.29	843	0.51	354	0.22
Romania					3	0.00	84	0.07	94	0.07	99	0.09	86	0.07	205	0.17	119	0.10
Slovak Republic	23	0.07	45	0.12	44	0.10	49	0.09	64	0.10	54	0.09	56	0.09	112	0.17	56	0.08
Slovenia	25	0.10	28	0.11	35	0.12	40	0.12	47	0.13	57	0.15	48	0.13	60	0.17	13	0.04
Spain	1962	0.24	2429	0.27	3038	0.32	3755	0.37	4761	0.45	4728	0.46	4467	0.43	5259	0.56	792	0.13
Sweden	2191	0.78	2705	0.94	3151	1.02	3170	0.93	3281	0.98	3266	1.12	3418	0.97	3500	1.00	82	0.03
UK	6362	0.36	8667	0.47	9926	0.51	7194	0.36	7973	0.43	8251	0.52	10391	0.56	8795	0.56	0	-
EU 15 TOTAL	**34441**	**0.35**	**44856**	**0.44**	**47033**	**0.43**	**44954**	**0.39**	**49207**	**0.43**	**48413**	**0.45**	**52963**	**0.46**	**62532**	**0.56**	**11712**	**0.10**
EU 12 TOTAL	**317**	**0.07**	**464**	**0.09**	**635**	**0.09**	**745**	**0.09**	**825**	**0.09**	**830**	**0.10**	**854**	**0.09**	**1548**	**0.17**	**699**	**0.08**
EU 27 TOTAL	**34758**	**0.34**	**45320**	**0.42**	**47668**	**0.41**	**45699**	**0.37**	**50032**	**0.40**	**49243**	**0.42**	**53817**	**0.43**	**64365**	**0.53**	**12411**	**0.10**

Gap to collective 2010 target 0.56%	
Target in EUR million:	68,376
Gap in EUR million	14,559
Gap in % of GNI	0.13

The trends among Member States varied, as the figures and tables in Annex 2 show. The largest increase during 2010 was made by the United Kingdom (EUR 2.1 billion), followed by Germany (EUR 0.9 billion), France (EUR 0.7 billion), and Belgium (EUR 0.4 billion). These four countries accounted for over 90% of the increase between 2009 and 2010. Cyprus (0.20%) exceeded its individual, intermediate target threshold of 0.17% ODA/GNI, which it had already achieved in 2009, one year ahead of schedule. Sweden, despite increased ODA volumes corresponding to 0.97% of its GNI again demonstrated how difficult it is to remain, year-on-year, in keeping with its national 1% target level. Belgium, although reaching a record level of 0.64% ODA/GNI, had planned to spend 0.7% of its GNI for development assistance in 2010 and beyond, in line with its national legislation and projects reaching that level in 2011. Ireland, severely hit by the financial crisis, had decided, in 2010, to slow down the scaling-up of ODA process and to align with the common EU timetable, by postponing the target date for reaching 0.7% ODA/ GNI from 2012 to 2015. Consequently Ireland's ODA spending in 2010 was cut, but less than initially feared. From 2009 to 2010, ODA fell in nine Member States (Greece, Ireland, Italy, Latvia, Lithuania, Malta, Romania, Slovenia and Spain), although for most of them the decline was minor. The worst aid cuts were made in Spain (down EUR 261 million, to 0.43% ODA/GNI).

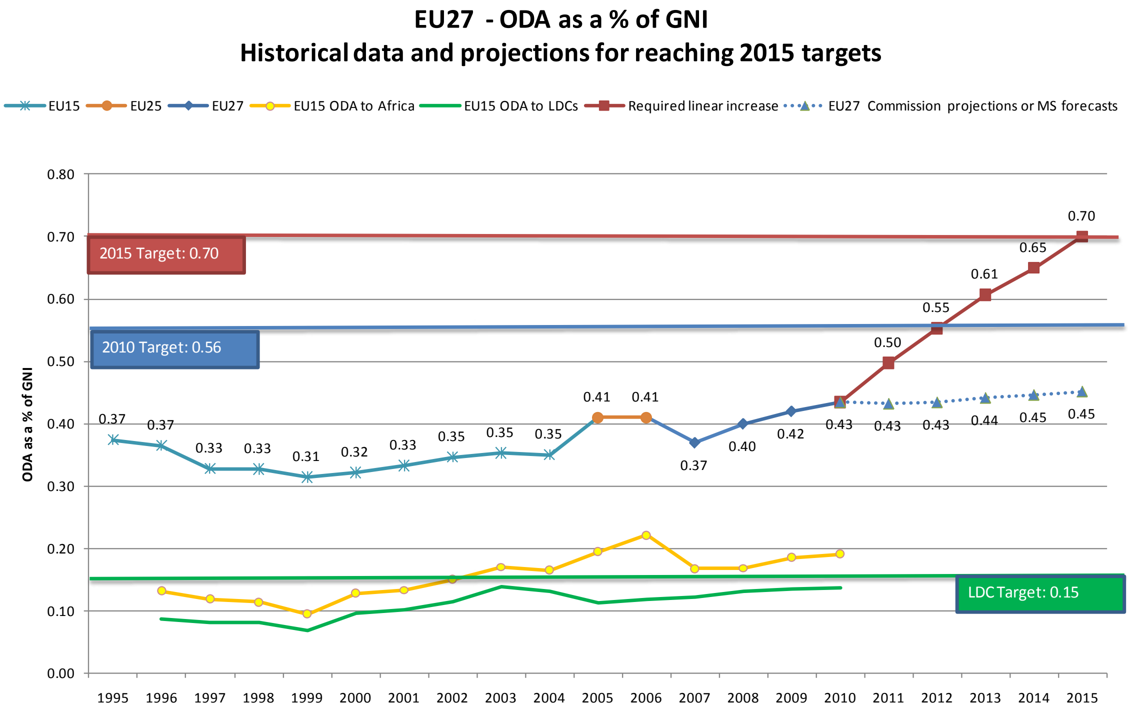
The performance of Italy and Germany will be particularly important in helping achieve the 2015 target as they account for almost half the shortfall. Italy has shown little commitment to the ODA targets and has continuously cut its aid budgets over the last five years. This has led to a decline in ODA/GNI ratios from 0.20% in 2002 to 0.15% in 2010, with a few occasional increases over the period due mostly to one-off debt relief operations that are not enough for sustaining ODA levels. Germany, whose ODA/GNI ratio grew from 0.27% in 2002 to 0.38% in 2010, also relied substantially on the one-off effects of debt relief. Contrary to its declaration annexed to the May 2005 Council Conclusions, Germany has not introduced the innovative sources of financing with sufficient revenue generation potential it had declared were necessary to reach the ODA targets. Increased allocations to the Development Ministry's budget came too late and at much too low a level to create the necessary upward trend.

2.2.5. Achievement of the 0.7% ODA/GNI Target by 2015

The EU scaling-up process has been uneven, with asymmetric efforts. Member States not contributing their fair share to the burden-sharing effort endanger the performance of the EU as a whole and substantially increase the risk of collective failure on ODA targets.

Figure 5 shows the long-term trends in ODA volumes for the EU27. At the current pace and with existing budgets, there is a delay equivalent to about 25 years on the path to 0.7%, as ODA is projected to increase at an annual rate of 0.01% of GNI. These Commission simulations build on the trends of 2005 – 2010 and spending forecasts, as available, that Member States reported in their replies to the annual questionnaire. To reach 0.7% ODA/ GNI by 2015 as planned, efforts would have to be stepped up dramatically but this may not be realistic under current economic conditions. Furthermore, as shown in **Figure 4**, the main effort would have to come from under-performing Member States, which would have to drastically increase their ODA in a short time span under tight budget conditions. To reach the 2015 target Latvia would need to sextuple its current ODA volumes over the next five years, Bulgaria, Greece, Italy, Poland, Romania, and the Slovak Republic quintuple; Estonia, Hungary, and Malta quadruple; and Austria, the Czech Republic, Portugal and Slovenia triple their aid allocations.. This effort is all the more significant since the exceptional debt relief operations that explain, for example, the sudden increase in 2005-2006 (see Figure 5) will not be feasible again.

Figure 5 - EU 27 ODA/GNI Ratios (1995-2015)



Source: OECD DAC/European Commission (EU annual questionnaire on financing for development)

Table 3: Estimates and gaps to be bridged for reaching the 2015 ODA targets, based on Member States' forecast information and Commission simulation

	2010 (preliminary)		2011		2012		2013		2014		2015 (forecast/simulation)		2015 (commitments)		2015: financial gap to meet individual targets	
	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	ODA EUR Million	ODA in % of GNI	Gap EUR million	Gap in % of GNI
Official Targets														EU-15: 0.7 EU-12: 0.33		EU-15: 0.7 EU-12: 0.33
Austria	905	0.32	929	0.32	1,053	0.35	1,046	0.34	1,099	0.34	1,034	0.31	2329	0.70	1424	0.42
Belgium	2265	0.64	2,576	0.70	2,676	0.70	2,771	0.70	2,869	0.70	2,972	0.70	2972	0.70	707	0.13
Bulgaria	31	0.09	31	0.08	36	0.09	42	0.10	49	0.11	56	0.12	151	0.33	121	0.26
Cyprus	34	0.20	34	0.19	34	0.19	35	0.18	36	0.18	36	0.17	69	0.33	35	0.16
Czech Republic	169	0.12	180	0.12	193	0.13	197	0.12	211	0.13	225	0.13	579	0.33	411	0.22
Denmark	2164	0.90	2,043	0.82	2,043	0.79	2,043	0.77	2,144	0.79	2,257	0.81	2240	0.80	76	-
Estonia	14	0.10	17	0.12	21	0.14	23	0.14	27	0.16	31	0.17	61	0.33	47	0.25
Finland	1008	0.55	1,074	0.56	1,119	0.56	1,175	0.56	1,229	0.55	1,334	0.57	1624	0.70	616	0.25
France	9751	0.50	9,555	0.47	10,044	0.48	9,128	0.42	9,513	0.43	9,940	0.43	16091	0.70	6340	0.26
Germany	9606	0.38	10,479	0.40	10,933	0.40	11,416	0.41	11,911	0.41	12,426	0.42	20851	0.70	11245	0.34
Greece	378	0.17	418	0.19	423	0.19	441	0.19	459	0.19	480	0.19	1779	0.70	1401	0.52
Hungary	85	0.09	94	0.09	96	0.09	95	0.09	94	0.08	93	0.08	379	0.33	294	0.26
Ireland	676	0.53	669	0.52	708	0.55	766	0.57	834	0.60	914	0.63	1021	0.70	345	0.20
Italy	2349	0.15	2,495	0.16	3,281	0.20	2,003	0.12	1,792	0.11	1,606	0.09	11948	0.70	9600	0.57
Latvia	12	0.06	12	0.06	12	0.06	12	0.06	13	0.06	13	0.06	74	0.33	62	0.27
Lithuania	28	0.10	33	0.11	39	0.13	46	0.14	53	0.16	63	0.18	117	0.33	89	0.22
Luxembourg	301	1.09	292	1.00	309	1.00	327	1.00	346	1.00	366	1.00	366	1.00	65	-
Malta	7	0.11	13	0.22	15	0.24	18	0.27	20	0.30	23	0.33	23	0.33	16	0.16
The Netherlands	4795	0.81	4,646	0.76	4,480	0.71	4,661	0.70	4,810	0.70	5,059	0.70	5059	0.70	264	-
Poland	285	0.08	321	0.09	357	0.09	391	0.09	428	0.10	467	0.10	1541	0.33	1256	0.26
Portugal	489	0.29	335	0.20	364	0.21	403	0.23	448	0.24	499	0.26	1340	0.70	851	0.50
Romania	86	0.07	99	0.08	119	0.09	136	0.10	157	0.11	180	0.12	510	0.33	424	0.26
Slovak Republic	56	0.09	66	0.10	63	0.09	63	0.08	63	0.07	63	0.07	297	0.33	242	0.27
Slovenia	48	0.13	60	0.17	66	0.17	69	0.17	71	0.17	73	0.17	143	0.33	96	0.20
Spain	4467	0.43	4,234	0.40	3,934	0.36	4,450	0.39	5,045	0.43	5,729	0.47	8510	0.70	4043	0.30
Sweden	3418	0.97	4,025	1.00	4,184	1.00	4,367	1.00	4,551	1.00	4,739	1.00	4739	1.00	1321	-
UK	10391	0.56	10948	0.56	11411	0.56	14878	0.70	15561	0.70	16308	0.70	16308	0.70	5917	0.23
EU 15 TOTAL	**52963**	0.46	**54716**	**0.46**	**56962**	**0.46**	**59873**	**0.47**	**62613**	**0.48**	**65663**	**0.48**	**96238**	**0.71**	**44215**	**0.30**
EU 12 TOTAL	**854**	**0.09**	**960**	**0.10**	**1052**	**0.10**	**1128**	**0.10**	**1221**	**0.11**	**1324**	**0.11**	**3946**	**0.33**	**3092**	**0.25**
EU 27 TOTAL	**53817**	**0.43**	**55677**	**0.43**	**58014**	**0.43**	**61001**	**0.44**	**63834**	**0.45**	**66986**	**0.45**	**100181**	**0.68**	**47307**	**0.29**

MS Projection/Budget Forecast

Gap to collective 2015 target 0.7%	
Target in EUR million:	103,736
Gap in EUR million	49,919
Gap in % of GNI	0.34
2010 ODA on 2015 GNI	0.36
Total	0.70

Initial projections for 2011, based on Member Sates' replies or budget data monitored by Concord/AidWatch[36], point to an increase in ODA budgets below the expected GNI growth rate that would lead to a stable ODA/GNI ratio for 2011 of 0.43%.

The prospects for 2011 according to Member States' reports are as follows:

- The ODA budgets for Austria, Belgium, the Czech Republic, Estonia, Finland, Germany[37], Greece, Hungary, Italy, Lithuania, Malta, Poland[38], the Slovak Republic, Slovenia, Sweden and the United Kingdom are expected to grow in 2011.

- Bulgaria, Cyprus, Ireland[39], Latvia, and the Slovak Republic will maintain their ODA budget essentially at the same level in nominal terms.

- Denmark, France, Luxembourg, the Netherlands, Portugal[40], and Spain will reduce their ODA budget in 2011.

- Romania did not provide estimates for its 2011 ODA budgets and no third party monitoring was available.

The ODA graphs in **Annex 2** show each EU Member State's readiness to meet the individual ODA target levels of 0.7% and 0.33% of GNI for EU15 and EU12 respectively in 2015. **Annex 1** outlines the methodology used to analyse ODA indicators and forecasts provided by Member States.

A recent survey by OECD DAC41 reached similar conclusions; i.e. that donors' forward budget plans will probably remain substantially steady in 2011. According to this survey, global Country Programmable Aid (CPA) is 'programmed to grow at a real rate of 2.5% per year from 2009 to 2012. This is good news in the light of the current climate of budgetary austerity in OECD countries. The bad news is that growth in planned CPA is decelerating significantly, from an average annual growth rate of 7% over the past three years. Almost all the planned growth was in 2010, with a zero-forecast growth rate in 2012.'

Enabling factors for increases in Member States' ODA. There has been some progress in establishing what can be considered 'multi-annual timetables' for ODA, as repeatedly called for by Council Conclusions. Timetables have proven a useful tool for embedding the scaling-up of aid volumes in national budgets in line with stated commitments. Member States have taken different paths in developing timetables (see **Box 1**).

However, even where these tools exist, they cannot stop possible reductions in ODA budgets when there is a strong political intent to do so, as shown by the recent events in the Netherlands or Spain. Nor can the tools replace the political will to increase aid where no such will exists.

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36 *AidWatch Briefing (February 2011), Between austerity and political will: EU MS ODA budgets in 2011. Risks that in 2011 genuine EU aid will fall for the first time since 1997.*
37 *Accord*
38 *Based on Aid Watch (2011), as no reply was provided by the Member State.*
39 *According to Aid Watch (2011), Ireland's ODA budget will decline in 2011. We inserted the reply provided by Ireland to the Monterrey questionnaire.*
40 *According to Aid Watch (2011), Portugal's ODA budget will decline in 2011.*
41 *See the 2010 OECD Report on Aid Predictability Survey on Donors' Forward Spending Plans 2010 – 2012.*

Box 1. Approaches to maintaining or increasing ODA budgets

Enacting legislation to make 0.7% ODA/GNI a binding obligation. Belgium has set, by law, a minimum aid level commitment, called the 'growth-path' towards the 0.7% target. The 'growth path' is set out in the solidarity notes and can also be amended by the solidarity notes. These are drafted and approved by the government but the government cannot amend the legally binding target of 0.7% to be reached in 2010. Despite this, the Belgian ODA level was 0.64% of GNI in 2010, missing its legally binding commitment to the 0.7% target. For many years the **Netherlands** has had a legal obligation to spend a fixed proportion of its GNI as ODA. In a letter of 26 November 2010 to the House of Representatives on its development cooperation policy the new ruling coalition stated that '[the budget] will be reduced in two equal steps in the next two years, from 0.8% to 0.7% of GNP as of 2012'. In the **UK**, the government will enshrine in law before April 2012 its commitment to spend 0.7% of GNI as ODA from 2013. There seems to be cross-party consensus on the importance of ODA and readiness to assume responsibility in the world, as the commitment for 2015 was kept notwithstanding the recent change in government. Cross-party consensus is important in maintaining high ambitions even under difficult budget situations.

Transparent multi-year budget spending plans. The **UK** Government has set out its commitment to increase Official Development Assistance (ODA) to 0.56% of GNI in 2011 and 2012 and 0.7% from 2013 in line with the UK's international commitments to help the very poorest in the World. The Spending Review 2010, published on 20 October 2010, sets out the figures for each year up to 2014 in clear spending plans (http://www.hm-treasury.gov.uk/spend_sr2010_documents.htm). The UK's ODA budget will increase every year between now and then, amidst budget cuts in many other areas, an indication that ODA increases are possible despite budget austerity, if the political will is there.

Government-endorsed development policy documents. The **Finnish** Development Policy Programme[42], i.e. Government Decision-in-Principle, has stated the commitment to ensuring the development cooperation appropriations which 'will take Finland towards 0.7% GNI set by the UN, and Finland is committed to achieve the target of 0.51% in 2010 as established in the European Council's decision'. **Denmark's** commitments and strategic priorities are set down in its new development strategy 'Freedom from Poverty - Freedom to change' and the accompanying multi-annual budget forecast[43]. The **Spanish** 'Master Plan for Development Cooperation 2009-2012'[44] forms the basis of Spanish development cooperation at government level and was endorsed by the Spanish Government and Parliament. The Master Plan states that Spain aspires to reach an ODA/GNI ratio of 0.7% by 2012. Spain has shown a significant commitment to increase its aid over the last few years, but ODA is always lagging behind its own national plans and has been declining since 2008. Given current aid levels, it seems unrealistic to assume that Spain could achieve its national target, especially in light of the further aid cuts announced for 2011.

Indicative multi-annual timetables. Four Member States (**Belgium, Malta, Sweden, and the United Kingdom**)[45] have indicative multi-annual timetables in place that show the path towards the achievement of their individual target for 2015. As part of next year's budget process for the financial year 2012 and the medium-term financial plan until 2015, the **German** government will define its intended budgets for development cooperation. Nevertheless government and parliament will discuss the actual annual budgets for 2013-2015 and how to reach this goal in the annual budget processes.

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42 *http://formin.finland.fi/public/default.aspx?contentid=107497*

43 *http://amg.um.dk/NR/rdonlyres/1C903D5E-3A75-453F-BACB 8EBF8B55F7F2/0/Priorities_danish_development_assistance20112015.pdf*

44 *http://www.maec.es/en/MenuPpal/Actualidad/NotasdePrensa/Paginas/49NP20090514EN.aspx*

45 *The total number of Member States with multi-annual timetables is ten. However, six are on a path away from rather than towards keeping their individual commitments for 2015. Denmark and Luxembourg have plans showing they will keep their volumes steady in nominal terms. They will, thus not meet their commitment to sustain their efforts, as levels and volumes in real terms are both projected to decline. The Czech Republic and Finland have timetables till 2013 or 2014, showing paths with significant implicit back-loading of their commitments. Cyprus and Estonia have multi-annual timetables that show they will not meet their 2015 target of 0.33%.*

2.2.6. Lessons Learnt and the Way Forward

The European Union and its Member States have repeatedly reiterated their commitments to achieve the 0.7% ODA to GNI ratio by 2015, as a concrete, time-bound goal. The rationale for a time-bound target was to provide adequate funding to achieve the Millennium Development Goals. This was not as an act of solidarity or charity but a strategy to tackle the root causes of poverty and fragility before they spiral out of control, generating refugee flows and security threats. It was also designed to face challenges that know no boundaries and that affect the entire globe, such as climate change, loss of biodiversity, desertification or the spread of infectious diseases.

There are thus no grounds for seeing the 2015 goal as a mere aspiration or a declaration of intent, as some Member States do. ODA is not an act of charity that makes sense only in 'good times' but it is in the Union's own interests. There is a clear need to better communicate these goals and to educate EU public opinion about their importance. Significantly, the latest Eurobarometer on Development Cooperation shows that Europeans believe it is important to help people in developing countries because they are facing challenges such as overwhelming poverty. Two out of three Europeans cite self-interested motivation for giving aid, namely trade, terrorism, migration and political relations with third countries.[46]

There are several lessons to be drawn from the EU's experience.

First, the **reduced ambition** of some national plans has had a real impact on collective progress on ODA. Some of the more ambitious Member States have reduced their targets compared to the ones that formed the basis for the 2005 Council Conclusions. Had these commitments been met, the EU 27 ODA/GNI[47] ratio would have been closer to the 2010 target (0.50% rather than 0.43% based on simulations prepared for this report).

Second, the **current fiscal crunch** has led some countries to revise their commitments and targets. **Spain**, after increasing ODA substantially under the current government, has announced a reduction of EUR 800 million in the next two years and has acknowledged that the 0.7% of GNI target will have to wait until 2015 at least, and even then will only be attained if economic conditions improve. The coalition treaty of the new government of the **Netherlands** states that ODA spending will be reduced from 0.8% to 0.7% for the legislative period of the new government, which goes against the spirit of its individual commitment as an EU country to sustain its efforts. Although the agreed individual EU target was to reach 0.33% by 2006 and 0.51% by 2010 **Portugal** translated this into national targets of 0.33% by 2006, 0.30% by 2009, and 0.34% by 2010. It has missed all three. At the UN Millennium Summit of September 2000, **Ireland** committed to reaching the UN target of 0.7% GNI by 2007. Its government gradually increased ODA from 0.39% of GNI in 2003 to 0.58% by 2008. However, in 2005 the target date for meeting 0.7% was revised to 2012. In 2009 it was further postponed to 2015. **Italy** has consistently missed targets and its aid has declined. Without debt relief, which is expected to be about EUR 0.6 billion in 2011 and EUR 1.3 billion in 2012, respectively, Italy's ODA is projected to remain essentially unchanged in nominal terms (at about EUR 2 billion per year) between 2010 and 2013 at already minimal levels. According to Social Watch (2010), **Germany** publicly announced in late 2009 that it considered the EU's step-by-step ODA scaling up plan as a declaration of intent, not an obligation under international law, and could not achieve an ODA ratio of 0.51% in just one year. Finally, **Greece** is drawing conclusions from the fact that it will not be able to move away from low aid levels and indicated that 0.51% will not be achieved prior to 2012, and this revised target is likely still too ambitious given current economic circumstances. The majority of 12 newest Member States do not see the 0.17% or 0.33% targets as firm commitments, and have adopted lower national targets (e.g. Estonia forecast to reach 0.17% by 2015, Cyprus 0.18% by the same year) or seem to have no plan for ODA increases.

Third, **back-loading the increase in ODA expenditure** has been the main factor in missing target levels. Sustaining the scaling-up process through debt relief grants is impossible: debt relief grants are 'one-off' exercises

46 *Special Eurobarometer 318 / Development Aid in times of economic turmoil Wave 71.2 – TNS Opinion & Social (Fieldwork: May 2009 – June 2009 Publication: October 2009)*

47 *Commission simulation based on public announcement and intermediate targets indicated in the OECD DAC's annual Development Co-operation Report.*

by nature and insufficient if not replaced after the debt relief spike by 'fresh money' in ODA budgets. Experience shows that missing intermediate targets in a significant way leads to missing subsequent targets too. A good example is the Member States that significantly missed the 2006 target of 0.33% GNI: **Greece, Italy and Portugal**. Once the target was missed, statements were made that the 2006 target would be achieved by 2007 or 2008. In reality, the 2006 target has not been met by any of them even by 2010 and these three Member States ended up missing both the 2006 and the 2010 targets.

Table 4 - Gap between 2010 ODA levels and 0.7% and 0.33% ODA/ GNI individual targets, by Member State

Member State	Funding Gap (EUR million)	Member State	Funding Gap (EUR million)
	0.7% target		0.33% target
Germany	11245	Poland	1256
Italy	9600	Romania	424
France	6340	Czech Republic	411
UK	5917	Hungary	294
Spain	4043	Slovak Republic	242
Austria	1424	Bulgaria	121
Greece	1401	Slovenia	96
Sweden	1321	Lithuania	89
Portugal	851	Latvia	62
Belgium	706	Estonia	47
Finland	616	Cyprus	35
Ireland	345	Malta	16
Netherlands	264		
Denmark	76		
Luxembourg	65	**Total**	**47307**

Source: OECD DAC/European Commission (EU annual questionnaire on financing for development)

Fourth, **Europe relies** not only on the medium-sized donors, but also **on EU countries with large economies** such as France, Germany, Italy and the UK to boost average aid levels so as to reach targets. These countries account for 70% of the gap to be filled between 2010 and 2015. If Europe is to meet the collective target of 0.7% ODA/GNI by 2015, it is imperative that all the big players step up their efforts.

Table 4 above shows the funding gap between the 0.7% target and the current level of ODA from EU Member States. When analysing the ODA gap to 2015, we can distinguish four groups of Member States:

1. Denmark, Luxembourg, the Netherlands, and Sweden have already achieved the 0.7% target and rather than providing additional resources, may actually reduce their contribution. These countries account for 3% of the gap and the risk of backtracking on their ODA commitments is small but not zero. Available multi-annual budgets show that Denmark, the Netherlands and Luxembourg are planning to keep their aid steady in nominal terms till 2014 or 2015, with declining ODA/GNI ratios. Only Sweden is expected to grow its aid both in volume and as a share of GNI.

2. Belgium, Cyprus, Finland, France, Ireland and the United Kingdom have reached the 2010 targets or missed it by a small margin, and could achieve their individual targets (0.7 % and 0.33 %) on time or ahead of time. These countries account for 30% of the funding gap and their downside risk is limited. Their share of the gap is likely to be filled, although the current degree of back-loading is probably too high.

3. Austria, the Czech Republic, Estonia, Germany, Lithuania, Malta, Poland, Slovenia and Spain have missed the 2010 targets but could step up their efforts. They account for 40% of the funding gap and the risk of not meeting their targets on time is relatively high. The most likely outcome is that only a fraction of their share of the gap will be filled on time.

4. Bulgaria, Greece, Hungary, Italy, Latvia, Portugal, Romania, and the Slovak Republic are far behind and are unlikely to meet their individual targets by 2015. These countries account for 27% of the gap and the likelihood of major improvements is low. The current economic situation in Greece and Portugal in particular may place a serious constraint on increasing ODA budgets.

Unless decisive action is taken, the risk is high that the 2015 target will be missed by a large margin as shown by the above analysis. The Commission has pointed this out in the last four annual reports and has, over the years, proposed several ways of stepping up efforts. The options remain the same as identified in last year's report:

1. All Member States draw up realistic and verifiable national ODA action plans outlining how they aim to scale up and strive to achieve the 2015 ODA targets. Each annual action plan should be published by the end of the year preceding the spring Foreign Affairs Council (Development) (FAC). Core elements of the action plan are:

    - Increasing ODA each year (by volumes and as a percentage of GNI) compared to the previous year in order to reach and sustain EU targets. ODA increases are an issue of political choice, even in difficult budgetary situations.

    - Indicating ODA estimates for the remaining period until 2015. Overall ODA increases in the period 2010–2015 should be commensurate with the individual target to be reached or sustained by and beyond 2015 (0.7% of GNI for the EU-15 and 0.33% for the EU-12. Higher aid levels already achieved by the strong performers should be maintained.

    - Describing concrete actions to build public support for development in the Member State concerned, including better coverage of development-related issues in the national media and finding new and better means of communication on development. The EU and its Member States need to do more to communicate development success stories, and should do this more systematically and jointly. A better informed and educated public that is supportive of development cooperation can be a powerful ally in government commitments to increase ODA spending. Only an educated public will be able to hold governments accountable for delivering on their commitments.

2. The European Council, in June 2010, took up partially the idea of an EU-internal annual ODA peer review, by requesting an annual report of the Council on the ODA situation. However, it remains to be seen whether the European Council will assess the progress of each Member State and what guidance it will give for further joint EU progress for attaining the agreed ODA targets.

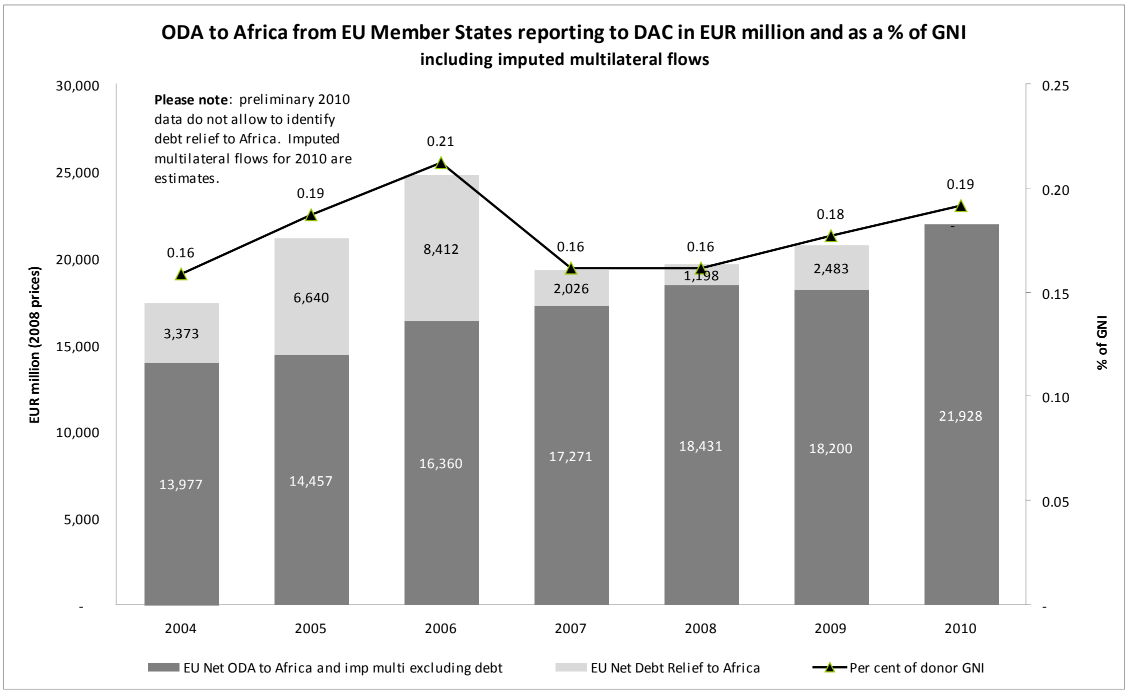
3. Describing mechanisms for ensuring scaling-up. National legislation ring-fencing ODA or making ODA targets legally binding is helping some Member States to reach the 0.7% target early (Belgium) or to maintain aid levels at or above that level (Sweden). Against this background, the Commission had also proposed that Member States should consider enacting national legislation on ODA levels with a view to reaching the agreed EU ODA targets or maintaining higher national aid levels. This could be done either through specific legislation, such as that currently being examined in the UK, or through specific annotations in the national budget laws.

Increasing ODA levels is not a technical exercise and Member States need to decide on the way forward.

2.2.7. EU not acting in line with its promise on ODA to Africa

What share of EU ODA increases have been directed to the African continent?
Since making the commitment to direct 50% of EU aid increases to Africa in 2005 (based on 2004 aid levels), the combined EU aid to Africa has risen by about EUR 3.3 billion at constant prices so that 26% of ODA growth between 2004 and 2009 went to Africa, as shown in Figure 6.

Figure 6 - ODA to Africa from EU15 in EUR million and as a % of GNI (including imputed multilateral flows)



Source: OECD DAC data for 2004 – 2009 and Commission simulation on DAC data for 2010

Most EU Member States stated that they have already met the commitment on ODA to Africa and some (e.g. Netherlands) have set up systems to monitor their performance in this respect. For some, aid to Africa already accounts for most of their bilateral ODA (e.g. 80% for Ireland, 64% for Portugal). Few Member States will not contribute to that target through their bilateral ODA as they believe their comparative advantage is in other regions of the world. An important dimension is the imputed multilateral share of EU aid to Africa, which amounted to some EUR 8.7 billion in 2010 and contributed 50% of the collective EU increase from 2004 to 2010.

How did EU ODA to Sub-Saharan Africa increase since 2005?
EU ODA to Sub-Saharan Africa grew by around EUR 2.6 billion in real terms over the period 2004-2009, thus meeting the less demanding target of increasing EU aid to Sub-Saharan Africa. Preliminary estimates for 2010 indicate there was no further growth. Only the Netherlands and Portugal decreased their ODA to Sub-Saharan Africa over this period. The growth was due to aid through multilateral channels (EUR 1.8 billion), and ODA excluding debt relief (EUR 1.5 billion) partly compensated by a decline in debt relief of EUR0.7 billion. The relative importance of Sub-Saharan Africa declined over the period from 47% of total EU ODA to 42%.

2.2.8. EU ODA to Least Developed Countries stable

In November 2008, Member States promised, as part of the EU's overall ODA commitments, to provide collectively 0.15% to 0.20% of their GNI to Least Developed Countries (LDCs) by 2010 while fully meeting the differentiated commitments set out in the 'Brussels Programme of action for the LDCs for the decade 2001-2010'.

According to available OECD DAC data, LDCs' share of EU ODA has increased both in absolute and relative terms since 2004 and stood at EUR 15.1 billion at 2008 prices, 31% of EU ODA or 0.13% of GNI in 2010.

Ten Member States plan to achieve the LDC target of 0.15% to -0.20% by 2015 while ten think they will not do so, due in some cases to budgetary constraints. For the remaining seven Member States no information is available.

According to DAC data summarised in **Table 5**, Belgium, Denmark, Finland, Ireland, Luxembourg, the Netherlands, Sweden and the United Kingdom had already met the ODA to LDC target by 2009 and stayed above it also in 2010. All of these countries had an average ODA/GNI ratio well above the 0.15% mark for the entire period since taking the EU commitments. **Ireland** is the only Member State that has kept a share of ODA to LDC greater than 50% for the entire period. **Portugal** met the target on average in 2004-2009 and, along with **Hungary and Italy,** maintained a share of LDCs in total ODA greater than the EU average of 30% for most of that period. Member States that have not reached the target need to make a deliberate effort to increase their overall ODA and, within this, to increase the proportion of aid that goes to LDCs.

Figure 7 summarises the evolution of the ODA to LDCs over GNI ratios for EU Member States reporting to DAC over the period 2004-2010. The peak in 2005 and 2006 is due to large debt relief operations in those years.

Table 5 - ODA/GNI to LDCs and LICs [48] (2009 and average 2004-2009, %)

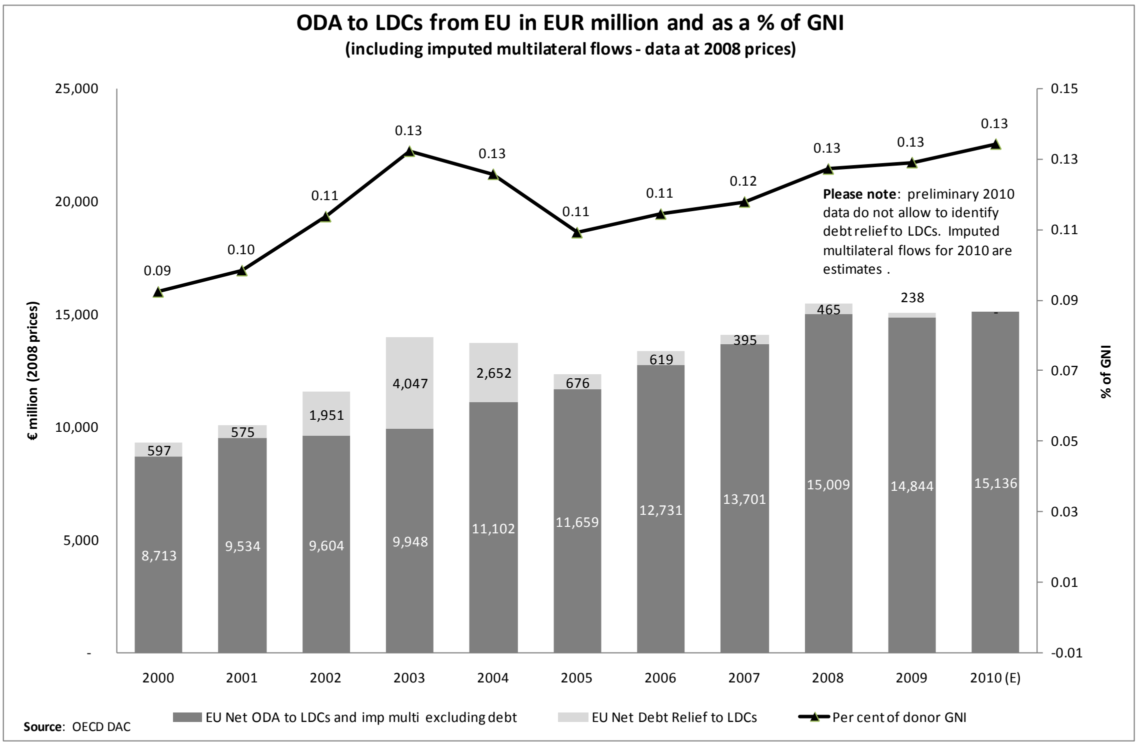
Country	ODA/GNI 2009			Average ODA/GNI 2004-2009		
	LDC	OLIC	LIC	LDC	OLIC	LIC
Austria	0.09	0.03	0.12	0.08	0.04	0.11
Belgium	0.20	0.05	0.25	0.18	0.05	0.23
Denmark	0.34	0.12	0.46	0.33	0.12	0.45
Finland	0.19	0.05	0.24	0.15	0.04	0.19
France	0.12	0.08	0.20	0.12	0.06	0.18
Germany	0.10	0.03	0.13	0.09	0.04	0.13
Greece	0.04	0.01	0.04	0.04	0.01	0.05
Ireland	0.28	0.04	0.32	0.27	0.04	0.31
Italy	0.05	0.01	0.07	0.06	0.02	0.08
Luxembourg	0.39	0.09	0.48	0.34	0.08	0.43
Netherlands	0.21	0.06	0.26	0.24	0.08	0.31
Portugal	0.10	0.01	0.10	0.16	0.01	0.16
Spain	0.12	0.03	0.15	0.08	0.02	0.11
Sweden	0.34	0.09	0.43	0.30	0.07	0.38
United Kingdom	0.18	0.06	0.24	0.15	0.08	0.23
Czech Republic	0.04	0.01	0.05	0.03	0.01	0.04
Hungary	0.03	0.01	0.04	0.03	0.00	0.03
Poland	0.02	0.00	0.03	0.02	0.00	0.03
Slovak Republic	0.02	0.00	0.03	0.04	0.01	0.05
Slovenia	0.03	0.01	0.04	0.06	0.01	0.07
Total EU (20 Member States)*	**0.13**	**0.05**	**0.17**	**0.12**	**0.05**	**0.17**

Source: OECD DAC

** For other EU Member States that are not DAC members this information is not available.*

48 LDCs : Low Developed Countries. LICs: low Income Countries. OLIC: Other Low Income Countries

Figure 7 - EU ODA to LDCs as a % of GNI including imputed multilateral flows



Source: OECD DAC

2.3. Scaling up funding for tackling Climate Change and Biodiversity Challenges

2.3.1. Climate change fast-start finance

EU Commitments

European Council Conclusions on 10/11 December 2009: The EU and its Member States are ready to contribute with fast-start funding of EUR 2.4 billion annually for the years 2010 to 2012.

2.3.1.1 Background

Climate change is a global threat. The EU as a whole is committed to playing a leading role in the fight against global warming in order to keep global average temperature increase below 2 degrees Celsius compared to pre-industrial levels.[49] Consequently, the EU is an active participant in the negotiations on climate change under the United Nations Framework Convention on Climate Change (UNFCCC). A key topic of these negotiations is the financing of mitigation and adaptation activities. Developed countries expect developing countries, especially the economically more advanced ones, to contribute to the overall effort to combat climate change. At the same time, developing countries want to see a clear position from developed countries on finance for climate change related action[50].

49 See http://ec.europa.eu/dgs/clima/mission/index_en.htm for an overview of EU actions on climate change
50 European Commission, Stepping up international climate finance: A European blueprint for the Copenhagen Deal, COM(2009) 475 final

During the Climate Change Conference in Copenhagen in December 2009, developed countries made pledges for short-term as well as long-term climate financing. These commitments were later anchored in the agreements concluded at the Climate Change Conference in Cancún (the 'Cancún Agreements') in December 2010. The collective commitment by developed countries is to provide new and additional resources approaching USD 30 billion for the period 2010-2012, with balanced allocation between adaptation and mitigation.

Funding for adaptation will be prioritised for the most vulnerable developing countries, such as the Least Developed Countries, Small Island Developing States and Africa. The European Commission and its Member States have pledged to contribute fast-start funding totalling EUR 2.4 billion annually for the years 2010 to 2012[51].

Developed countries also committed to a long-term goal of jointly providing USD 100 billion per year by 2020 to address the needs of developing countries. This funding will come from a variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. This longer term pledge has been made in the context of meaningful mitigation action by the developing countries. The UN Secretary General's Advisory Group on Climate Finance has concluded that it is feasible to reach the USD 100 billion target, but that it will be a challenging task[52].

To maintain trust in the international negotiating process, it is vitally important to ensure transparent measurement, reporting and verification (MRV) of these climate finance commitments. This was recognised at the Cancún conference. Developed countries were asked to provide information on the resources they would make available to provide their fast-start commitment and on the ways in which developing countries can access these resources. This information was to be sent to the UNFCCC secretariat for compilation into an information document in May 2011, 2012 and 2013. It was agreed that a Standing Committee should be set up to help ensure that climate change financing is delivered in a more consistent and coordinated manner and to help rationalise the financial mechanism, mobilise financial resources and improve the measurement, reporting and verification of support provided to developing countries.

The EU is a strong advocate of transparent reporting. It drew a comprehensive report on the implementation of its fast-start commitments ahead of the Cancún Climate Change Conference, based on a survey of Member States[53]. The EU also intends to produce further fast-start progress updates for the subsequent UNFCCC Conferences (2011, 2012)[54]. The EU welcomes initiatives to make climate financing even more transparent[55]. Monitoring ODA which is related to climate change (and other environmental issues) is a difficult task due to the complexity of the issues and their multidimensional character. To help carry out this task, a system of markers (agreed with Secretariats of each of the Rio Conventions—see **Box 2**) has been set up within the DAC/CRS system. In parallel, other monitoring work is also being carried out, such as the Fast Start Finance initiative (www.faststartfinance.org) sponsored by Denmark, Germany, the Netherlands, the UK and some other countries.

51 *European Council Conclusions on 10/11 December 2009*
52 *http://www.un.org/wcm/content/site/climatechange/pages/financeadvisorygroup*
53 *European Council, EU Fast start finance Report for Cancún, 6 December 2010*
54 *In its meeting of 7 December 2010, the ECOFIN Council 'invites the Commission to integrate fast start finance reporting into its annual EU accountability and development finance report, with a further end-of-year update for UNFCCC meetings as needed.' (§4)*
55 *European Council, EU Fast start finance Report for Cancún, 6 December 2010*

Box 2. The 'Rio markers' – monitoring development assistance to address climate change, biodiversity and desertification[56]

In 1998 the OECD/DAC added the so called 'Rio markers' to the CRS system to enable the identification of aid activities related to the three Rio Conventions signed in 1992: the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD) and the United Nations Convention to Combat Desertification (UNCCD). The use of the markers was made compulsory for DAC reporters for aid from 2007 onward. All bilateral aid activities should be screened and marked as having the objectives of each Convention as a 'principal objective', 'significant objective' or 'not targeted'. Activities can be marked for more than one convention, so there are overlaps between ODA volumes targeted at the individual conventions.

The original Rio marker on climate change only covers mitigation related activities. For aid data from 2010 onwards, a new marker will be introduced in use that also tracks aid in support of climate change adaptation, in order to give a more complete picture of climate-change-related ODA.

Using the Rio markers is fraught with methodological difficulties. The OECD/DAC points out that the marker data do not produce exact ODA volumes. Rather, they give an indication of the amounts allocated or spent and the extent to which donors address the objectives of the Rio Conventions in their aid programmes.

2.3.1.2. Volume and focus of EU support

EU and its Member States are jointly committed to provide fast-start finance amounting to EUR 7.2 billion in 2010-12. EUR 2.34 billion of this was provided in 2010 (data as of end February 2011). The current austerity requirements on national budgets make it more difficult to mobilise funds. Nevertheless, the EU seems well on track to meet its overall target. **Annex 4** provides a detailed breakdown of the commitments.

Fast-start finance is part of the wider action on climate financing being taken by the EU and the Member States. Data provided by 10 Member States shows that their non-fast-start climate financing in 2010 was almost three times as large as their fast start-financing commitments that year.

The EU uses both multilateral and bilateral channels for deploying its fast-start finance; 56% of commitments are multilateral and 43% bilateral. Multilateral channels include the Climate Investment Funds, the Global Environment Facility, the Adaptation Fund, the Least Developed Countries Fund, the Forest Carbon Partnership Facility, the Regional Development Banks and UN agencies. By channelling funds through existing platforms, initiatives and bilateral structures the EU aims to reach the beneficiaries efficiently and minimise additional administrative complications and the proliferation of new initiatives. Some 82 % of the funds have climate change as a principal objective and 18% as a significant objective. Loans play a large role in EU's fast-start finance: 55% of the commitments are reported as loans and 45% as grants.

Around 35% of the commitments are earmarked for adaptation, 45% for mitigation and 15% for the 'Reducing Emissions from Deforestation and Forest Degradation+'-Initiative (REDD+). Support for adaptation aims to help poor and vulnerable countries adapt to and build resilience to the adverse effects of climate change. Funding will help developing countries protect their infrastructure, industry and agriculture from changing weather patterns and rising sea levels. It will also support investment in water management, drought-resistant crops and disaster risk reduction, and will help provide better scientific analysis as the basis for decision making and national planning.

Support for mitigation aims to speed the transition to a low-carbon global economy and to reduce greenhouse gas emissions by promoting the deployment of clean energy technologies. Funding will, for example, promote

56 Source: www.oecd.org/dac/stats/rioconventions.

and support low-carbon energy, energy efficiency, low-carbon transport and the development of Nationally Appropriate Mitigation Actions.

Support for REDD+ aims to cut greenhouse gas emissions by reducing deforestation and forest degradation in developing countries and by enhancing the sustainable management and conservation of forests and carbon stocks. In this context, the EU is seeking to promote synergies between REDD+ governance objectives and the EU Action Plan for Forest Law Enforcement, Governance and Trade (EU FLEGT initiative).

Climate issues have become increasingly integrated in broader development strategies (making ODA 'climate resilient') so that actions to mitigate and adapt to the negative effects of climate change often support efforts to reach other MDGs and vice versa, e.g. by fostering climate-resilient development and access to clean energy. The EU will continue working to integrate climate change, biodiversity and other global commitments more fully into its development strategies.

2.3.1.3. The global context

The EU has been the largest contributor to mitigation-related ODA since well before the Copenhagen conference. The European Commission and DAC-reporting Member States committed EUR 7.7 billion to aid activities aimed at climate change mitigation between 2007 and 2009. This represented 50% of global reported aid to combat climate change. These activities targeted areas which are closely linked to the objectives of fast-start finance.

After Japan, the EU as a whole has pledged the largest amount to fast-start finance (see **Table 6**). Note, however, that it is impossible to make like-for-like comparisons of fast-start contributions and pledges by different donors, as the metrics used vary as do the definitions of what qualifies as fast-start finance. Japan, for instance, counts other official flows (covering a range of non-ODA funding forms, such as export credits, as part of its fast-start finance.

Table 6 - Pledges to fast-start finance (2010-12) and reported ODA to mitigation 2007-2009

	Total pledged fast-start finance 2010-12 (EUR million)	Total ODA to mitigation 2007-2009 (2008, EUR million)
Australia	413	337
Canada	292	108
Japan	11.278	6.070
Norway	752	643
Switzerland	101	70
US	1 278*	n/a
EU	7.200	7.580

** = US data is for fiscal year 2010 only*

Source: www.faststartfinance.org for fast-start finance pledges and OECD/DAC for ODA to mitigation[57].

57 *Activities marked with a 'principal' or a 'significant' objective are included). The ODA data is for the European Commission and the 15 Member States which report to the OECD/DAC. No mitigation data was available for Luxembourg or the US which do not report on the Rio markers. No mitigation data was available for the Netherlands for 2009*

2.3.1.4 Measuring additionality

The European Council has endorsed the principle that climate financing should not undermine the fight against poverty and continued progress towards the MDGs[58]. The Council has also agreed that, while support for mitigation and adaptation in developing countries will require additional resource mobilisation from a wide range of financial sources, ODA will continue to play a role, particularly in supporting adaptation (including disaster risk reduction), in the most vulnerable and least-developed countries[59].

Paragraph 95 of the Cancún Agreements states that developed countries will provide 'new and additional resources' as fast-start finance. It is important for the credibility of the commitments that fast-start climate finance is not replacing other development finance. However no agreed definition exists of what constitutes 'new and additional'.

The general understanding of additionality is that certain financing sources or types of expenditure should not be lower than a pre-defined benchmark or reference level. In the case of climate finance, this concerns in particular the relation of climate finance to official development assistance (ODA), as referred to by the Council.

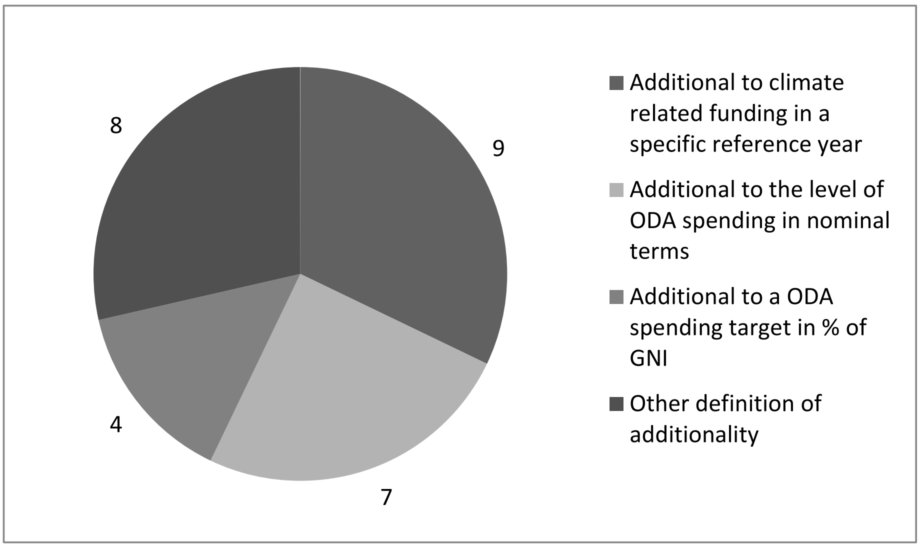
Climate-related financing will normally be reported as ODA as long as the support fulfils the OECD/DAC criteria of ODA. As climate and development finance are mutually reinforcing and the objectives intertwined, trying to separate the two would appear artificial and unproductive. While adaptation projects will, as a rule, show multiple benefits, most mitigation projects will also have developmental benefits (e.g. reducing deforestation or renewable energy projects). Climate-related financing will also come in non-ODA form, e.g. through non-concessional loans or official export credits which do not qualify as ODA and possibly in countries not included in the DAC list of ODA recipients.

EU Member States use different definitions of additionality as shown in **Figure 8**. Some Member States aim for additionality related to climate related funding, while others include climate spending in their efforts to increase ODA. Three Member States define additionality as ODA over and above the UN ODA target of 0.7% of GNI. One Member State states explicitly that fast-start financing is strictly additional to the aid budget and will not be reported as ODA. The most commonly used reference year is 2009, with some Member States using 2010. Some Member States finance climate efforts from outside the ODA budgets or through innovative sources. Some Member States use a combination of the definitions in the graph and some have not yet decided on a definition of additionality. One Member State notes that development cooperation and climate change are so closely linked that it is difficult to distinguish between the two objectives in terms of funding.

58 European Council Conclusions of 30 October 2009, §23

59 Conclusions on Climate Change and Development of the General Affairs and External Relations. Council of 17 November 2009, §15

Figure 8 - Definitions of additionality used by EU Member States
in reporting fast-start financing in the context of this report



Source: Questionnaire on financing for development60.

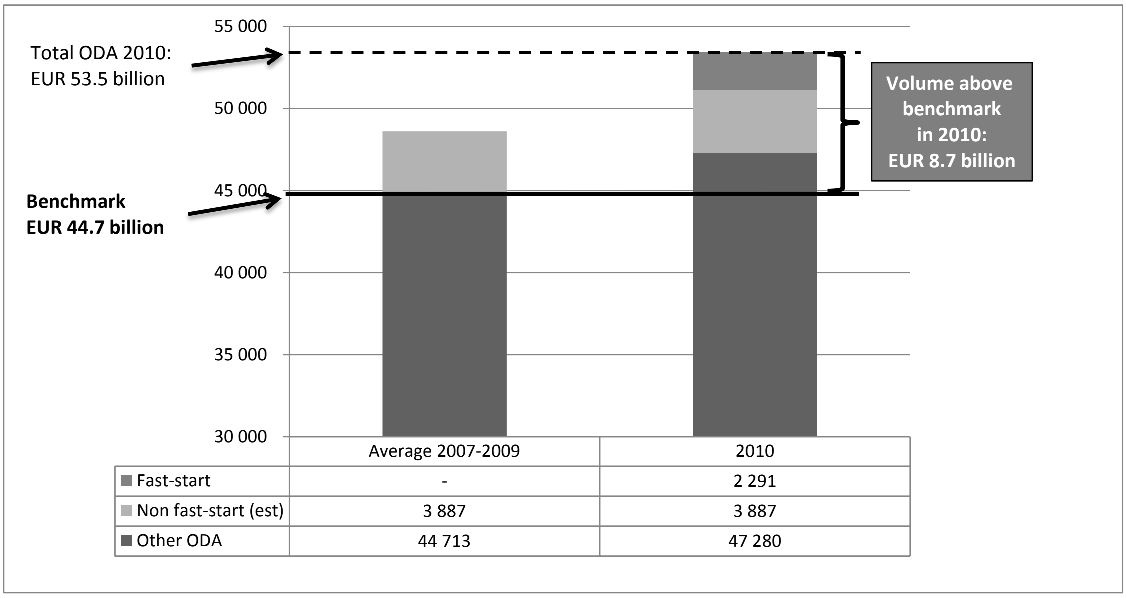
At an aggregate EU level, given that the EU pledge was made collectively, the additionality requirement of the Copenhagen Accord should also be applied collectively. Since the EU's view is that 'traditional' aid to reduce poverty should not be diverted in order to fund climate change activities, total ODA less climate related ODA would be an appropriate benchmark for gauging to new and additional climate finance, within the context of the specific definitions used by various Member States, as outlined above. This would make it possible to check whether increases in ODA-related climate finance are really additional or whether they encroach on other areas of ODA.

To even out annual variations, the ODA part of the benchmark could be defined as the average level of EU ODA budgetary commitments in the period 2007 to 2009, expressed in absolute and real terms. A benchmark level for climate-related ODA is harder to obtain because, as was highlighted above, the current climate change marker only covers mitigation. Data on adaptation will only be available from 2010 onwards. For the years 2010 to 2012 a distinction would ideally need to be made between fast-start finance and other climate-related finance, but there is no way to track fast-start finance within the DAC system.

The average EU total ODA for the period 2007 to 2009 in constant 2008 prices is EUR 48.6 billion and the corresponding amount for mitigation-related ODA is EUR 2.5 billion. For the purpose of this illustrative exercise it is assumed that the average total adaptation-related ODA for the period corresponded to the same share – 35% - of total climate-related as the share of adaptation reported for fast-start finance. This would give an estimate of adaptation-related ODA of around EUR 1.4 billion and total climate-related ODA of some EUR 3.9 billion. The benchmark level would be EUR 44.7 billion. By this reasoning, if climate finance is to be additional, the EU's total ODA excluding climate-related ODA should be higher than this benchmark level in the years 2010-12. **Figure 9** illustrates this, using this report's estimate for the EU's total ODA in 2010 – namely –EUR 53.5 billion in constant 2008 prices. This is EUR 8.7 billion above the benchmark level, which corresponds to the maximum potential volume of climate finance that would be additional without cutting into support to other sectors. This is enough to cover the EUR 2.3 billion in constant 2008 prices dedicated to fast-start finance and a constant level of EUR 3.9 billion of non-fast-start finance for 2010 compared to 2007-2009, which would imply a fairly strict definition of additionality of fast-start finance being in addition to climate finance in previous years. However, the latter can only be verified once the 2010 data on Rio-marked ODA become available.

60 Based on 26 responses, of which 2 did not reply to the question. The European Commission is included as a 'Member State' in the text. Two countries reported using two definitions. The 'Other' category includes Member States that have not yet decided on a definition of additionality and two Member States that have not reported any definition

Figure 9: Calculating the additionality of climate finance –
an illustrative example, EUR million in 2008 prices



	Average 2007-2009	2010
Fast-start	-	2 291
Non fast-start (est)	3 887	3 887
Other ODA	44 713	47 280

Source: OECD DAC for ODA and mitigation data 2007-2009 for DAC reporting Member States. Financing for development questionnaire for non-reporting Member States and 2010 data. Mitigation data was not available for Luxembourg or for the Netherlands in 2009.

Consequently, if the EU continues to scale up ODA in 2011 and 2012 towards meeting its aid targets in 2015, the additionality requirement could be met, since the increase in total ODA is likely to exceed any increase in climate-related ODA (both fast-start and non-fast-start finance). This would be in line with the EU commitment that 'climate financing should not undermine or jeopardise the fight against poverty and continued progress towards the Millennium Development Goals'.

It should be clear from the above that it is hard to quantify the benchmark because of the unreliability of the data on EU climate finance. Once higher-quality data become available, it will be possible to monitor precisely the additionality of EU fast-start. In particular, the additionality exercise requires more complete data, including data on adaptation financing, and further progress in the methodology and application of the OECD DAC Rio Markers.

2.3.2. Biodiversity

EU Commitments

European Council conclusions on the Convention on Biological Diversity (CBD): outcome of and follow-up to the Nagoya biodiversity conference, 20 December 2010: The EU and its Member States have committed themselves to implementing the strategy for resource mobilisation and to substantially increasing resources (financial, human and technical) from all possible sources balanced with the effective implementation of the CBD and its strategic plan. The EU will actively involved in developing baselines for monitoring the implementation of the strategy, and into implementing the COP 10 decision to adopt targets at CBD COP 11, provided that robust baselines have been identified and endorsed and that an effective reporting framework has been adopted.

2.3.2.1. Background

In recent decades unprecedented economic growth and human development have benefited people across the globe. However, these benefits have come at the cost of degraded ecosystems and loss of biodiversity caused by changes in land use, over-exploitation, the spread of invasive species, pollution and climate change. These negative effects are not only of concern because of the important intrinsic value of Nature, but also because they result in a decline of the 'ecosystem services' which natural systems provide. These services include producing food, fuel, fibre and medicines, regulating water, air and climate, maintaining soil fertility, storing carbon and recycling nutrients. Any loss of such services could have serious economic and social consequences, as has recently been shown [61].

A global strategy to combat biodiversity loss for the coming decade was adopted at the tenth meeting of the Conference of the Parties (COP 10) of the Convention on Biological Diversity (CBD) in Nagoya (Japan) in October 2010[62]. The plan is backed up by a strategy for mobilising resource to help achieve the CBD's three objectives. This strategy aims to substantially increase international financial flows and domestic funding for biological diversity in order to significantly reduce the current funding gaps and thus help ensure that the Convention is indeed implemented.

The EU is working on a biodiversity strategy that will be adopted in 2011 and that follows on from the EU's previous Biodiversity Action Plan. The new strategy will integrate the EU's CBD commitments and the EU headline target – which is to the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and indeed to restore them as far as possible, while stepping up the EU's contribution to averting global biodiversity loss[63].

The EU recognises that the link between ecosystems and employment, income and livelihoods in developing countries is even stronger than in developed countries.[64] Consequently, the Commission's Communication on Policy Coherence for Development states that the EU should 'enhance funding earmarked for biodiversity and strengthen measures to mainstream biodiversity in development assistance'[65]. This ambition is carried forward in the EU Development Policy (the European Consensus on Development Cooperation)[66] and Neighbourhood Policy[67].

Indeed, one of the aims of the EU's Biodiversity Action Plan was to increase the development cooperation funds earmarked for biodiversity while mainstreaming biodiversity more effectively into EU and Member States' development aid budgets. Biodiversity is thus an integral part of EU's development cooperation policy and activities. Until now, these activities have been monitored by reporting on the Biodiversity Action Plan. Ahead of the Nagoya meeting the Council asked the European Commission to continue reporting on the amount of funds related to biodiversity conservation and sustainable use[68].

2.3.2.2. Volume and focus of EU support

From 2007 to 2009, the EU committed, on average, EUR 1.3 billion per year to biodiversity-related aid.[69] The volume increased by more than 50% during this period in real terms; from EUR 1 billion in 2007 to EUR 1.5 billion in 2009 (see **Figure 10**). In contrast the share of activities which had biodiversity as their principal objective decreased from 36% in 2007 to just 15% in 2009.

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61 Economics of Ecosystems and Biodiversity (TEEB) study, http://www.teebweb.org/

62 The Convention on Biological Diversity entered into force in 1993 and has three main objectives: i) the conservation of biological diversity; ii) the sustainable use of the components of biological diversity; and iii) the fair and equitable sharing of the benefits arising out of the utilisation of genetic resources. The Convention obliges developed countries to provide new and additional financial resources related to the implementation of the Convention (Article 20).

63 EU Council Conclusions on Biodiversity: Post-2010 EU and global vision and targets and international ABS regime, 15 March 2010

64 EU Council conclusions on Biodiversity: Post-2010 EU and global vision and targets and international ABS regime, 15 March 2010

65 COM (2005) 134 final

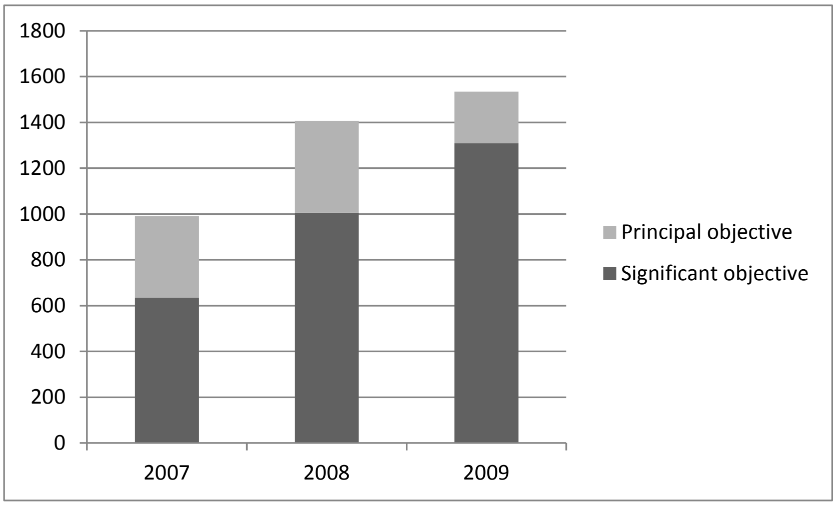
66 COM (2005) 311 final

67 COM (2003) 104 final, COM (2004) 373 final

68 EU Council Conclusions on Preparation of the tenth meeting of the Conference of the Parties (COP 10) to the Convention on Biological Diversity (CBD), 14 October 2010

69 See the Box on the Rio markers above for an explanation of how this amount is calculated.

Figure 10: EU's biodiversity-related ODA by objective. 2007-2009, commitments, EUR million at constant 2008 prices



Source: OECD DAC/CRS70.

Among EU Member States, Germany, France and Spain were the largest donors, but several other countries also donated substantial amounts during this period (see **Table 7**). Member States that are not DAC members are also contributing to the effort, as evidenced by the appearance of the Czech Republic, Slovenia and Romania in the table.

The EU's biodiversity-related aid as a share of total EU ODA increased from 2.1% in 2006 to 3.2% in 2009. One major challenge in increasing the share is the low priority often given to biodiversity by partner countries faced with other needs. Moreover, very few Member States have dedicated funds for biodiversity. Exceptions include the UK's Darwin Initiative and the Swedish International Biodiversity Programme SwedBio[71].

70 *Luxembourg does not report on the Rio markers. No data for the Netherlands for 2009*

71 *Commission Staff Working Document, Consolidated Profile Accompanying Document to the Report from the Commission to the Council and the European Parliament - the 2010 Assessment of Implementing the EU Biodiversity Action Plan, SEC(2010) 1163 final, p. 131, 90 and 94.*

Table 7: EU's biodiversity-related bilateral aid, 2007-2009, commitments, EUR million at constant 2008 prices

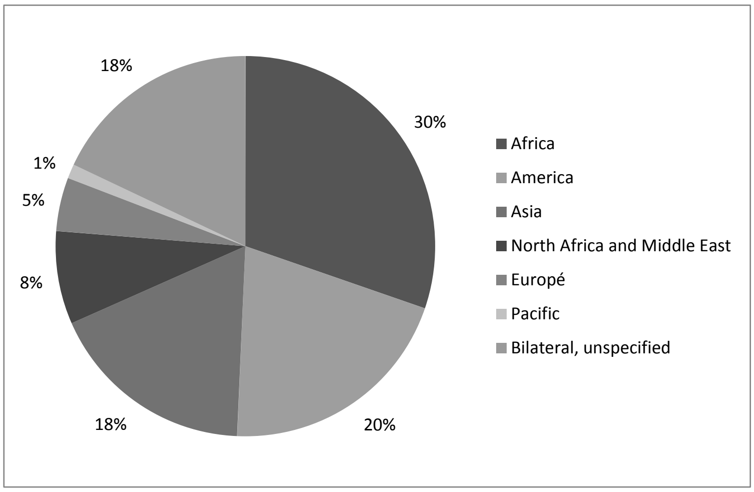
	2007	2008	2009	Average 2007-2009
Austria	10	22	21	18
Belgium	47	83	92	74
Czech Republic	2	3	2	2
Denmark	71	113	84	89
Finland	35	90	82	69
France	115	154	168	145
Germany	169	197	217	194
Greece	3	3	6	4
Ireland	20	14	75	36
Italy	80	54	45	60
Netherlands	156	170	n/a	163
Portugal	1	1	3	2
Romania	0.05	0.06	0.06	0
Slovenia	1	1	1	1
Spain	67	240	207	171
Sweden	0	10	5	5
United Kingdom	7	12	11	10
European Commission*	207	239	517	321
Total	**991**	**1 406**	**1 533**	**1 310**

Source: OECD DAC/CRS[72].

** The European Commission did not consistently use the Rio Marker on biodiversity until 2009. As a consequence, the European Commission data reported to the DAC and presented in the table are currently under review. Preliminary revised volumes are 2007: EUR 75 million, 2008: EUR 151 million, and 2009: EUR 412 million.*

Nearly a third of the EU's biodiversity-related aid goes to Africa and around one fifth each to America and Asia (see **Figure 11**). The support is divided between over 140 regions and territories. One fifth of the support has no specific geographical focus.

Figure 11 - EU's biodiversity-related bilateral aid by geographic area, 2007-2009, percentage share, commitment

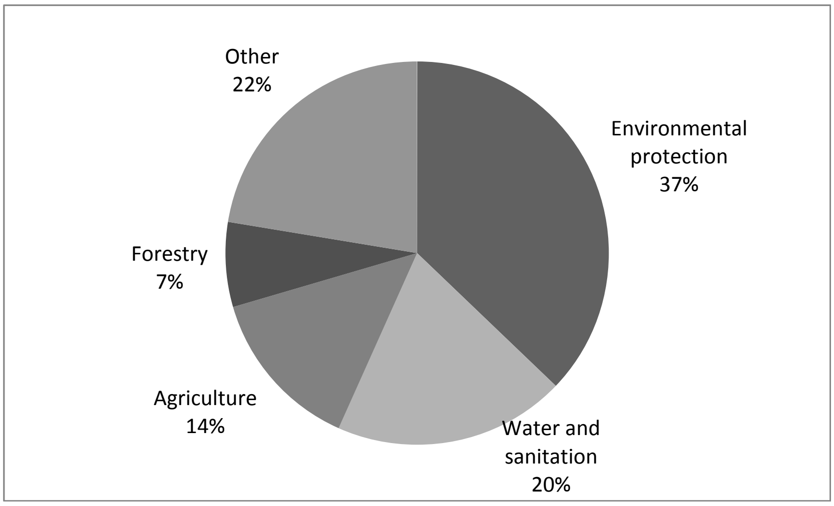


Source: OECD DAC/CRS[73]

72 *Luxembourg does not report on the Rio markers and there is no data for the Netherlands for 2009. Activities marked with a 'principal' or a 'significant' objective are included. Monterrey survey for the Czech Republic, Romania and Slovenia.*
73 *see footnotes 72 and **

In terms of sectors, the EU's biodiversity-related aid falls primarily within environmental protection, followed by water and sanitation, agriculture and forestry (see **Figure 12**).

Figure 12: EU's biodiversity-related bilateral aid by sector, 2007-2009, percentage share, commitments



Source: DAC/CRS[74]

2.3.2.3. The global context

Global ODA for biodiversity rose in 2009 after a small decline in 2008 (see **Table 8**). In terms of activities reported to the OECD/DAC the increase was 24% in real terms to a total of EUR 3.0 billion in 2009 in constant 2008 prices. The US does not report on the Rio markers and data for the Netherlands are missing for 2009. The annual contribution of each country can be estimated at around EU200 million. The EU contribution corresponds to around half of all biodiversity-related ODA over the period 2007 to 2009.

Table 8: Total biodiversity-related bilateral aid 2007-2009, commitments, EUR million at constant 2008 prices

	2007	2008	2009	Average 2007-2009
Australia	43	67	110	73
Canada	43	36	125	68
Norway	53	72	202	109
Japan	1 233	608	787	876
Korea	9	17	29	18
Switzerland	33	19	26	26
US	187	199	205	197
EU	991	1 406	1 533	1 310
Other	2	6	2	4
Total	**2 594**	**2 430**	**3 019**	**2 681**

Source: OECD DAC/CRS[75]

*74 see footnotes 72 and **

75 Luxembourg does not report on the Rio markers and there are no data for the Netherlands for 2009. Activities marked with a 'principal' or a 'significant' objective are included. Monterrey survey for the Czech Republic, Romania and Slovenia. USAID, Biodiversity Conservation and Forestry Programs Annual Report, October 2010. The United States does not report on the Rio markers. The US data in the table are labelled 'funding' in the USAID report

The EU and its Member States provide contributions to a number of biodiversity-related conventions: the Convention on Biological Diversity, the Ramsar Convention on Wetlands, the Convention on the Conservation of Migratory Species of Wild Animals, the Convention on International Trade in Endangered Species, the African-Eurasian Migratory Waterbird Agreement and the World Heritage Convention[76].

In addition, the EU Member States are important contributors to the Global Environment Fund (GEF) and the UNEP Environment Fund. The GEF serves as the financial mechanism for the Convention on Biological Diversity. It has been replenished five times. EU Member States provided EUR 1.096 billion to explain GEF-4, which represented 52% of total contributions[77].

Preliminary data on the recently-concluded explain GEF-5 shows that, compared to the previous replenishment, EU Member States increased their contributions considerably - by 24% - to EUR 1.357 billion, or 54% of total contributions[78]. The UNEP Environment Fund will spend around a fifth of its budget on biodiversity-related activities in 2012-2013. EU Member States contributed EUR 43.9 million to the UNEP Fund in 2009 and EUR 39.2 million in 2010, which in both years corresponded to around three quarters of total contributions/pledges[79].

2.4. Increasing international support to DevelopingCountries through Innovative Financing Sources and Mechanisms

EU Commitments

Conclusions 11 November 2008 (Common EU position for the Doha Financing for Development Conference:

The EU welcomes the success of the pilot phase of implementation of innovative sources of financing and calls for a change of scale in this area. It encourages all donors which have shown their ability to provide stable and predictable resources in a coordinated manner and to participate in existing initiatives in the field of health (air ticket levy/UNITAID, IFFIm/GAVI, AMC). It encourages broad collaboration, which includes the private sector, civil society and the international financial institutions, to experiment with and implement new mechanisms and partnerships allowing an increase in financing for development, including via the carbon market. The EU will study the creation of tools to assist private financing for development, in particular to mobilise savings used for the benefit of developing countries.

European Council (October 29 and 30, 2009)

- agreed on the need to prepare a coordinated strategy for exiting from the broad- based stimulus policies when recovery is secured,
- invited the Commission to examine innovative financing at the global level, with a view to facilitating fiscal exit strategies and fiscal consolidation,
- recognised the need to significantly increase financing to help developing countries implement ambitious climate mitigation and adaptation strategies, without jeopardising the fight against poverty and continued progress towards the MDGs,
- highlighted the role of innovative financing in ensuring predictable flows of financing for sustainable development, especially towards the poorest and most vulnerable countries.

76 *See SEC(2010) 1163 final for details*
77 *SEC(2010) 1163 final*
78 *GEF Secretariat & World Bank, Summary of Negotiations Fifth Replenishment of the GEF Trust Fund, May 17, 2010, http://www.thegef.org/gef/sites/thegef.org/files/documents/GEF-A.4 7%20Summary%20of%20Negotiations%20 of%20the%20Fifth%20Replenishment%20of%20the%20GEF_0.pdf*
79 *http://www.unep.org/rms/en/Financing_of_UNEP/Environment_Fund/index.asp*

European Council (June 15, 2010)
The EU is seriously considering proposals for innovative financing mechanisms with significant revenue generation potential, with a view to ensuring predictable financing for sustainable development, especially towards the poorest and most vulnerable countries. The EU calls on all parties to significantly step up efforts in this regard, welcomes the ongoing work by the Leading Group on Innovative Financing for Development, and takes note of the ongoing work of the Task Force on International Financial Transactions for Development and of the Task Force on Innovative Financing for Education.

Innovative financing mechanisms have been under discussion and trial for some years in order to address financing needs for development. Innovative sources of financing could play a more prominent role in the near future, not least because of the difficulties of many donor countries in meeting their ODA commitments in the medium term. Development budgets are coming under increasing pressure, in particular because of the difficult situation of public finances in many donor countries as a consequence of the crisis. The reference here is to innovative sources of development finance, and it is therefore not confined to ways to increase official development assistance (ODA).

The recent Commission Communication "Taxation of the Financial Sector"[80] mentions arguments for a fair and substantial contribution, by the financial sector, to address many and varied key challenges for the EU, including "commitments towards developing countries and to combat climate change and global resource scarcity." The Commission is currently conducting an impact assessment on new financial sector taxes; the impact assessment is expected to be published before the summer 2011. Depending on the findings of the impact assessment and on concrete Commission proposals revenues from such taxes could possibly be used to also respond to global and European challenges, such as development and the achievement of the MDGs and other internationally agreed development objectives, as well as efforts to tackle climate change.

In its Staff Working Paper "Innovative financing at a global level"[81], the European Commission provided an assessment of the various instruments of innovative financing relating to the financial sector, climate change and development on the basis of a number of criteria (see **Box 3** below).

Box 3. Review of Innovative financing instruments

Air ticket levy. UNITAID is a drug purchasing facility aimed at combating the major pandemic diseases affecting the developing world. UNITAID buys the necessary drugs and diagnostics and negotiates significant reductions in the prices of pharmaceutical firms. Almost half of the available funding comes from a solidarity contribution levied on air tickets. This is already applied in 11 countries and it has enabled France for example to generate an extra EUR 160 million in conventional aid.

International Financing Facility. The International Finance Facility for Immunisation (IFFIm) exists to rapidly accelerate the availability and predictability of funds for immunisation. The funds raised by IFFIm are used by the GAVI Alliance, a public-private partnership which aims to reduce the number of vaccine-preventable deaths and illness among children under five. So far IFFIm has raised more than USD3 billion for the GAVI Alliance's immunisation programmes. IFFIm's financial base consists of legally binding grants from its sovereign sponsors. By signing the grant agreements, these countries have agreed to pay these obligations in a specified schedule of payments over 20 years.

80 COM52010)549 of7.10.2010
81 SEC(2010)409 of 1.4.2010

Advance Market Commitments (AMCs) for vaccines aim to encourage the development and production of affordable vaccines tailored to the needs of developing countries. Through a forward-looking binding contract from donors and international agencies guaranteeing a viable market for target vaccines, AMCs encourage vaccine makers to develop or build manufacturing capacity for urgently needed vaccines. The binding contract guarantees a pre-agreed price for the first doses of vaccines sold to developing countries, so that companies can re-coup their investment costs. In exchange, participating companies must guarantee to supply vaccines for the long term at a pre-agreed sustainably low price that developing countries can afford. In the AMC pneumococcal pilot, the governments of Italy, the United Kingdom, Canada, Russia, and Norway and the Bill & Melinda Gates Foundation have committed USD1.5 billion, with GAVI promising to allocate USD1.3 billion through 2015. In March 2010, GlaxoSmithKline (GSK) and Pfizer Inc. became the first two companies to make long-term commitments to supply new vaccines for the Pneumo AMC. The two participating firms committed to supply 30 million doses each per year for a 10 year period. These doses will be sold at USD3.50 each rather than at the current price in industrialised countries of USD70 per dose.

EU ETS Auction Revenues. Some Member States used the EU Emissions Trading System (EU ETS) auctioning revenues for development. According to Commission estimates, ETS auction revenues could reach EUR 50 billion annually by 2020. The total revenues Germany raised, for example, were EUR 528 million in 2009 and EUR 560 million in 2010, of which EUR 230 million were reported as ODA. The Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) coordinates its activities with the Federal Ministry for Economic Cooperation and Development (BMZ). BMZ's programmes are fully integrated with existing development cooperation.

National Lotteries. The Belgian Survival Fund (BSF), financed with proceeds from the national lottery, was created in 1983 by the Belgian Government in response to drought and famine in sub-Saharan Africa. The following year, BSF and IFAD formed a partnership to pursue a common goal; helping poor people in rural areas overcome poverty and improve food security. Joint Programme (JP) interventions target the most vulnerable populations in the most fragile parts of Africa. From January 2010 the BSF will be renamed the Belgian Fund for Food Security (BFFS) to better reflect its food security agenda. The International Communities programme is the UK Big Lottery Fund's way of helping disadvantaged communities overseas. It will have a budget of up to £80 million between 2010 and 2015.

Depending on the mechanism, at most six Member States raised funds via innovative mechanisms in 2010. The use of the IFFIm was most common (France, Netherlands, Italy, Sweden, Spain and United Kingdom) , followed by AMC (United Kingdom and Italy) and Debt2Health (Germany only).

Austria and Germany have introduced air ticket levies, but the funds raised are not earmarked for development cooperation. The United Kingdom also supports the Private Infrastructure Development Group (PIDG) governed by a donor council with members from 8 donors, and utilises innovative facilities to address market failures preventing private investment in infrastructure in developing countries. Social and environmental safeguards conform to World Bank standards.

A new tax on international financial transactions (FTT or Tobin tax) is supported by several Member States. In a report released in April 2010, the IMF proposed instead a levy on the balance sheets of all financial institutions and a "financial activities tax" on pay and profits, rather than a tax on international transactions. The IMF concluded that "there may indeed be a case to supplement a levy of the kind described above with some other form of taxation, but an FTT does not appear well suited to the specific purposes set out in the mandate from G-20 leaders[82]." Some Member States such as Belgium, France and Spain support the introduction of an FTT at EU level or worldwide.

82 *IMF (2010) - Financial Sector Taxation. The IMF's Report to the G-20 and Background Material. p. 17*

The recent Commission Communication on "Taxation of the Financial Sector"[83] established a clear link between a number of key challenges for the EU (including "commitments towards developing countries and to combat climate change and global resource scarcity") and the "fair and substantial contribution" of the financial sector "to address the above challenges".

The Commission is currently conducting an impact assessment on new financial sector taxes which is due to be published in 2011. Revenues from such taxes could potentially, as part of the national or EU budgets, or through some form of earmarking to international funds, be used to respond to global and European challenges, such as development and the achievement of the MDGs, as well as efforts to tackle climate change.

Table 9 - EU Innovative Sources for Development Cooperation (EUR million, 2007-2009)

Mechanism & Instrument	2007	2008	2009	Average	EU Member States
Solidarity	300	289	255	281	
National Lottery	133	114	90	112	Belgium, UK
New Taxes	167	175	165	169	
of which Adaptation Fund	2	2	3	2	
of which Airline Levy	165	173	162	167	France
Catalytic	-	-	76	25	
Advanced Market Commitment (AMC)	-	-	76	25	Italy, UK
Leveraged	-	223	1,102	442	
Frontloading of ODA (e.g. IFFIm bonds issued)	-	223	1,102	442	France, Italy, The Netherlands, Spain, Sweden, UK,
Total	**300**	**512**	**1,433**	**748**	

Sources: Annual Reports for Lotteries, UNTAID for Airline Levy, UNFCC for Adaptation Fund, GAVI for AMC and IFFIm, OECD DAC for EU philanthropy

Only nine Member States are planning to step up support for innovative financing mechanisms with significant revenue generation potential aimed at ensuring predictable financing for sustainable development. For example, Germany is setting up a new special fund under public law (Sondervermögen "Energie- und Klimafonds") to finance national and international programmes in the fields of energy efficiency, renewable energies and climate change. The fund will be in operation from 2011 onwards, with a small amount of funding available from contractually agreed payments by energy utilities. From 2013 onwards additional revenues from auctioning EU emissions allowances (compared to the 2008 level of EUR 915 million; excluding emissions trading in the aviation sector) will be channelled to the special fund. It is expected that several hundred million euro of climate and environment related ODA will be committed annually through this fund from 2013 onwards, subject to parliamentary budget approval. EUR 31.5 million will be committed as climate and environment related ODA from this fund in 2011.

As shown in **Table 9** above, amounts raised from innovative sources for development cooperation from EU Member States have been increasing over the period 2007-2009. **National lotteries** in Belgium and the United Kingdom have been used to fund development programmes, while the **air ticket levy** has contributed to the fight against HIV/AIDS through UNITAIDS and the 2% levy of the **"Certified Emission Reductions" (CERs)** issued in respect of each project under the Clean Development Mechanism (CDM) has raised about EUR 7 million for climate change adaptation. Overall, these innovative sources have had a limited impact, equivalent to just 3% of EU-15 ODA in 2009. However, catalytic **(AMC)** and leveraged **(IFFIm)** tools are now starting to produce flows for the benefit of developing countries. Flows included in the table are funds raised on international bond markets. The interest and principal on these bonds will need to be paid and donor contributions counted as ODA as the bonds are redeemed.

83 See http://ec.europa.eu/taxation_customs/resources/documents/taxation/com_2010_0549_en.pdf

Although small, these innovative sources represent an important option in a period of hard-pressed aid budgets. However, they also raise legitimate issues in terms of additionality and earmarking of aid funds, coupled with ring-fencing of specific tax revenues.

EU philanthropy and private donations to developing countries have existed for many years and therefore can hardly be considered innovative. Although smaller than in North America, they amount to about EUR 2.5 billion per year over the period 2007-2009 according to OECD/DAC statistics. These private flows are often supported by EU Member States through **tax discounts** that are not considered as ODA, as they are not flows from the official sector, but nevertheless help to increase resources available to developing countries.

2.5. Leveraging Private Flows

EU Commitments

- Conclusions 11 November 2008 (Common EU position for the Doha Financing for Development Conference)§10: "The EU is committed to promote policies and instruments supporting private investment and the expansion of partner countries' private sector in support of an inclusive and sustainable economic growth. The EU also recalls the positive impact and importance of migrants' remittances."

  § 27: "The EU recognises the development impact of remittances in migrants' countries of origin. It encourages all countries the need for an enabling environment, the EU encourages the promotion of financial sector development in countries of origin. It commits to adopt "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS) and operational definitions and recommendations allowing the improvement of data on remittances and calls for all countries to do the same. The EU also encourages partner countries to reduce the cost and improve the safety of transfers, and to support the migrants' initiatives with a view to reinforce the impact of remittances on economic and social development. Underlining, in this regard, to address gender equality and empowerment of women to reinforce the impact of remittances on development".

- Council Conclusions of 18 May 2009 (support to developing countries in coping with the crisis) § 11: "The Council expresses concern about the negative impact of the crisis on remittance flows. Bearing in mind their importance for development, the EU will further work towards enhancing the impact of remittances on development, including through the reduction of transaction costs. In this regard, the Council welcomes the work in progress in international fora, including inter alia the G8 Global Remittances Working Group, chaired by the World Bank, and work towards the establishment of an African Remittances Institute."

  Council Conclusions of 18 November 2009 on Policy Coherence for Development §10: "to promote transparent, cheaper, faster and more secure flows of remittances to migrants' countries of origin, and to ensure that relevant legislation does not contain provisions hampering the effective use of legal remittance channels."

In 2009, the Council emphasised the importance of mobilising all possible sources of financing for development, including export credits, investment guarantees and technology transfers, as instruments to leverage assistance aimed at stimulating inclusive growth, investment, trade and job creation. The quality of information on this type of financing is important in order to ensure global accountability and to better grasp the development impact of different financial sources and flows. This requires a comprehensive overview of as many development-relevant financial flows as possible and from as many donors as possible. Some of these non-ODA flows are, in principle, tracked under the established OECD/DAC reporting system, which needs to be developed further. Not all EU Member States have a reliable system in place yet to monitor such flows. Improving data on the different flows is, however, essential to enable better use of ODA to leverage more, and complementary, flows for development.

In July 2009, at the L´Aquila summit, the G8 Heads of States endorsed the '5x5' objective and pledged "to achieve in particular the objective of a reduction of the global average costs of transferring remittances from the present 10% to 5% in five years through enhanced information, transparency, competition and cooperation with partners."

2.5.1. Private Capital Flows

Foreign Direct Investment. The economies of many developing countries suffer from a general shortage of capital, especially foreign direct investment (FDI). To increase foreign investment and prevent the flight of domestic private capital, many developing countries are working to provide companies with transparent and simple regulatory and fiscal frameworks, expanded access to finance, business development services, technology and innovation – in short creating a favourable business climate.

The majority of Member States reported that they support private flows through investment guarantees, dedicated funds, preferential loans and support for joint ventures in developing countries in sectors that have high returns in terms of development, often through bilateral agreements.

Some Member States and the Commission also have special programmes to promote microfinance. Germany, for example, supports the Regional Micro Small and Medium Enterprises Investment Fund for Sub-Saharan Africa (REGMIFA). REGMIFA is promoted by a donor consortium composed of leading Donors/DFIs (including, inter alia, France, Germany, Netherlands, and Spain) and IFIs, and led by the German Financial Cooperation (KfW). It aims to enhance long and medium-term financial needs of local financial intermediaries providing funding to Micro, Small and Medium Enterprises (MSMEs) in Sub-Saharan Africa.

Dedicated institutions in Member States, such as national development agencies and development finance institutions, are in charge of specific tools and projects. For example, the Belgian Investment Company for Developing Countries (BIO), which was created in 2001 by the Belgian State and Belgian Corporation for International Investment (BMI/SBI), aims to promote a strong private sector in developing countries and/or emerging economies so that these can accomplish sustainable development, promote social welfare and decrease poverty. BIO supports the local private sector directly (loans, equity stakes, guarantees for local micro, small and medium enterprises) and indirectly through intermediary financial institutions (banks, non-banking financial institutions, investment companies/funds aimed at SMEs and microfinance institutions or MFIs). BIO also provides grants for feasibility studies and technical assistance to local enterprises and intermediary financial institutions.

Several Member States also contribute to initiatives led by the international financial institutions that provide capital, guarantees, and various forms of finance and risk management tools to the private sector. To invigorate the business and investment climate in South Eastern Europe the **Austrian Development Agency (ADA)** strongly supports the World Bank initiative "The Road to Europe: Program of Accounting Reform and Institutional Strengthening (REPARIS)". This is a regional programme aimed at creating a transparent policy environment and an effective institutional framework for corporate reporting. The programme is designed around the introduction, implementation and effective enforcement of relevant portions of the EU *acquis* to southern-eastern European countries in order to contribute to foreign direct and portfolio investment, foster private and financial sector developments, improve the business environment and investment climate, and facilitate potential integration into (or harmonisation with) the European Union. **Denmark**, in cooperation with AfDB and Spain, is working on establishing an African Guarantee Fund in order to enable MSME's to gain greater access to financial services.

The EU promotes foreign and domestic investments through its support for the private sector in developing countries. The vast majority of support is provided through national support programmes, the remainder being through regional programmes (including All ACP programmes). In the same framework, the European Investment Bank (EIB) is entrusted with the management of the Investment Facility (IF) provided from the EU Member States' budgets via the European Development Fund (EDF). The IF, alongside the EIB own resources, meets the financing needs of investment projects in the ACP region with a broad range of loans and flexible risk-bearing instruments. In line with the objectives set out by the EU Policy and by the international community in the United Nations (UN) Millennium Development Goals (MDGs), the EIB's overriding aim is to support projects that deliver sustainable economic, social and environmental benefits through: supporting responsible private and public investments; fostering regional cooperation and integration; mobilising domestic savings and acting as a catalyst for foreign direct investment; encouraging the broadening, deepening and strengthening of the local financial sector; and relying on/promoting partnerships.

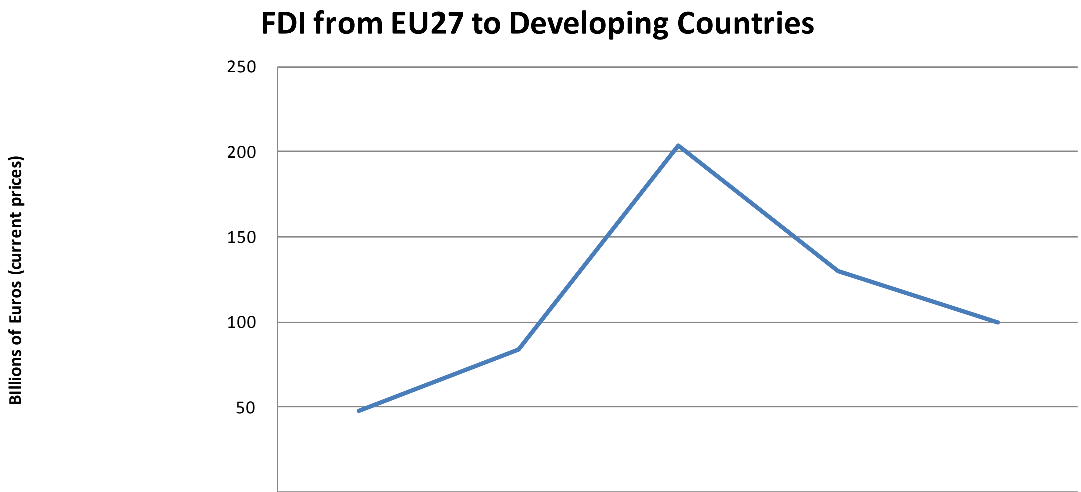
The European Commission encourages blending mechanisms, in which grants are added to loans as a way of achieving a number of objectives, including the need to increase the volume of private and public development finance in a context of restricted resources. In order to support the EU policy, regional strategy and partnership in the targeted region and countries, the European Commission has set up five regional blending facilities: the Neighbourhood Investment Facility (NIF); the Western Balkans Investment Framework (WBIF); the EU–Africa Infrastructure Trust Fund (ITF); the Latin America Investment Facility (LAIF) and the Investment Facility for Central Asia (IFCA). The potential range of instruments includes: technical assistance (TA); feasibility studies; investment co-financing; equity participation; risk-capital; interest rate subsidies; on-lending; guarantees; insurance subsidies; and incentive payments. TA/feasibility studies and interest rate subsidies provide for the largest number of projects. The facilities cover similar broadly defined, sectors, i.e. transport, energy, social, environment and finance for SMEs. Partners in the beneficiary country can be public, private or mixed, with public partners dominating the current projects aside from SME support.

Alongside the regional frameworks, the European Commission plays an active role in the sector approach, mainly in cooperation with Member States. An interesting example of this is provided by the Global Energy Efficiency and Renewable Energy Fund (GEEREF), an innovative Fund-of-Funds, providing global risk capital through private investment for energy efficiency and renewable energy projects in developing countries and economies in transition. Launched in 2004, GEEREF aims to accelerate the transfer, development, use and enforcement of environmentally sound technologies for the world's poorer regions, helping to bring secure, clean and affordable energy to local people. GEEREF was initiated by the Directorate General for Environment and the Directorate General for Development Co-operation (DEVCO) of the European Commission. It is sponsored by the European Union, Germany and Norway and advised by the European Investment Bank Group. It has secured funding for a total of EUR 108 million and is considered as an ODA by DAC.

According to Eurostat[84], net FDI from the EU27 to developing countries peaked in 2007 and has been declining since then, as shown in **Figure 13**.

84 *Eurostat is the statistical office of the European Union situated in Luxembourg. Its task is to provide the European Union with statistics at European level that enable comparisons between countries and regions*

Figure 13 – Net FDI Flows from EU to Developing Countries (EUR billions, current prices)



	2005	2006	2007	2008	2009
FDI to Developing Countries	48	84	204	130	100

Source: Eurostat

Corporate Social Responsibility refers to the voluntary inclusion of social and environmental concerns, beyond the minimum legal requirements, in companies' business operations to address societal needs. It has become an increasingly important concept and is part of the debate about globalisation, climate change, competitiveness and sustainability. CSR practices are not a substitute for public policy, but they can contribute to a number of public policy objectives in developing countries, especially in relation to labour markets, labour standards, skills development, more rational use of natural resources and overall poverty reduction.

In Europe, the promotion of CSR reflects the need to promote common values and increase the sense of solidarity and cohesion. In order to promote awareness and the adoption of CSR principles by companies operating in developing countries the Commission is supporting several projects totalling approximately EUR 50 million in the period 2004 – 2010. The Commission regularly consults its High-Level Group of Member States representatives and its European Multi-Stakeholder Forum on the international aspects of CSR policies.

The vast majority of Member States undertake national action to promote CSR principles and 15 of them report that they advocate the adoption of internationally agreed principles and standards on corporate social and environmental responsibility by European companies. Most of them strongly support multilateral initiatives such as:

- The OECD Declaration on International Investment and Multinational Enterprises which promotes voluntary standards of responsible business conduct within the framework of the OECD Guidelines for Multinational Enterprises. These guidelines are currently undergoing a review which is likely to be completed in May 2011. Twenty-three EU Member States and the Commission have created National Contact Points on the implementation of the guidelines.
- The UN Global Compact, which is a voluntary corporate citizenship initiative for companies committed to supporting and enacting a set of 10 core values in the areas of human rights, labour, the environment and combating corruption. Global Compact Local Networks have been established in 20 EU Member States.
- The International Labour Organization (ILO) Conventions and recommendations on labour standards.
- the IFC's "Performance Standards on Environment and Social Sustainability".
- European Development Finance Institution (EDFI) "Principles for Responsible Financing".

- the Global Reporting Initiative (GRI).
- the Principles of Responsible Investment (PRI).
- the mandate of the Special Representative of the UN Secretary-General on business and human rights, Professor John Ruggie.
- the OECD initiative concerning a “Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.
- OECD Convention on combating bribery of foreign public officials.
- FAO Code of Conduct for Responsible Fisheries.
- Realising Rights: the Ethical Globalisation Initiative (EGI) spearheaded by Mary Robinson. CSR is one of the core activities of EGI with a focus on a few countries (e.g. Liberia and Ghana) in Sub-Saharan Africa.

There are a variety of other activities supported by a few Member States.

The **Austrian Development Agency (ADA)** offers Business Partnerships to Austrian/European companies on a co-financing basis. One typical example is the hepatitis vaccination programme of the OMV, the leading Austrian oil and gas corporation. The project, implemented in Pakistan, focuses on vaccination and medical education and is part of a comprehensive development programme which includes water and infrastructure. Another example is the business partnership with five European carpet retailers and the STEP foundation. It focuses on the elaboration of common CSR-standards for the entire value chain in carpet manufacturing in Nepal and Pakistan.

The **German Government** has defined its own CSR Strategy and brought forward a CSR Action Plan that builds on broad consultation with stakeholders. The international and development policy perspective is included in the national CSR Strategy. Development Partnerships with business companies (develoPPP.de). Since 1999, the Federal Ministry for Economic Cooperation and Development has supported more than 1,200 projects with an amount of approx. EUR 500 million. The majority of these projects contain CSR components.
Denmark’s Innovative Partnerships for Development (IPD) Programme sets out to promote better working and living conditions for employees, their families, the community and society at large by advancing strategic CSR and socially responsible innovation.

The **UK Government** is a strong supporter of responsible business behaviour. The UK promotes adherence to the OECD Guidelines on Multinational Enterprises, which set recommendations for good corporate behaviour. NGOs and trades unions can lodge, and have lodged, complaints against companies for breaching the Guidelines. Under the OECD mechanism the UK government investigates the complaints and produces a conclusion, with recommendations for improvement if necessary.

Social and environmental considerations in public procurement rules. The EU public procurement Directives[85] allow contracting authorities to take into account environmental and social considerations at all stages of the procurement procedure. The prerequisite is that these considerations are linked to the subject matter of the contract or to the execution of the contract, if they are addressed in the contract performance clauses, and comply with the fundamental principles of the Treaty on the Functioning of the EU (transparency, non-discrimination) and with relevant EU law. EU Member States may introduce more specific rules in their national legislation, in order to further promote the inclusion of social and environmental considerations in public procurement, provided such national rules are in line with the public procurement Directives and all relevant EU law. Also, on 28/01/2011 the Commission published a guide to taking account of social considerations in public procurement[86].

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85 *Directive 2004/17/EC of 31 March 2004 coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sectors (OJ L 134, 30.4.2004) and Directive 2004/18/EC of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts (OJ L 134, 30.4.2004).*

86 *See http://ec.europa.eu/social/BlobServlet?docId=6457&langId=en*

A number of Member States reported substantial reforms of their rules in 2010.

The Ministry for Foreign Affairs of **Finland** is defining a new case management process. This is an overall process which has been ongoing since 2009 and is based on updating manuals and templates. A new initiative during 2010 has been the consistent addition of social and environmental clauses into terms of reference templates. These new templates and interlinked manuals are being put into use, even though the case management process software is not yet usable.

In 2010 the government of the **Netherlands** started to implement its new policy on sustainable public procurement. From January 2010 environmental criteria have been applied and from 2011 onwards social criteria will also be applied. Public procurement is used to pursue various policy objectives, including development objectives. The government links its public procurement policy to economic diplomacy, activities of multilateral organisations (e.g. ILO) and supply chain initiatives (e.g. the Dutch Sustainable Trade Initiative and 'fair trade municipalities'). The government has chosen to apply fundamental labour standards and human rights on a generic basis (i.e. in a uniform manner in all public procurement). The development aim is to bring about improvements in the entire supply chain (a process-oriented approach). For a limited number of products, for which community-supported supply chain initiatives exist, supplementary standards apply. These standards relate to living wages/income (or fair trade), working hours, and occupational health and safety. The system is designed to be as simple as possible for both contracting parties and suppliers, and to be consistent with actual practice. It only applies to large contracts (above EUR 133,000 for goods and services). Companies will be held accountable for the way they fulfil their supply chain responsibilities with regard to the product, work or service they deliver.

2.5.2. Remittances

Remittances sent by migrants to their countries of origin, private by nature, are essential to improving the livelihoods of millions of people and for some countries are more significant in volume terms than ODA.

According to a recent Eurostat publication[87], the total number of non-nationals (i.e. persons who are not citizens of their country of residence) living on the territory of the EU Member States on 1 January 2009 was 31.9 million, representing 6.4% of the total EU population. More than one third of them (11.9 million) were citizens of another Member State. Among the non-EU foreign population living in the EU in 2009, 48.2% are citizens of a High Human Development Index (HDI) country (with Turkey, Albania and Russia accounting for almost half); 44.4% are citizens of a Medium HDI country (one fifth of whom are citizens of Morocco, followed by nationals of China and Ukraine); only 7.4% of the non-EU foreign population living the EU are from developing countries with a lower HDI (30% of whom have Nigerian or Iraqi citizenship).

With regard to migration flows in 2008, another recent Eurostat publication[88] indicated that in 2008 EU Member States received a total of 3.8 million immigrants and at least 2.3 million emigrants are reported to have left one of the EU Member States. Compared with 2007, immigration to EU Member States is estimated to have decreased by 6 % and emigration to have increased by 13 %. The scale and patterns of immigration differ from one Member State to another. It is estimated that more than a half (55%) of immigrants to the EU in 2008 previously resided outside the EU, while 44% of immigrants had previously also lived in one of the EU Member States (other than the country of immigration).

The impact of the economic crisis on migration employment, migrant stocks and flows is not easy to assess, but it is generally acknowledged that migrants are often more affected by the economic downturn either because they work in sectors that are more affected by the crisis, such as tourism or construction, or because of their particular vulnerability.

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87 *Eurostat, Statistics in Focus, 45/10.*
88 *Eurostat, Statistics in Focus, 1/11.*

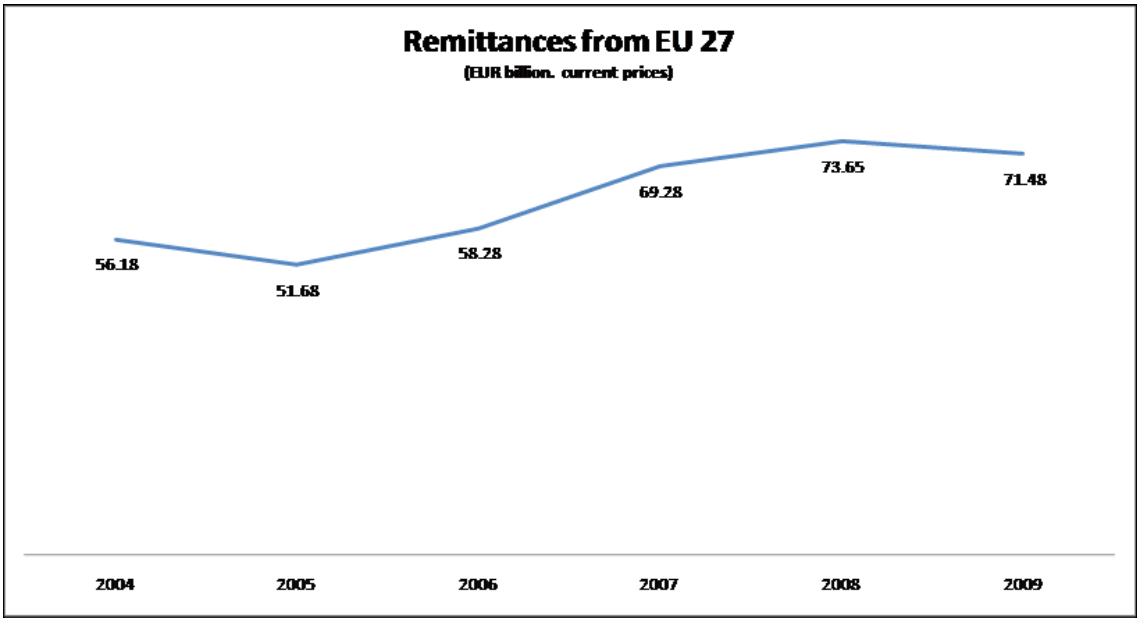
According to World Bank data, global remittance flows to developing countries grew from 2007 (EUR 203 billion) to 2008 (EUR 220 billion). Remittance flows started to decrease in the last quarter of 2008. For 2009 global remittances to developing countries remained stable at EUR 220 billion. In 2010 the growth in remittances is expected to have resumed and attained EUR 245 billion-[89]

Worker remittances are defined by the World Bank as the sum of three components: (a) workers' remittances recorded under the heading "current transfers" in the current account of the balance of payments; (b) compensation of employees which includes wages, salaries, and other benefits of border, seasonal, and other non-resident workers (such as local staff of embassies) and which are recorded under the "income" subcategory of the current account; and (c) migrants' transfers which are reported under "capital transfers" in the capital account of the IMF's Balance of Payments Yearbook.

Data on remittance flows are not always reliable, as a large proportion of remittances are not recorded in official statistics. The World Bank estimated that immigrants sent about USD440 billion of remittances and worker compensations to their countries of origin in 2010. Of these, USD325 billion were sent to developing countries, although only USD22 billion went to low income countries, compared to about USD56 billion of ODA in 2009. The relative importance of remittances in terms of volume is therefore sometimes exaggerated in the case of low income countries.

According to WB statistics, remittances from EU Member States to all countries (developed and developing) grew steadily between 2004 and 2008 and then declined in 2009[90]. Available data point to a further slight decline in 2010.

Figure 14 – Remittances from EU Member States to All Countries



Source: World Bank - World Development Indicators

89 *World Bank Migration and Remittances (Excel files attached to Outlook for Remittance Flows 2011-12: Recovery after the crisis, but risks lie ahead) data as of November 2010 converted into Euro using Eurostat's Euro/ECU exchange rates - Annual data.*

90 *World Bank's World Development Indicators.*

According to Eurostat most remittances from EU Member States registered in their Balance of Payments statistics[91] are sent to developing countries. Of the EUR 30.3 billion of remittances reported in official statistics for 2009, EUR 8.3 billion were intra-EU and EUR 22 billion extra-EU. EUR 19 billion were sent to developing countries[92].

2.5.2.1. Donor Initiatives

In recent years the importance of remittances has been recognised, and several international initiatives propose concrete measures to measure them more accurately, assess their impact in country specific contexts, lower transfer costs, make them safer and faster, formalise them and leverage their impact on development by developing incentives for investment.

Box 4. Summary of main international initiatives

Guidelines for the compilation of data on remittances have been drafted by the 'Luxembourg Group'93 the 'General Principles for International Remittances Services' and the recent G8 initiative of a 'Global Remittances Working Group' coordinated by the World Bank. The G20 Summit in Seoul of November 2010 recognised the importance of facilitating international remittance flows and enhancing their efficiency to increase their contribution to growth with resilience and poverty reduction, and committed to support the above initiatives towards a reduction of the global average cost of transferring remittances.

On a number of occasions (see above) the EU has undertaken to make remittances cheaper, faster and more secure and to maximise their development impact.

Some EU Member States follow a multi-pronged approach to foster remittances. The Netherlands is a good example, focusing on creating favourable conditions to reinforce the positive link between remittances and development through its own policies on remittances. The Netherlands contributes to the development of the financial sector in countries of origin. The aim is to achieve a more sustainable development impact of remittances. Lastly, the Netherlands aims to increase the poverty alleviation effect of money transfers by promoting small-scale initiatives by migrants.

2.5.2.2. Improving data on remittances

Eurostat has started regular collection of data on remittances flows from each EU Member State and third countries. This information is regularly updated (most recently in December 2010). Generally, Member States still combine different data compilation methods for remittances, as these flows are difficult to capture. In the past, the ITRS (International Transactions Reporting System, a data collection system based on data from banks and enterprises on individual transactions) was the main source for data compilation, but direct reporting by Money Transfers Operators, surveys and administrative data have also gained in significance in the meantime. The main reference for data compilers is the IMF's manual "International Transactions in Remittances": Guide for Compilers and Users", which was prepared by members of the Luxembourg Group and which are already applied by a number of Member States. At present more precise data on remittances are transmitted to Eurostat only on a voluntary basis - only data for Total World, Intra/Extra EU and Intra/Extra Euro Area are mandatory for Quarterly Balance of Payments reporting. The ECB also publishes data on workers' remittances for the euro area.

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91 Data on remittance flows are often underestimated due to the use of informal remittance channels, irregular migration, and ambiguity in the definition of migrants (foreign born versus foreigner, seasonal versus permanent). The quality of data is also affected by lack of adherence to IMF guidelines on BOP statistics by some countries and differences between host and recipient countries' records.

92 http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=bop_remit&lang=en

93 The Luxembourg Group was created as an informal working group of practitioners to consider the difficulties of collecting and compiling remittance data. The objective of the Group is to make recommendations for improvements that should lead to the production of a compilation guide for remittance statistics. Jointly with Eurostat and the World Bank, the IMF planned the first meeting of the Luxembourg Group (and constituted its secretariat) which was held in June 2006 with participation from 16 countries.

In response to the increasing demand for data on remittances, Eurostat launched a new annual survey in 2009, in which it asked Member States to provide statistics on remittances and compensation of employees, collected as part of balance of payments statistics.

According to the responses to the Commission's annual questionnaire on financing for development, 14 Member States have no robust and reliable data concerning the amounts and destination of remittances from their country, such as ad-hoc surveys, while 12 Member States said their data are robust. Twelve Member States have not adopted and do not intend to adopt the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group".

2.5.2.3. Favouring cheaper, faster and more secure flows of remittances

According to the World Bank's Remittance Prices Worldwide, the cost of sending remittances from the EU, measured for a USD200 transfer, has been falling steadily since 2008 in France, Italy and the United Kingdom, while remaining above the general averages in Germany. The United Kingdom and Italy have an average total cost below the overall average (8.89 percent). As shown in **Table 10** below, costs declined in France and Italy and increased in Germany. However, the average cost is still higher than the 5% target by 2014 set at the L'Aquila G8 Summit. The EU has not developed its own monitoring system.

Table 10 - Average Cost to transfer USD200 for EU G8 Countries (%)

Country	2008	Q1 2009	Q3 2009	Q1 2010	Q3 2010
France	10.92	11.50	11.15	10.01	8.95
Germany	14.07	13.53	12.71	11.85	12.67
Italy	10.03	7.36	8.21	8.11	7.87
United Kingdom	10.26	10.27	9.05	8.29	8.07
G8 Average	10.26	10.32	8.80	8.37	8.40
Global Average	9.81	9.67	9.40	8.72	8.89

Source: World Bank

Banks remain more expensive than Money Transfer Operators (MTOs) and the differing importance of each channel in EU Member States may explain price variations across countries, as banks dominate the money transfer market in France or Germany, for example, while MTOs are relatively more important in the United Kingdom.

Some Member States - including France, Germany, Italy, the Netherlands, and the United Kingdom - have set up remittance price comparison websites. The German government has set up a remittance price comparison website (www.geldtransfair.de). This was done in cooperation with the Frankfurt School of Finance and Management, who now own the ongoing project. The objective is the reduction of transfer costs for formal remittances from migrants living in Germany to their countries of origin. In 2009 Italy launched the "Rome Road Map for Remittances" at an International Conference. A dedicated website on the costs of remittances has been elaborated by stakeholders and co-funded by the Ministry of Foreign Affairs and has operated since 2009 (www.mandasoldiacasa.it); it has been the first such website certified by the World Bank as being compliant with current applicable standards. The Netherlands supports a remittances comparison website (www.geldnaarhuis.nl). This website provides information in eight languages on money transfer costs charged by banks and money transfer offices.

2.5.2.4 Policy environment

Substantial progress has been achieved in the form of the adoption of the Payment Services Directive (PSD) in November 2007, which lays the legal foundation for an EU-wide single market for payments, although it applies to intra-EU money transfers only. Fourteen Member States have gone beyond the requirements of the Directive to cover transfers between operators when one of them is outside the EU or when the transaction is made in currencies other than those existing in the EU. Fully implemented in the EU Member States since November 2009 - with the exception of Poland which is expected to adopt it in 2011 - it allows for a new category of non bank service provider, namely the "Payment institutions", i.e. money transfer operators or telecom providers for their pre-paid activities, which are now recognised as a separate payment service provider and subject to specific authorisation. They have to comply with appropriate prudential and regulatory requirements harmonised throughout the EU/EEE. This directive has resulted in increasing competition, with 131 new licences obtained in EU Member States in October 2010, most of them in the United Kingdom. In addition, the E-Money Directive adopted in October 2009, which has to be transposed by 30 April 2011, will authorise e-money institutions (such as issuers of pre-paid cards, on-line or telecom providers for their pre-paid activities) to carry out business activities other than issuing e-money. Here again, the EMD still only applies to payments made within the EU/EEE, but the Member States have the right to extend its scope should they so wish. Both directives will be evaluated by the end of 2012, when their economic impact will be assessed and recommendations will be made regarding their potential revision.

In the Council Conclusions of 30 November 2009, the EU undertook "to promote transparent, cheaper, faster and more secure flows of remittances to migrants' countries of origin, and to ensure that relevant legislation does not contain provisions hampering the effective use of legal remittances channels", within the broader context of migration which is one of the five priorities of the work on Policy Coherence for Development. The European Commission intends to keep up its efforts to identify any provisions hampering the effective use of legal remittances channels in the context of promoting mobile banking and transfers. It is sometimes argued that the legislation on anti money-laundering and counter terrorism financing may be perceived as a barrier for migrants to send money through formal channels as well as a burden on money transfer operators. So far, no Member State has conducted an assessment of the impact of the legislation on anti money-laundering and counter-terrorism financing on the remittances' market.

As part of the Stockholm Programme, which is the 5-year plan (2010-2014) in the area of justice and home affairs[94], the European Council invited the Commission to submit proposals on how to further ensure efficient, secure and low-cost remittance transfers, and enhance the development impact of remittance transfers, as well as to evaluate the feasibility of creating a common Union portal on remittances to inform migrants about transfer costs and to encourage competition among remittance service providers.

A number of targeted initiatives have been set up to support developing countries in establishing a policy framework that is more conducive to remittances, such as the Commission's support for the establishment, under the auspices of the African Union, of an African Institute for Remittances and the contributions by a number of Member States and the Commission to the multi-donor Financial Facility for Remittances of the International Fund for Agricultural Development (IFAD) which, inter alia, provides grants for innovative projects that support: i) the creation of enabling environments for market development, openness and transparency; ii) the design of innovative business models; iii) the introduction of new technologies as a means for better financial inclusion; iv) financial access and services to rural remote areas; and v) migrant investment and entrepreneurship. France and the African Development Bank also organised two workshops in November 2009 with relevant local stakeholders in Bamako and Casablanca in order for them to share experiences on existing regulatory frameworks and discuss potential improvements to be made in terms of cost reduction, formalisation of flows, and suppression of barriers to competition and so on. More could be done to support developing countries in improving data collection, and to strengthen their capacity in policy making, for example to counter potential anti-competitive behaviour of money transfer operators.

In a different vein, recent measures by some Member States, such as the decree in Italy requiring money transfer operators to inform local police within 12 hours if the person wishing to transfer funds is unable to present a residence permit, could be counter-productive from a development perspective, because such restrictions will increase the use of informal less secure channels to transfer remittances.

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94 *http://www.statewatch.org/news/2010/jun/eu-jha-council-jun-10-stockholm-programme-action-plan-conclusions.pdf*

2.5.2.5 Support for the Financial Sector in Developing Countries

The Commission and EU Member States also implement programmes in partner countries with the aim of developing the financial sector (e.g. microfinance, technical assistance on financial sector regulation and supervision). Through its development cooperation, the EU supports the creation of a more favourable business environment in developing countries. Denmark, France, Germany, Netherlands, Sweden and the United Kingdom contribute to the Partnership for Making Finance Work for Africa, a major initiative that has been launched as part of the G8 commitments of the G8 Heiligendamm summit of 2007, to support the efforts of African countries to boost economic growth and fight poverty by encouraging and facilitating development of the financial sector. Germany also cooperates bilaterally with partner countries in advancing financial sector development, including the banking sector. German Financial Cooperation (KfW) is one of the world's major investors in microfinance. Germany is active in several international initiatives that aim to improve the overall banking system, e.g. Financial Sector Reform and Strengthening Initiative (FIRST), Alliance for Financial Inclusion (AFI), Consultative Group to Assist the Poor (CGAP), and the Access to Insurance Initiative (A2II). Furthermore, Germany co-chairs the G20 expert working Group on SME Finance, aiming in particular at improving access to finance for SME in developing countries.

Eight EU Member States (France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain and the United Kingdom) declare they have implemented solutions internally and in cooperation with third countries to overcome barriers to access to financial services by migrants and their families, with a view to reinforcing the impact of remittances on their economic and social development. Two other Member States (the Czech Republic and Greece) plan to implement such solutions in the near future. Eight Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy and the United Kingdom) have implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS) and referred to in the Council Conclusions of November 2008.

Some Member States (such as Finland) feel that current payment services already meet the needs of migrants at a reasonable cost and therefore take the view that no action is necessary. The share of remittance services providers in the overall payment transmission is minor, the bulk of payments are transferred via banking channels. Furthermore, there are no indications that the current payment services do not satisfy the needs of migrants. In other cases there are few immigrants from developing countries (Ireland, Latvia, Lithuania, and Slovenia).

To improve financial literacy and access to financial services, the UK informs migrants about financial products suited to their needs and also works through dialogue with the private sector. The UK prepared a leaflet explaining what information has to be given to the sender of money, what needs to be checked to make sure that the money reaches the recipient safely and what rights the sender has if things go wrong. The Netherlands recently evaluated its cost comparison website. As most migrants have access to financial services similar to that of the rest of the population in the EU, the cost of remittances depends mainly on access to financial services in non-EU countries.

2.5.3. Leveraging private flows

There have been a limited number of initiatives by Member States on leveraging private flows to developing countries.

One of the most significant is the support provided by Germany, France and the Netherlands for the Local Currency Financing Fund "The Currency Exchange" (TCX). TCX provides market risk management products in developing and emerging markets. This unique fund focuses on currencies and maturities which are not covered by regular market providers. In this way, TCX helps provide local microfinance institutions and banks, bilateral and multilateral development financers, and enterprises with long term finance in local currency.

The Netherlands has also supported several private public partnerships (PPPs) in development cooperation. At present there are 75 PPPs in various sectors: health, agriculture, water, trade and energy. They take various forms: innovative public private financing mechanisms, technical support to enhance the business climate, product development, promotion of inclusive business models, pilots for sustainable trade, and capacity building for local water utilities.

Sweden has launched a new programme called "Business for Development" or B4D. The B4D programme contains tools for new forms of dialogue and collaboration with the private sector. The purpose is to mobilise resources and encourage companies to develop their core activities so that they can contribute even more to ensuring better conditions for poor people. The B4D toolbox contains, among others, "Innovations Against Poverty", "Challenge Funds" and "Market Transformation".

2.6 Supporting Trade Capacity through Aid[95]

EU Commitments

On 15 October 2007, the Council of the European Union adopted the EU Aid for Trade Strategy with the following objectives:

- Quantitative Aid for Trade (AfT): ambitions within the gradual increase of overall EU aid (Member States' and European Commission's collective spending on Trade Related Assistance to reach EUR 2 billion annually by 2010).
- Enhancing the Pro-poor Focus and Quality of EU AfT
- Increasing EU-wide and Member State donors' capacity in line with globally agreed aid effectiveness principles
- Building upon, fostering and supporting ACP regional integration processes with an ACP-specific angle of EU AfT

2.6.1. Background

Increased participation in world trade has the potential to be an engine for growth and poverty reduction in developing countries by generating revenues and employment, lowering prices on essential goods and promoting technology transfer and increased productivity. Market opening and strengthened international trade rules provide new opportunities, but are not on their own sufficient to generate trade, especially in the poorest countries. Many countries face internal "behind the border" constraints such as a lack of productive capacity, poor infrastructure, excessive red tape and inability to meet standards in high value export markets - all of which impact negatively on the competitiveness of developing country exports and undermine the potential benefits of increased imports. Trade-related development assistance – known as Aid for Trade (AfT) – targets these "supply-side" constraints. It also strengthens countries' capacity to negotiate and implement trade agreements to reap the most benefit from increasing trading opportunities.

The EU and its Member States adopted a joint Aid for Trade Strategy on 15 October 2007 that aims at supporting all developing countries, particularly the Least Developed Countries (LDCs), to better integrate into the world trading system and to use trade more effectively in promoting the overarching objective of eradicating poverty in the context of sustainable development.

The strategy embraces the full AfT agenda, which can be divided into six categories 1) *Trade policy and regulations*; 2) *Trade development*; 3) *Trade-related infrastructure*; 4) *Building productive capacity*; 5) *Trade-related adjustment*; and 6) *Other trade-related needs*. Categories 1, 2 and 6 correspond to more narrowly focused 'Trade-Related Assistance' (TRA). TRA plus the remaining categories are referred to as 'the wider Aid for Trade agenda', which has emerged as the concept of ODA to benefit trade has broadened. The OECD/DAC tracks ODA in each of the AfT categories through its Creditor Reporting System (CRS).

The EU AfT strategy is a joint strategy to which EU Member States have signed up. In addition, several Member States have adopted specific AfT strategies in line with their national development policies. Sixteen Member

95 This chapter summarises the Aid for Trade monitoring report 2011, which is included in Annex 6. The report provides detailed analyses of the data and issues covered in this summary.

States[96] and the EU responded this year to the OECD/WTO AfT questionnaire which is intended to acquire information on the progress by individual donor countries with a particular focus on outcomes of AfT strategies and programmes. The responses show **that Member States and the EU generally continue their engagement** without significantly altering their strategy. Yet, six Member States adjusted their national AfT strategy since 2008 in areas such as regional integration, 'economic growth' and enhanced engagement with the private sector. Six Member States foresee further changes in their strategies in the near future.

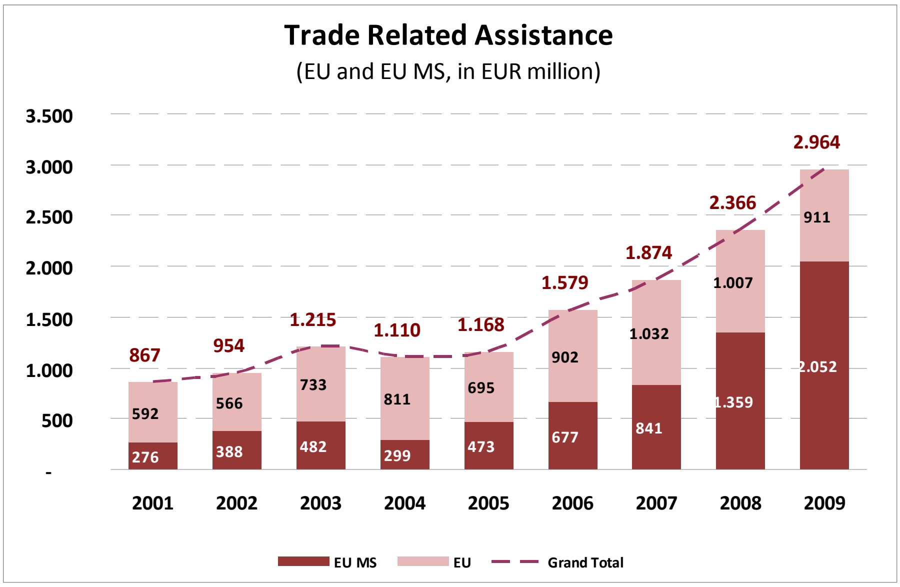
The Commission prepares every year a monitoring report in order to assess progress in implementing the commitments made by the EU and its Member States in the EU AfT Strategy. This is done in close coordination with the AfT reporting that is carried out by the WTO and the OECD, in the context of the monitoring of global AfT. The present chapter is a summary of the fourth EU AfT monitoring report, which is included in Annex 5, together with sub-annexes. More background, explanations and analysis of the issues covered in this summary can be found there.

2.6.2. Trade Related Assistance

Trade-Related Assistance supports developing countries to design and implement trade policies and agreements, to stimulate trade by domestic firms and encourage investment in trade-oriented industries. In 2005, the EU and its Member States committed to increase its collective TRA to EUR 2 billion per year from 2010 - EUR 1 billion by the EU and EUR 1 billion in bilateral aid from the Member States. Last year's monitoring report showed that the EU and Member States already met their EUR 2 billion target for TRA in 2008. In 2009, **the EU as a whole continued to increase its TRA commitments substantially, reaching almost EUR 3 billion, compared to EUR 2.4 in 2008 (Figure 15)**. This results mainly from an increase in Member States TRA commitments, from EUR 1.4 billion in 2008 to EUR 2 billion in 2009. Four Member States make up 76% of total commitments in TRA provided by Member States in 2009: Germany (34%), the UK (17%), Spain (15%) and Belgium (10%).

Member State financial commitments in 2009 increased in particular for Category 2 "Trade development, for which an increase of 50% was recorded. Trade development represented close to 80% of total Member States TRA commitments in 2009. In contrast, the EU TRA was almost evenly split over the TRA categories in 2008 and 2009.

Figure 15 – Trade Related Assistance
(EU and EU Member States, EUR million)



Source: OECD CRS Database, Doha Development Database, Monterrey Questionnaire 2011

96 BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, LI, LU, NL, PT, SE, UK

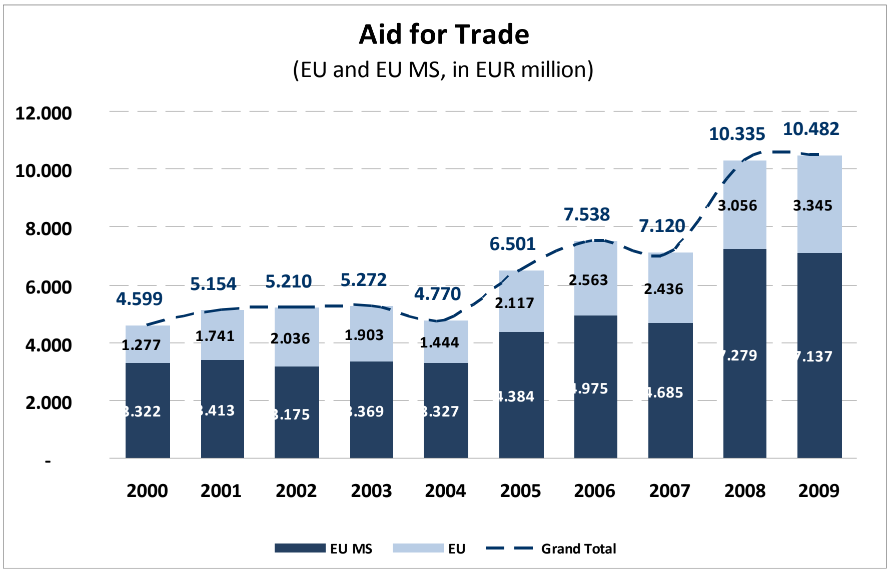
In terms of geographical coverage, **EU and Member States TRA volumes towards Africa increased substantially compared to 2008**; it reached EUR 1.1 billion in 2009, representing 40% of all TRA (compared to 25% in 2008). Asia received the second largest share of TRA (23%), followed by Latin America (16%), Europe (5%) and Oceania (1%). Many programmes have a global coverage and are therefore classified by the OECD as geographically "unspecified" – the total amount for this category is EUR 0.43 billion.

2.6.3. Total 'wider' Aid for Trade

The AfT concept has widened over the years to include more general support for infrastructure and productive sectors, whereas the original scope of AfT did not stretch far beyond TRA, i.e. supporting beneficiaries to formulate and implement trade policies. Last year's report indicated an all-time high of total EU and Member States Aid for Trade commitments in 2008; the latest data for 2009 show that this high level was not an isolated event: The **commitments increased slightly (+1.4%) in 2009 and reached a total of almost EUR 10.5 billion - EUR 7.1 billion from EU Member States and EUR 3.3 billion from the EU (Figure 16)**.

The EU and its Member States accounted for about 37% of AfT from the world's major bilateral and multilateral donors in 2008-2009 and is **together the world's largest provider of AfT.** This is a substantial increase compared to 2004-2005, when their share was 30% of the total. The EU on its own is after Japan the world largest donor of AfT, representing 11.4% of the world's total.

Figure 16 Aid for Trade(EU and EU Member States, in EUR million)



Source: OECD CRS Database, Doha Development Database, Questionnaire on financing for development

2.6.3.1. Aid for Trade by EU provider

After having increased by 55% in 2008, AfT from Member States practically stabilised in 2009. EU AfT commitments continued to increase, albeit at a slower pace (+9.5% in 2009 compared to +25% in 2008). The slowdown in Member State commitments is largely attributable to France and Germany in 2009, as shown in **Table 11**. Yet they remain the largest Member State donors of AfT; together with the UK accounting for more than 60% of total AfT from EU Member States.

Table 11 Amounts of Aid for Trade by Member States: 2000-2009

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Austria	18	15	63	21	17	27	26	44	51	58
Belgium	86	114	186	135	178	155	156	209	221	389
Bulgaria							0	0	0	0
Cyprus							-	-	-	
Czech Rep.							3	3	0	0
Denmark	495	81	206	188	367	410	189	255	173	251
Estonia							0	0	0	
Finland	29	31	41	38	43	100	64	84	135	256
France	301	635	329	466	527	755	744	1 017	1 738	1 090
Germany	613	962	816	776	889	1 138	1 495	1 213	2 036	1 889
Greece			6	4	12	14	22	11	10	13
Hungary							-	-	-	
Ireland	18	19	19	22	26	20	29	30	52	44
Italy	152	105	164	187	70	310	239	111	186	202
Latvia							0	0	0	0
Lithuania							0	0	1	0
Luxembourg		3	2	15	14	11	12	27	28	22
Malta							-	-	-	
Netherlands	221	343	463	303	461	384	686	510	466	515
Poland							-	-	0	
Portugal	23	30	17	8	41	61	7	47	13	66
Romania							-	0	0	
Slovakia							-	-	-	
Slovenia							1	1	2	0
Spain	225	253	306	366	247	135	561	474	701	757
Sweden	143	192	135	170	150	200	259	267	225	247
United Kingdom	998	631	422	670	286	665	480	380	1 240	1 335
EU MS	3 322	3 413	3 175	3 369	3 327	4 384	4 975	4 685	7 279	7 137
EU	1 277	1 741	2 036	1 903	1 444	2 117	2 563	2 436	3 056	3 345
Grand Total	**4 599**	**5 154**	**5 210**	**5 272**	**4 770**	**6 501**	**7 538**	**7 120**	**10 335**	**10 482**

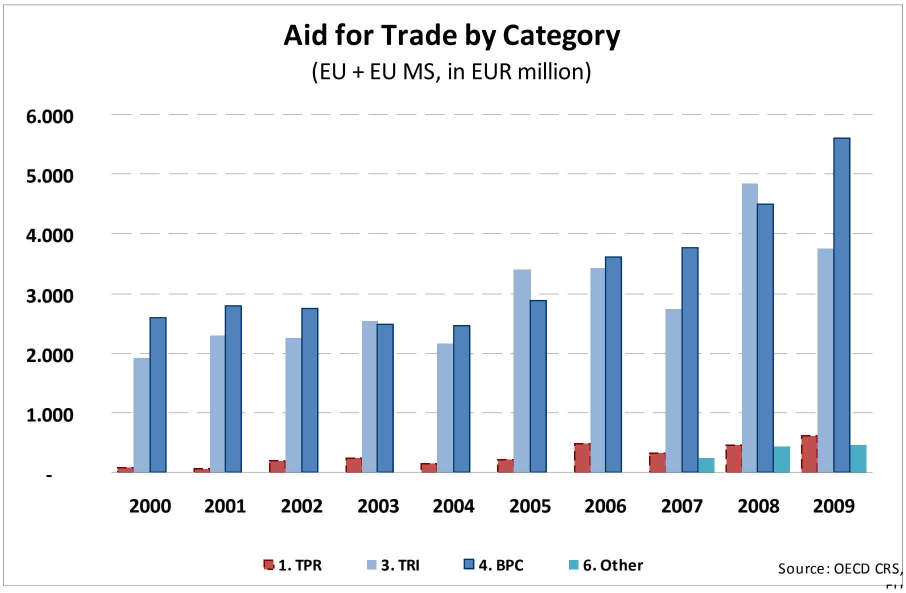
Source: OECD CRS Database, Doha Development Database, Questionnaire on financing for development

2.6.3.2. Aid for Trade by category

Figure 17 illustrates the trend for total EU and Member States' AfT for each AfT category. **Commitments for building productive capacity (BPC in the Figure) have increased considerably in recent years**, and reached a record high of EUR 5.6 billion in 2009, representing 56% of total AfT. This covers support to agriculture, fisheries, banking, business industry etc. The second biggest category—trade-related infrastructure (TRI), which covers transport, storage, communication and energy—has followed a much more fluctuating path; commitments decreased from EUR 4.9 billion in 2008 to EUR 3.8 billion in 2009, after having increased by 76% in 2008. This can be explained by the fact this category covers large infrastructure projects for which substantial commitments are made on an irregular basis.

Due to the nature of the support – institution building, technical assistance, training etc, commitments for trade policy and regulations (TPR) are on a much smaller scale (6% of total AfT in 2009). They increased by about 33% in each of 2008 and 2009, a clear indication of the continued attention to EU And Member States' support to the capacity of developing countries to formulate and implement trade policy. Activities in the trade-related adjustment (TRAdj) category have only been reported for ACP countries, and in limited amounts (in 2009 the total for this category was EUR 11.3 million), because the relevant sector code was added to the CRS only in 2008. As a consequence, TRAdj commitments are not shown in the graph. Most programmes under category 6 'other trade-related assistance' are in EU Neighbourhood countries and Europe as in these regions programmes more often cover areas that go beyond the sectors covered by Aid for Trade. They can be part of broader government advice or public reform projects in several sectors and as such reported as "Multi-sector Aid". A total of 67 projects were included in this category in 2009 representing a total amount of EUR 333 million.

Figure 17 Aid for Trade by Category (EU + EU Member States, in EUR million)



Source: OECD CRS, EU

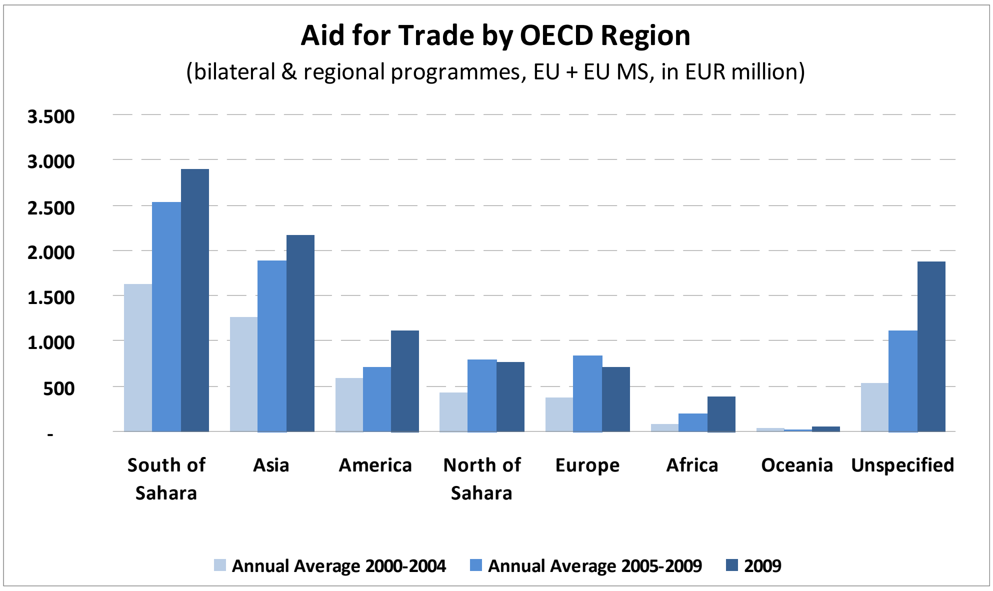
2.6.3.3. Wider Aid for Trade geographical distribution

Efforts under the EU AfT strategy cover all developing country regions, as reflected in **Figure 18**. Compared to the 2000-2004 average, 2009 EU AfT commitments increased for all regions. Comparing with the 2005-2009 average, 2009 commitments only decreased for Europe and North of Sahara (between 2008 and 2009 from EUR 1.3 billion to EUR 0.7 billion in Europe and from EUR 1.5 billion to EUR 0.8 billion in North of Sahara.

Africa accounted for the largest share of AfT from the EU and its Member States; commitments amounted to EUR 4.1 billion corresponding to 41% of total AfT in 2009. Last year's report indicated that the relative share of Sub-Saharan Africa was decreasing to the benefit of North Africa. However, the 2009 data demonstrates a reverse trend with almost stable commitments in North of Sahara and substantial increases in Sub-Saharan Africa. The South of Sahara region received by far the largest amounts of AfT of all regions.

Asia received the second largest share of AfT (22% of total in 2009), followed by America (11%), Europe (7%) and Oceania (1%). As for TRA, the AfT classified as 'unspecified' (which includes programmes with global coverage) increased substantially in recent years and reached almost EUR 1.9 billion in 2009 representing 19% of total TRA. This is mainly due to three large global commitments to the EU Food Facility which were reported as geographically "unspecified" (global coverage).

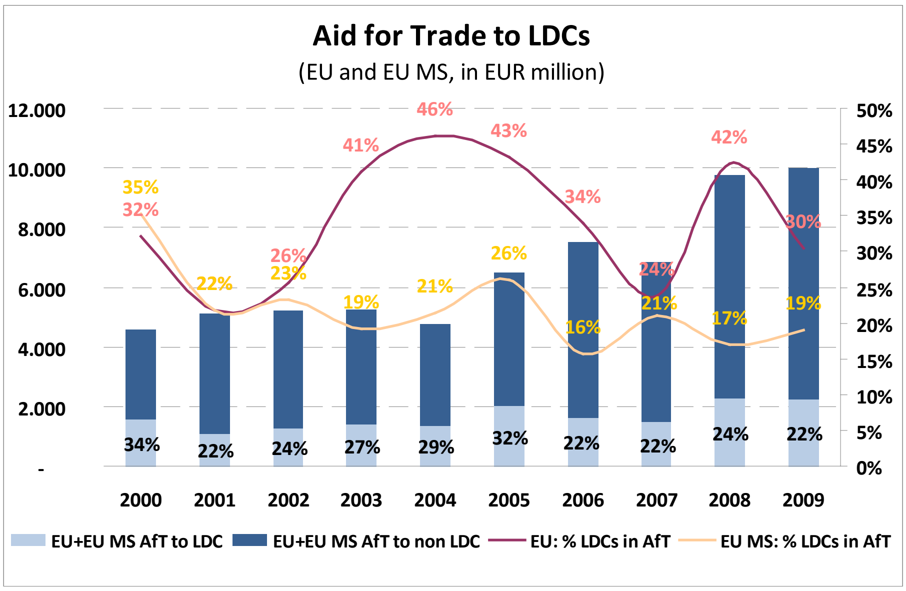
Figure 18 - Aid for Trade by OECD Region (bilateral & regional programmes, EU + EU Member States, in EUR million)



Source: OECD CRS

The share of AfT to LDCs as percentage of total AfT from EU and EU Member States remained relatively stable at 22% in 2009, down from 24% in 2008, as shown in **Figure 19**. LDCs accounted for EUR 2.3 billion in 2009, compared to EUR 7.8 billion to non-LDCs. Interestingly, the figure also demonstrates that the LDC share of EU AfT (30% in 2009) has been continuously higher than the LDC share of Member States AfT (19% in 2009), despite a decreasing LDC share of EU AfT as compared to 2008.

Figure 19



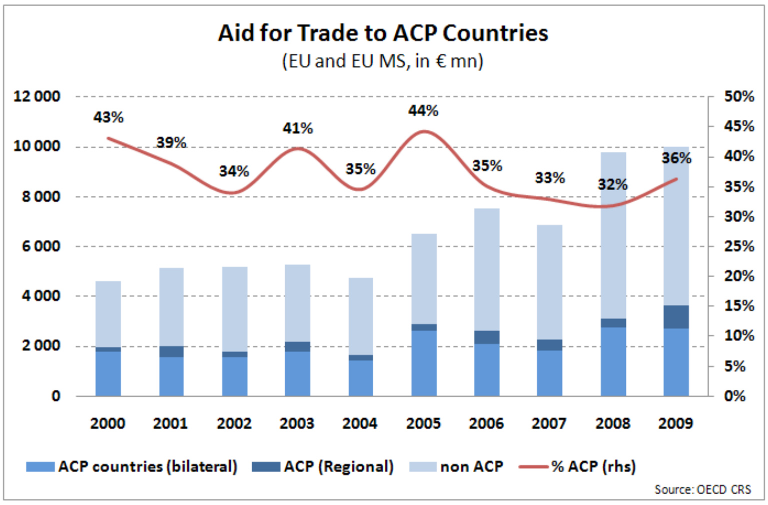
Source: OECD CRS

2.6.4. Increasing Trade Related Assistance and Aid for Trade to ACP countries

ACP countries receive specific attention in the EU AfT strategy, including in relation to their ongoing regional integration efforts. The assessment of progress in implementing the AfT agenda for this group is therefore a key issue in each EU AfT report. **2009 showed a very important increase in both AfT and TRA to ACP countries**. Total EU TRA commitments reached EUR 1.16 billion, almost triple the 2008 level. The ACP share of total recipient countries increased 17 percentage points to 40% of the total. There was a particularly strong increase in regional programmes from both the EU as well as Member States which were up six fold compared to 2008, almost entirely allocated to Africa.

As regards wider AfT, commitments to ACP countries increased 18% in 2009, reaching a new all-time high of EUR 3.6 billion **(Figure 20)**. The ACP share of total AfT delivered by the EU and its Member States increased four percentage points to 36% in 2009. Again, the overall increase can mainly be attributed to increasing commitments in regional programmes (more than doubling from EUR 0.4 billion in 2008 to EUR 0.9 billion in 2009), while commitments to bilateral programmes remained stable (EUR 2.7 billion).

Figure 20 – Aid for Trade ACP Countries (EU+Member States, EUR million)



2.6.5. Effective delivery of Aid for Trade

The second pillar of the EU AfT Strategy is focussed on enhancing the impact of the support. The following sections report on the results of a Field questionnaire[97] on AfT to EU and EU MS Field offices; and responses to an OECD/WTO questionnaire[98] sent out to collect information as part of the WTOs work programme on Aid for Trade. This year, the EU's Field questionnaire aimed inter alia at deepening the understanding of a series of key issues that emerged from last year's analysis, in particular the potential for more joint EU and EU Member States work on AfT in the partner countries; perceived absence of comprehensive trade needs assessments; a relatively smaller share of EU and Member States ODA allocated to AfT in LDCs than for developing countries as a whole; and the room for strengthening support to regional integration.

97 *EU delegations and EU Member States embassies in 89 partner countries across the developing world completed a questionnaire on how the Aid for Trade agenda is progressing at country and regional level.*

98 *16 Member States and the European Commission responded to the OECD/WTO Aid for Trade questionnaire which is intended to acquire information on the progress by individual donors with a particular focus on outcomes of Aid for Trade strategies and programmes.*

2.6.5.1. Ownership

In half of partner countries, EU delegations and Member States representatives report that trade is a regular topic in their policy dialogue with the partner country. This is a considerable improvement compared to the 33% of positive responses to last year's questionnaire. But in 37 partner countries (42%) trade is a topic of policy dialogue only to a limited extent, and in eight countries not at all. The Member States responses to the OECD/WTO questionnaire indicate that trade is a more regular topic in policy dialogues between donors and regional communities (reported by eight Member States) compared to the policy dialogues between donor and partner countries (reported by five Member States).

EU and Member States donors indicated that civil society was always included in the dialogue in 9% of partner countries. Civil society was sometimes included in the policy dialogue in 40% of the cases. Similarly, nine Member States out of 16, and the EU, report in the OECD/WTO questionnaire that the private sector is sometimes involved in the policy dialogue. Two Member States report that the private sector is always involved in their dialogue with partners. There is, in other words, continued room for a broadened dialogue.

Compared to 2008, an **increasing demand for AfT is reported in about 50% of partner countries**, with a particularly strong increase of AfT demand in EU Neighbourhood countries (reported in 70% of cases for this region). It is interesting to note that overall, the Field responses do not actually support the notion that there is a clear link between the inclusion of trade issues in the policy dialogue and demand for Aid for Trade. On the contrary, there appears to be rather little correlation between these two elements and more in-depth analysis is necessary to fully understand the inter-linkages between dialogue and demand.

Almost **half of the Field responses report that the partner country has effective national coordination processes in place to develop and implement an integrated trade strategy**. The other half of the countries are said either not to have such coordination processes, or to have them formally but not use them actively. Reasons given relate to lack of capacity, understaffing and reconciling different interests among the private sector players. This remains an important area for further attention to ensure that AfT is effective.

This year's exercise showed that **in half of the partner countries a comprehensive trade needs assessment has been undertaken in the last 5 years** (and partially in a further 17% of partner countries). This is a modest improvement compared to situation signalled in the 2008 responses, but still seems to imply that in at least one third of partner countries EU and its Member States are providing AfT on the basis of an out of date or non-existent trade needs assessment. In these cases, other methods are used to agree on AfT priorities. It should also be noted that even if a recent comprehensive trade needs assessment is available, the findings appear to be fully reflected in national trade strategies only in about 60% of cases.

2.6.5.2. Joint Aid for Trade operations and harmonisation: moderate progress

This year's field responses indicate that **in 21% of partner countries, EU donors significantly improved their donor coordination compared to 2008** (in terms of joint needs assessments, joint implementation, joint monitoring/evaluation etc). Moderate improvement is reported by 43% of respondents. The responses to the OECD/WTO questionnaire support this finding - nine out of 16 Member States indicate that harmonisation of AfT strategies between Member States have been progressing at a moderate pace. No Member State characterised the overall improvement as 'significant' – suggesting that their "aggregate" response "hides" the important progress experienced by some field offices.

2.6.5.3. Regional dimension of Aid for Trade

The field responses indicate that in 54% of partner countries **EU donors supported (of which 40% partially) the partner country in strengthening the inclusion of strategic economic regional integration priorities in the national development plan or trade strategy**. 64% of responses report that this is an improvement compared to 2008.

When grouping the responses by sub-region, a strongly diverging picture emerges. EU donors appear particularly to have supported the inclusion of regional economic integration in national development plans or trade strategies in the EAC and the Caribbean (60%) and to a somewhat lesser extent in Latin America and Neighbourhood (50%). Noteworthy is the relatively low score of other African regions where donors are supporting regional integration initiatives at national level, such as ESA, SADC, Central and West Africa. Although regional integration is more advanced in some regions than in others, this does not fully explain the diverging responses from the EU field offices.

2.6.5.4. LDCs and EU AfT

The questionnaires paid specific attention to AfT in LDCs, following last year's finding that the share of EU and Member States ODA allocated to AfT in LDCs was smaller than for developing countries as a whole, despite the apparent trade-related needs of LDCs. Thirteen of the 37 responses to the questionnaire received from EU donors based in LDCs (35%) reported that trade issues were a regular element of policy dialogue in their partner countries. Eighteen (49%) said that it was so only to a limited extent. Six said that trade was not part of the dialogue at all. In **12 countries (32%), the policy dialogue was considered to have improved compared to the situation in 2008.** This should be compared with the responses for all countries for which 45% had noted an improvement. As the baseline situation was better in the total sample, this would suggest that despite progress, LDCs do not appear to be catching up with the other developing countries on this front. Comments relating to the reasons for changes or lack of changes in the LDC policy dialogue often relate to either progress or stagnation in trade negotiations. Another reason cited was that several countries were in a crisis or post crisis situation, leading to a generally scaled down dialogue or a focus on basic constitutional and socio-economic issues. As many as 19 of the joint responses received from EU donors in LDCs (more than 50%) considered that demand for Aid for Trade had increased since 2008; 11 said it had not. Three reported it had increased significantly.

Responses from EU donors in LDCs indicate **a lower degree of availability and use of trade policy coordination mechanisms in LDCs as compared to the total sample.** Only 11 of the 37 LDCs (30%) EU field offices considered that national mechanisms were in place to coordinate trade policy – featuring inter-ministerial and inter-institutional coordination – compared to 50% for all countries. A further 16 (43%) said that such mechanisms existed formally, but were not actively used. In 9 countries, such mechanisms were said not to exist.

Several references were made to the Enhanced Integrated Framework (EIF) which could improve coordination platforms although there were also quite a number of reports on EIF not using fully its potential in this regard.

Responding to the question whether LDCs had carried out a **comprehensive trade needs assessment in the past 5 years**, there were 21 positive answers (57%), 14 negative (38%), and 2 partially. This indicates if anything a potential worsening compared to 2008 when 22 out of 31 (79%) LDCs were said to have undertaken a comprehensive trade needs assessment in the last 5 years. The score is comparable to the total sample.

33 responses considered that a main constraint to increasing the attention to trade in LDCs was low absorption capacity. 21 responses referred to the LDC country's low capacity to identify needs and priorities. Eight responses indicated that the most important or important constraint was insufficient availability of donor resources; but 25 considered that this was not important or less important. "Other more pressing priorities" were mentioned by 15 respondents as important. No one said 'very important', but 15 respondents indicated that they were not sure about the answer to this question.

This indicates a need to focus more on LDCs' capacity to position trade issues in their development strategy, identify more clearly the trade-related needs, and place more attention on absorptive capacity.

2.6.5.5. Aid for Trade monitoring and evaluation

The past few year's have seen a search for improved methods to demonstrate the impact of AfT on trade and development performance of partner countries - a challenging task, not least due to attribution problems. Asked about the difficulties that donors encounter in assessing AfT programmes and projects, **EU Delegations in**

developing countries considered the difficulty in obtaining in-country data as the most important challenge (69% of respondents). The difficulty to identify quantifiable objectives for intervention was rated as another important hurdle (67%). To a slightly lesser extent the difficulty in defining suitable indicators was considered as an important challenge (57%). A key aim of monitoring and evaluation is to feed-back results into the government's trade development strategy. For this specific processes need to be in place, but the responses to the EU field office questionnaire indicate that this is often lacking. Only 3% of respondents reported that this 'significantly' applies and 37% 'moderately'. This is clearly an area where further work is required. Monitoring and evaluation was also addressed in the OECD questionnaires: nine Member States indicated that AfT monitoring had moderately improved. Regarding evaluation of AfT strategies, programmes and projects, Member States reported a number of challenges they face, in decreasing order of importance: 'difficulty of assigning trade outcomes to the programme' (attribution) was considered as most the important by seven Member States, followed by 'difficulty in identifying quantifiable objectives' which was considered 'most important' by four Member States.

2.6.6. Conclusions

The outcome of this year's AfT monitoring exercise demonstrates that both the EU and its Member States continue to advance in implementing the EU AfT Strategy. The results point to a strengthening of EU engagement in AfT, both in terms of volume commitments as well as on enhancing the impact of AfT delivery on the ground:

The EU combined annual AfT reached EUR 10.5 billion in 2009, maintaining the all-time high registered the year before and a substantial increase was reported for EU TRA, bringing the collective amount to nearly EUR 3 billion, well above the Hong Kong target to spend (as from 2010) EUR 2 billion per year on TRA.

Reports from the EU field offices point to moderate improvement in the processes that underpin both the volumes and the effectiveness of AfT, such as; addressing trade in the partner-donor policy dialogue; improved coordination to develop and implement trade strategies; availability of trade needs assessments; joint operations and harmonisation; and the inclusion of strategic economic regional integration priorities in national development plans. In order to sustain this advance of the EU AfT agenda and to further strengthen its impact on the world's poorest, enhanced endeavours by the EU and Member States are essential in the following key areas:

- Enhancing AfT support to the LDCs by increasing attention to the capacity of LDCs to formulate and implement trade development strategies in support of inclusive growth and to further capitalise on the potential of the Enhanced Integrated Framework in this respect;

- Improve the effectiveness of AfT identified at country level, including by making better use of trade needs assessments, enhancing the effectiveness of platforms intended to support the development of trade related strategies; and acting on opportunities for increasing joint operations;

- Step up support for regional integration, building further on existing initiatives such as the EU Aid for Trade packages for the ACP countries and increasing attention to regional issues in assistance provided at the national level; and

- Support partner countries' own monitoring of results and impact of Aid for Trade and the progress of their trade development strategies

The European Commission's Trade and Development Communication which is foreseen for the last quarter 2011 provides an opportunity to further highlight these issues and to suggest concrete actions on the way forward.

2.7. Reducing the Debt Burden of Developing Countries

EU Commitments

Council Conclusions of 18 May 2009: Support to developing countries in coping with the crisis (§12): 'the EU will continue supporting the existing debt relief initiatives, in particular the Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) and values the Evian approach as an appropriate flexible tool to ensure debt sustainability'.

In line with the Doha Declaration, the EU has also confirmed in the Council Conclusions of 18 May 2009 (§12), that it 'supports discussions, if relevant, on enhanced forms of sovereign debt restructuring mechanisms, based on existing frameworks and principles, including the Paris Club, with a broad creditors' and debtors participation and ensuring comparable burden-sharing among creditors with a central role for the Bretton Woods Institutions (BWI) in the debate.

2.7.1. Challenge of recent economic trends: Preserving debt sustainability

To assess debt sustainability, three main international methodologies have been developed: the Heavily Indebted Poor Countries Debt Relief Analyses, the Low Income Countries Debt Sustainability Framework (LIC-DSF) and the Middle-Income Countries Debt Sustainability Framework (MIC-DSF). They all involve making projections of intended borrowings and economic variables over a maximum 20-year period, and then using ratios comparing debt stock, present value or service with GDP, exports or budget revenue to assess payment capacity.

The indicative debt burden thresholds are not intended to be used as rigid ceilings. **There are four possible ratings for the risk of debt distress:**[99]

- Low risk: all debt indicators are well below the indicative debt burden thresholds
- Moderate risk: the debt service ratio may reach its indicative threshold but debt-stock ratios may breach them
- High risk: the baseline scenario indicates a breach of debt stock and/or service ratios over the projection period
- Debt distress: the country is already having repayment difficulties.

Operational implications. The classification of risk distress forms the basis for determining the grant/loan mix of future International Development Association (IDA) allocations under IDA14 and some other multilateral creditors such as the African Development Fund. Accordingly, IDA-only countries that are classified at:

- High risk of debt distress receive 100% grant financing from IDA at a 20% volume discount.
- Moderate risk of debt distress receive 50% grant financing at a 10% discount.
- Low risk of debt distress receive 100% loan financing.

Debt crises tend to be costly and disruptive, especially for the poor and other vulnerable social groups. Debt crises also have a negative impact on access to schooling and health services, reducing human capital accumulation and long-run economic growth. Therefore, policies aimed at mitigating the prevalence and cost of debt crises can yield large payoffs in terms of poverty reduction and can play a key role in helping achieve the Millennium Development Goals. Such policies involve a broad choice of mechanisms: the promotion of newer and safer debt instruments; regulation to reduce destabilising capital flows; the creation of an effective international lender of last

99 *UNCTAD, Debt Sustainability Analysis (DSA): An E-Learning Training Course*

resort; the design of a set of guidelines to limit solvency crises by promoting responsible sovereign borrowing and lending to sovereigns; and the design of a mechanism for dealing with sovereign debt crises.

Debt relief provides a crucial cushion to developing countries in times of difficulty. Encouraging progress has been made in the past year on delivering debt relief to heavily indebted poor countries. However, the global financial crisis and the recent stagnation of aid flows, means there is still concern for the increased debt vulnerabilities of many developing countries.

Until recently, liquidity crises affected mostly financially globalised economies, which borrow in foreign currency from the international capital market, and spared low-income countries, which rely on more stable official financial flows. Now, however, the process of financial globalisation is rapidly expanding to middle and low-income countries (the so-called frontier markets), making those countries subject to potential liquidity shocks. The least developed countries that are currently in debt distress include Comoros, the Democratic Republic of the Congo, Eritrea, Guinea, Guinea-Bissau, Liberia, Myanmar, Somalia, the Sudan and Togo. Countries at high risk of debt distress include Afghanistan, Burkina Faso, Burundi, Djibouti, the Gambia, Haiti, the Lao People's Democratic Republic, Maldives, Sao Tome and Principe and Yemen.

Debt service burdens of HIPC were expected to remain higher in 2010 and beyond than in the pre-crisis years[100]. The economic crisis led to a drop in the dollar value of exports and GNI. As a consequence, the average external debt-to-export ratio of HIPC increased from 64 to 82% between 2009 and 2010, and their external debt-to-GNI ratio went from 22.0 to 23.5% over the same period[101]. **This is a substantial setback**, as it reversed some of the advances achieved between 2000-2008 period, when debt dropped from 133 to 64% of exports of goods and services and from 37 to 22% of GNI.

The economic crisis may also have an impact on debt sustainability for Middle Income Countries. The IMF has set a framework focusing on the sustainability of both public and external debt, implicitly addressing the interaction with the financial sector. The IMF Classical Framework for Middle Income Countries with Market Access[102] aims to introduce a greater degree of consistency and discipline in sustainability analysis in an attempt to make better informed judgements under a set of clear and transparent assumptions. To assess sustainability, the IMF looks at several scenarios of potential events and projections. The 'baseline' medium-term projections of the balance of payments and fiscal developments, which is based on current policies projected over a five-year horizon, is the benchmark scenario for the IMF DSA framework. The framework is not intended to be applied in a completely mechanical and rigid fashion. It serves as an indication of potential trends in debt.

The IMF has also developed a set of tools for exploring medium-term current account and real exchange rate sustainability. Financial sector stability assessments are made to help identify the vulnerability of the financial sector to various shocks. Beyond the baseline projection, the framework incorporates a standard set of sensitivity tests. The purpose is to examine the effects of alternative assumptions about the time paths of variables affecting both the ability to service the debt and the cost of financing it. This framework may be useful in at least three cases:

- **For countries that have moderately high indebtedness**, the framework can help identify vulnerabilities;
- **For countries on the edge or in the midst of a crisis**, it can be used to examine the plausibility of the debt-stabilising dynamics set out in the programme projections;
- **In the aftermath of a crisis and/or debt default**, it can be useful to examine the consistency of the debt restructuring required to achieve a desired or projected outcome.

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100 According to the latest status of HIPC Initiative and Multilateral Debt Relief Initiative (MDRI) prepared by IDA and IMF staff, September 14, 2010;. confirmed during the Ministerial Meeting On Enhancing The Mobilization Of Financial Resources For Least Developed Countries' Development in Lisbon, 2 3 October 2010.

101 Global Development Finance 2011: External Debt of Developing Countries, World Bank, 12 Dec 2010. External debt sustainability and development, UN Report, Sixty-fifth session, July 2010.

102 UNCTAD, Debt Sustainability Analysis (DSA): An E-Learning Training Course

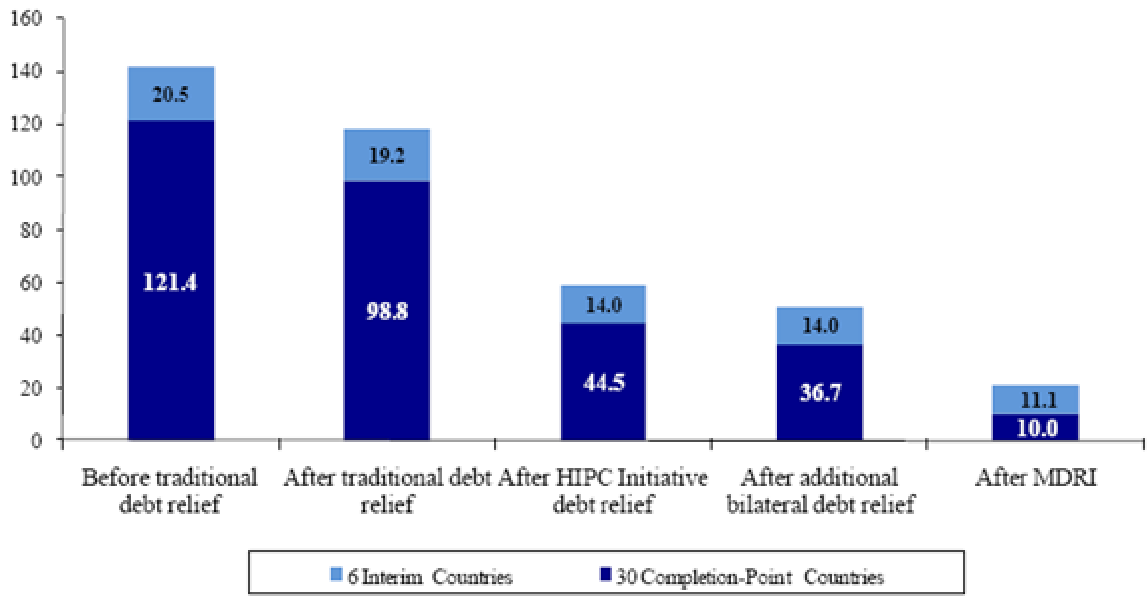
2.7.2. Analysis of debt relief initiatives

25 out of 28 respondents to the questionnaire said they delivered on commitments to the HIPC (High Indebted Poor Countries) Initiative and MDRI (Multilateral Debt Relief Initiative), including commitments to the IDA and the African Development Bank, without delays. But only 13 have taken new steps to help restore and preserve debt sustainability in low-income countries. Most Member States agree that action to support external debt sustainability is more effective if undertaken multilaterally. Spain mentioned that it has supported the IMF's temporary moratorium on interest payments and the general reform of its financing.

By December 16 2010, debt reduction packages under the HIPC Initiative were approved for 36 countries, 32 of them in Africa, providing EUR 54.36 billion (USD72 billion)[103] in debt-service relief over time. Out of the 40 eligible countries, 30 have now reached completion point, 6 have reached decision point and 4 have yet to begin HIPC. Of these, 24 qualified for irrevocable debt relief under HIPC and MDRI.

A 'sunset clause' was included in the HIPC Initiative to prevent it from becoming a permanent facility. The clause has been extended four times to allow the remaining HIPCs to begin to establish a policy track record to qualify for HIPC relief consideration. The sunset clause took effect on December 31 2006, but the Executive Boards of the IMF decided to grandfather all countries that had been assessed (or in the future are assessed) to meet the HIPC Initiative's income and indebtedness criteria based on end-2004 data. This would allow countries that had not yet met the policy performance criterion of the HIPC Initiative by the end of 2006 sunset-clause date to become eligible for debt relief if they adopt, at any time, a qualifying economic programme.[104]

Figure 21 – Post decision-point HIPC's debt stock at different debt relief stages
(in billions of U.S. dollars, in end-2009 NPV terms)



Source: HIPC Initiative country documents and IDA/IMF staff estimates, September 14, 2010[105]

103 2010 DAC exchange rate : 1dollar = 0.755 euro

104 IDA and IMF, Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation prepared IMF and World Bank staff. October 15, 2007

105 Source HIPC Initiative country documents, and IDA/IMF staff estimates. In "IMF, HIPC Initiative and Multilateral Debt Relief Initiative (MDRI)—Status of Implementation, Prepared by IDA and IMF, September 14, 2010. Note: Estimates based on decision-point debt stocks.

The World Bank classifies nearly all of the countries that have yet to complete the Initiative as fragile economies, indicating their need for additional assistance to expedite relief.

Some creditors have given debt relief to HIPC that goes beyond the requirements under the HIPC Initiative. For Paris Club official bilateral creditors, the amount of beyond HIPC debt relief provided was EUR 6.9 billion (USD9.6 billion)[106] in end-2009 PV terms. Under the Least Developed Countries (LDC) Initiative, the EU cancels all outstanding amounts on special loans of eligible least developed countries after the application of HIPC Initiative relief. From the start to the end of July 2010, the EU provided additional debt relief on special loans of seven completion-point countries and one decision-point country amounting to EUR 53.4 million.

Seven Paris Club meetings were held in the year to July 2010, all of them devoted to tackling the debt of HIPC. Below are three examples:

- After the HIPC completion in January 2010, Paris Club creditors met with representatives of **Afghanistan** in March 2010. The country obtained a 100% write-off on its pre-cut-off-date debt, which included additional debt cancellations granted by creditors on a voluntary and bilateral basis. The agreement with the Paris Club creditors includes a comparability of treatment clause.
- In March 2010, a Paris Club meeting was held to consider the debt situation of the **Democratic Republic of Congo** after it reached HIPC completion in January. The country obtained a complete cancellation of its stock of eligible debt, with the provision that it keep the Paris Club secretariat informed of the progress made with other creditors for the next three years. That meeting highlighted the controversial role played by vulture funds in the international financial system. The amounts involved were large, around EUR 377 million (USD500 million)[107], and the Democratic Republic of Congo obtained a minimum discount on them.

106 2009 DAC exchange rate: 1 dollar = 0.719 euro.
107 2010 DAC exchange rate: 1dollar = 0.755 euro

Box 5 - Review of debt relief by main creditors (Status Dec 2009, HIPC)

Denmark provides 100% cancellation of ODA loans and non-ODA credits contracted and disbursed before September 27, 1999.

France: cancellation of 100% of debt service on pre-cut off date commercial claims on the government as they fall due starting at the decision point. Once countries have reached completion, debt relief on ODA claims on the government will go to a special account and will be used for specific development projects.

Finland: no post-Cancellation of Date (COD) claims.

Italy: cancellation of 100% of all debts (pre- and post-cut off date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit) cancellation of related amounts falling due in the interim period. At completion point, cancellation of the stock of remaining debt.

The Netherlands: 100% ODA (pre- and post-cut off date debt is cancelled at decision point) For non-ODA, in some cases (Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nicaragua, Rwanda, Tanzania, Uganda and Zambia), NL will write off 100% of the consolidated amounts on the flow at decision point. All other HIPCs will receive interim relief up to a 90% reduction of the consolidated amounts. At completion point, all HIPCs will receive 100% cancellation of the remaining stock of the pre-cut off date debt.

Norway and **Switzerland** have cancelled all ODA claims.

Sweden and **Russia** have no ODA claims.

Spain provides 100% cancellation of ODA and non-ODA claims contracted before January, 2004.

United Kingdom: 'beyond 100%' full write-off of all debts of HIPCs as of their decision points, and reimbursement at the decision point of any debt service paid before the decision point.

United States: cancellation of 100% of all debts (pre and post-cut off date, ODA and non-ODA) incurred before June 20, 1999 (the Cologne Summit). At decision point, cancellation of accrued arrears and maturities falling due in the interim period. At completion point, cancellation of the stock of remaining eligible debt.

In July 2010, **Guinea-Bissau** concluded an agreement with Paris Club creditors to reschedule its debt under the Cologne terms, thus reducing by 98% the debt service falling due between January 2010 and December 2012. Under the agreement, the country obtained a deferral until December 2012 of payments on its short-term and post-cut-off-date debts, including a deferral of moratorium interest. This was intended to support adjustment efforts in Guinea-Bissau to reach its HIPC completion.

The HIPC Debt Relief Initiative and the MDRI have significantly reduced the debt burden in many countries, freeing critical resources to help finance governments' growth programmes.
The perception of a large fiscal space in some LICs, however, has led to **the emergence of new creditors** and **new opportunities to access non-concessional sources of financing**. These opportunities, while welcome, raise new risks. Countries are frequently faced with new and conflicting market proposals, and other bilateral creditors on new financing options. In many cases, they lack the means to fully assess the related costs and risks. Poor financial choices, including on the terms on which new debt is contracted, could contribute to the re-emergence of debt vulnerabilities in these countries, putting debt sustainability at risk.

When poor, heavily indebted countries contract commercial loans while simultaneously benefiting from IDA grants, credits or debt relief, it is classified as **free riding.** The World Bank uses this term to denote 'situations in which IDA debt relief or grants could potentially cross-subsidise lenders that offer non-concessional loans to recipient countries'. The Bank has proposed a two-pronged approach to free riding. First, creditor coordination should be stepped up to prevent non-concessional lending to the countries concerned and, secondly, these countries should be discouraged from non-concessional borrowing through penalties, or reductions in either the amount or the grant element of IDA flows[108]

2.7.3. Vulture funds or the threats associated with commercial creditor litigation

The EU should also help to find ways to tackle the problem of so called "vulture funds", i.e. to prevent the actions of distressed-debt funds. 22 Member States have not planned specific actions to prevent aggressive litigation against HIPC. However, some EU countries are already leading the way. **Spain** participates actively in the Paris Club initiative working towards a coordinated fight against the implications of action by 'vulture funds' for debtor countries. **In the UK**, the Debt Relief Act has prevented litigation against HIPCs in UK courts since June 2010 (see **Box 6**). **Belgium** passed a bill in April 2008 to prevent the seizure or transfer of public funds for international cooperation, in particular related to the methods used by vulture funds. Germany, Belgium and the European Commission report that they support the African Legal Support Facility (ALSF), launched by the African Development Bank (AfDB) in mid 2009, which provides support for African countries facing litigation from commercial creditors.

In the US, a member of the. House of Representatives has also tabled legislation that would limit the ability of non-participating creditors to seek awards from HIPCs via U.S. courts[109].

Therefore, while some commercial creditors continue to pursue litigation to recover claims against HIPCs, rather than participate in the provision of debt relief under the Initiative, the incidence of new litigation has fallen in recent years. According to survey responses (September 2010) from HIPC authorities, the number of outstanding litigation cases against HIPCs fell from 33 to 14 cases in 2008 and then rose to a total of 17 cases in 2009[110].

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108 *Free Riding and Debt Relief: Implications for IDA, February 2007. Jan Willem Gunning Free University, Amsterdam and AIID and Sweder van Wijnbergen University of Amsterdam and AIID*

109 *The "Stop VULTURE Funds" Bill introduced in June 2009*

110 *2010 Survey of commercial creditor participation and creditor lawsuits against HIPCs. The survey elicited responsesfrom the authorities of 37 countries out of 40 surveyed in May/June 2010 in 'HIPC Initiative and Multilateral Debt Relief Initiative (MDRI) -Status of Implementation, Prepared by the Staffs of IDA and the IMF, September 14, 2010'.*

Box 6 – The U.K. Debt Relief Act

On April 8, 2010, the UK Parliament enacted the Debt Relief (Developing Countries) Act. It seeks to introduce a mandatory element to debt relief under the HIPC Initiative by limiting the proportion of debts previously contracted by a HIPC that a commercial creditor can reclaim through litigation under U.K. law. The limit is set in reference to the debt reduction expected on claims under the HIPC Initiative. The Act came into force on June 8 2010.
The key aspects of the Act are:

1. The debt covered by the Act is the debt eligible for relief under the HIPC Initiative, but it is limited to HIPC debt incurred prior to a HIPC's decision point and prior to commencement of the Act.

2. Qualifying debt is limited to the debts of the countries that meet the HIPC eligibility criteria in effect at commencement. Any changes to those criteria going forward (whether resulting in an expansion or reduction of HIPCs) are disregarded by the Act. The Act is therefore restricted to an identifiable stock of historic debt. It makes no distinction between HIPC debt still held by the original creditor and HIPC debt that has been traded on the secondary markets.

3. The Act limits the amount of qualifying debt (and associated causes of action such as damages claims) recoverable by a creditor in the U.K. courts to the amount the creditor would have received if it had applied the most recently published Common Reduction Factor set by the IMF and World Bank under the HIPC Initiative (on top of traditional relief).

4. For the five countries that had not yet reached decision point at the time the Act was passed, no Common Reduction Factor was available. As a result, the Act only takes into account the 67% traditional relief, leaving a reduced amount of 33% payable. This may encourage creditors to settle with the pre-decision-point HIPCs before they reach decision point.

5. In addition to reducing the recoverable amount on due debts, the Act also applies the same reduction to qualifying debts on which judgment has been obtained but not yet enforced.

6. Qualifying debt includes HIPC debt governed by foreign law as well as UK law. Therefore, the Act will apply to cases decided by UK courts, where the governing law is foreign.

7. The Act contains a sunset clause. Unless the UK Government decides to extend the Act permanently or for one year, it will expire on June 8 2011. This would also need to be approved by the UK Parliament.

8. The Act also promotes the negotiated settlement of these debts on terms compatible with the HIPC Initiative by excluding from the scope of the legislation debts where the HIPC government does not offer to do this.

2.7.4. Alternative debt management initiatives

In their answers to this year's questionnaire, Member States mentioned an extensive list of debt management initiatives beyond HIPC and MDRI:

- Activities of the African Legal Support Facility (ALSF)
- The DMFAS Programme (Debt Management and Financial Analysis System), an UNCTAD (UN Conference on Trade and Development) provider of technical cooperation and advisory services on debt management

- The DMF (Debt Management Facilitation for Low Income Countries), a World Bank Multi Donor Trust Fund, scaling up World Bank work on debt management technical assistance in LICs
- Implementing a bill to prevent the seizure or transfer of public funds for international cooperation, in particular related to the methods used by vulture funds.
- National legislation (Belgium, UK), or within the Paris Club.

The African Legal Support Facility decided in November 2010 to provide a USD 500.000 grant to fund services of a reputable international law firm in connection with the dispute between the government of the Democratic Republic of Congo (DRC) and a renowned vulture fund. Legal assistance to the DRC is the first of its kind by the ALSF since its creation by the African Development Bank (AfDB) Group in 2008. The support to DRC falls within the ALSF's mission to provide technical legal advice to its members in creditor litigation. This includes technical legal assistance to strengthen their legal expertise and negotiating capacity in matters pertaining to debt management, natural resources and extractive industries management and contracting; investment agreements and related commercial and business transactions. Belgium and Germany participate in the ALSF.

The DMFAS programme offers countries a set of solutions for improving their capacity to handle the day-to-day management of public liabilities and produce reliable debt data for policy-making purposes. At the programme's core is software that can be used for the purposes of recording, monitoring, reporting and analysis. Usually installed in the Ministry of Finance and/or Central Bank, it supports external and domestic public debt (loans and securities), whether this be short-, medium- or long-term. It also provides coverage for private debt, grants and on-lent loans. The DMFAS enables the debt office to develop a debt database containing detailed and aggregated data on loan contracts, bonds and grants, real operations (disbursements and debt service) as well as future operations (disbursements and debt service). As the system can process large quantities of debt data, more time and energy can be focused on analytical and management tasks. Its design allows for easy customisation and adaptation in accordance with the needs and preferences of each client institution. It can also be integrated with other financial systems if the institution so wishes.

The DMF is a grant facility financed by a multi-donor trust fund managed by the World Bank that helps strengthen debt management policies and institutions in eligible countries by financing the systematic application of the World Bank's Debt Management Performance Assessment (DeMPA). It supports World Bank participation in joint Bank/Fund technical assistance efforts to facilitate the country-led application of a toolkit for formulating and implementing a Medium-Term Debt Management Strategy (MTDS).

Spain carried out relief of debts contracted before 2003 partially through **Debt Swap Agreements.** In 2009 and 2010, Spain signed Debt Swaps Programmes with LICs and HPCs, including Mozambique, Ghana and Bolivia. Italy subscribes to and has been in the lead, as a co-sponsor, of the 'principles and guidelines to promote **sustainable lending practices** in the provision of official export credits to LICs'. The provision of official export credits to public buyers and publicly guaranteed buyers in LICs should reflect Sustainable Lending practices, i.e. lending that supports a borrowing country's economic and social progress without endangering its financial future and long-term development prospects. The Principles will yield their full benefits only if all creditors act in harmony.

2.7.5. Discussion on enhanced forms of sovereign debt restructuring mechanisms

There is some degree of support among Member States for a reform of the international debt rescheduling system. 12 out 28 Member States see 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. Further work is required to reach an EU common approach on this issue.

The German government supports the creation of a debt workout mechanism and wants to promote discussions. Although some parties are calling for a sovereign debt restructuring mechanism by setting up an international arbitration body, Belgium is of the opinion that there is no need for another international body. For Belgium, debt distress in developing countries can be handled within the existing frameworks and principles, in particular the Paris Club and the Debt Sustainability Framework of the Bretton Woods Institutions. Within the Paris Club, Belgium favours broad creditor' and debtor participation to ensure comparable burden sharing among creditors.

Some Member States (Germany for example) feel that a common EU-position must be found. In its dialogue, especially with non-Paris Club countries, the EU should stress that debt sustainability is a shared responsibility of all borrowers and creditors (including emerging economies). Spain argued that a further implication of non-Paris Club members in the debt relief of LICs would be necessary, particularly in light of the growing importance of emerging creditors and even private creditors. Denmark calls for the involvement of non-Paris Club creditors in restructuring and cancel sovereign debt for HIPC countries in the boards of the IMF and the World Bank.

Others (Netherlands, UK) are not in favour of a structural sovereign debt restructuring mechanism. They do not see the potential for the EU to take special initiatives, except of course taking part in international discussions.

The new debt workout mechanism would be based on the Paris Club but may also involve a role for International Financial Institutions within the Debt Sustainability Framework of the Bretton Woods Institutions. EU Member States have already agreed to discuss these issues but a common EU-position may be needed.

On 8-9 April 2010, the OECD, World Bank Group and IMF convened the 11th OECD-WBG-IMF Global Bond Market Forum in Washington D.C. Debt managers and central bankers from 23 advanced and emerging market economies came together with private sector representatives to discuss the post-crisis outlook for government bond markets. Discussions focused on four key areas: i) the impact of crisis-related measures and the potential implications of exit; ii) measuring sovereign risk; iii) the determinants of investor demand; and iv) debt managers' response to the crisis. Overall, participants felt that the steps taken to stabilise financial conditions had generally been effective and that conditions in financial markets were normalising.
Discussions highlighted a number of ongoing risks including:

i while credible consolidation plans were needed, fiscal and monetary policy could be tightened too soon;

ii managing investor uncertainty would prove critical in managing risk in the near-term;

iii regulatory changes may lead to a deterioration in conditions in primary and secondary markets and aggravate the challenges facing debt managers.

3. Improving the Effectiveness of Support to Developing Countries

3.1 Making EU aid more effective

EU Commitments

- On 17 November 2009, the Council (General Affairs and External Relations) adopted the Conclusions on an Operational Framework on Aid Effectiveness, with additions made in June 2010 (cross country division of labour DoL) and December 2010 (accountability and transparency).[111]
- The Operational Framework includes detailed commitments on accelerating Division of Labour (DoL); increased use of country systems; ensuring technical cooperation for enhanced capacity development; and strengthening accountability and transparency.

Aid effectiveness is one of the key pillars of development cooperation to which the EU and its Member States are firmly committed. Improving aid effectiveness will augment the quality and impact of aid and contribute to more value for money.

The EU and its Member States are working on a range of measures to implement commitments in relation to the Paris Declaration principles and the Accra Agenda for Action. Since 2003 the Commission has reviewed the efforts of all EU donors to implement those commitments. The replies of the Member States to this year's questionnaire on financing for development[112] show that, although some improvements have been made, enhanced efforts are needed to maximise the impact of aid.

The Fourth High Level Forum on Aid Effectiveness in Busan in 2011 will review the evidence of implementing aid effectiveness principles in the wider context of development. The EU as a whole will be expected to present results that are in line with the declared EU level of ambition.

In November 2009, the General Affairs and External Relations Council adopted an Operational Framework on Aid Effectiveness which contains measures in key areas of the aid effectiveness agenda, such as division of labour, use of country systems and technical cooperation for enhanced capacity development. Based on Commission proposals, the Operational Framework was complemented, in 2010, by a subchapter on cross-country division of labour[113] and a new chapter on a common EU approach for implementing commitments on mutual accountability and transparency[114].

Article 210 of the Lisbon Treaty marks a new era in European development policy; it states that , the Union and the Member States shall coordinate their policies on development cooperation, and consult each other on their aid programmes, including in international organisations and during international conferences, and may undertake joint action, and contribute if necessary to the implementation of Union aid programmes.

111 See Council document 18239/10 of 11.11. 2011: . Operational Framework on Aid Effectiveness – Consolidated text.
112 To avoid duplication with the ongoing OECD/ DAC Paris Declaration Survey, the Aid Effectiveness chapter in the annual questionnaire on financing for development was substantially reduced. As the results of the OECD/ DAC survey have not been available prior to publication of this report, this chapter includes less detailed information than in previous years.
113 Council Conclusions of 14.06.2010.
114 Council Conclusions of 9.12.2010.

This is a new opportunity to make EU development aid more effective, efficient, and potent in terms of actual impact on the ground. It should also make a real difference in terms of EU political impact and visibility. A study carried out on behalf of the European Commission[115] found that the potential benefits from a European approach (i.e. joint programming, country and cross-country division of labour) towards aid effectiveness could save an estimated EUR 3 to 6 billion per year.

3.1.1. EU and Member States action on ownership

Ownership is the first principle established in the Paris Declaration. Donors committed themselves to respect partner country leadership and help strengthen their capacity to exercise it.

Member States (20) emphasised consultation as the main tool to build ownership, followed by support for capacity development (16). Most Member States rely on bilateral negotiations and consultations. Ownership is achieved by aligning strategies and conducting consultations. Germany emphasises at national and international levels the importance of capacity development as a prerequisite for implementing the aid effectiveness principles, and the need to make capacity development support more effective. Capacity development is thus understood as a process whereby systems are enabled to unfold their capability for self-reliant action and management.

Sweden highlighted the impact of the choice of aid modalities on ownership. Sweden's Action Plan on Aid Effectiveness, valid 2009-2011, aims in its entirety to increase the conditions for exercising country leadership/ownership, e.g. by increasing the use of country systems and applying programme-based approaches in Swedish development cooperation. The three-year plan includes a number of measures to achieve seven concrete objectives. The plan includes concrete measures related to staff incentives to work on aid effectiveness.

3.1.2. EU and Member States action on alignment

Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities is a central principle of the Paris Declaration. To improve alignment donors agreed to **use country systems** (national arrangements and procedures for public financial management, accounting, auditing, procurement, results frameworks and monitoring) to the maximum extent possible. Using a country's own institutions and systems increases aid effectiveness by strengthening the partner country's sustainable capacity to develop, implement and account for its policies to its citizens and parliament. Donors also committed themselves to align their **conditions**, whenever possible, with their partner's national development strategy, and make them public. Improving the **predictability** of aid is another aspect of alignment, and donors have committed themselves to disburse aid in a timely and predictable fashion according to agreed schedules. In terms of technical cooperation, donors have agreed to reduce the stock of parallel **project implementation units**, in order to strengthen the capacities of partner countries.

Use of Country Systems (UCS). A study prepared for the third High Level Forum (HLF3) in Accra in 2008[116] found that progress in the use of country systems had been limited as only a 3% improvement has been recorded in the aggregate (from 40% to 43%), with almost no change in country averages. The Operational Framework on Aid Effectiveness identified actions (general and time-bound) for the EU and its Member States to report on. Progress on some of these actions is reflected in the responses to the questionnaire as follows:

On using country systems as a first option[117], 15 out of 24 Member States supported the use of country systems through an assessment to identify internal constraints. 11 Member States revised the design of aid instruments irrespective of modality; staff training was provided by 12 Member States and 17 out of 24 Member States supported partner country capacity development for improving the quality of country systems.

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115 *HTSPE, Aid Effectiveness Agenda: Benefits of a European Approach, October 2009.*

116 *Third High Level Forum on Aid Effectiveness hosted by the Government of Ghana in Accra, 2-4 September 2008. OECD DAC (2008), Working Party on Aid Effectiveness, Joint Venture on Public Financial Management, Report on the Use of Country Systems in Public Financial Management.*

117 *See European Council, 11 January 2011, Doc. 18239/10. Operational Framework on Aid Effectiveness – Consolidated text: paragraphs 6, 8, 12 and 13 (A. Use of country systems as a first option),*

With regard to additional time-bound actions not covered by the questionnaire, in response to the action on budget support[118] the Commission, following the public consultation, launched with the Green Book on the Future EU Budget Support for third countries of 2010, is currently preparing policy proposals on this issue. Likewise, good practice examples on the use of country systems collection by the end of 2010 is covered by the DAC work to which the Commission and the EU Member States contribute.

On undertaking Joint Assessments to promote the Use of Country Systems[119] 16 Member States supported partner country capacity development for improved quality of country systems; 12 Member States conducted joint assessments with others; 16 Member States used methodologies and results from other donor's assessments; and 11 Member States made methodologies and results from their assessments available to others.

EU Member States usually support UCS through:

- Use of general and sector budget support;
- Improving procurement systems to facilitate the actual use of UCS at a later stage';
- Public finance management (PFM) at sector level, e.g. Finland: strengthening local PFM-systems in the planning phase of its forestry sector project and is now using local PFM systems both in forestry and water sector cooperation; and
- Strengthening of domestic accountability systems (for example through support for Supreme Audit Institutions in several countries).
- Many EU Member States do not use country systems due to:
- Lack of quality systems and subsequent fiduciary, political and reputational risk of using country systems (particularly for the treasury);
- Lack of knowledge among staff of different options to gradually use country systems (e.g. CABRI dimensions of putting aid on budget), particularly when systems are still weak and cannot be fully used;
- Trade-off between quick implementation and results-orientation and UCS;
- Overall resource demands/initial labour intensity of increasing use of partners' systems; and
- Difficulty of assessing systems and processes at decentralised/organisational level, making decisions on use or non-use based on incomplete information.

In 2010, the Belgian Development Cooperation (BDC) developed **guidelines for using country systems in the field of procurement and financial management**. The important aspects of human resource management, quality management (monitoring and evaluation), scope management and coordination management will be dealt with in a second phase. The BDC subscribes to the Accra Agenda for Action and gives priority to the use of country systems. All formulation reports must contain an analysis of the opportunity to use the country public procurement and financial management systems. If the conclusion is that one of the country systems cannot be used, then a donor system should be adopted (ideally in a harmonised way with other donors providing project support in the sector).

For the United Kingdom, decisions on the use of country systems are made in the light of **DFID's three partnership commitments** (commitment to reducing poverty, meeting human rights and other international obligations, and improving public financial management and accountability) and through dialogue with partner countries and other donors. Use of country systems is the preferred method, providing countries can demonstrate a credible commitment to improving public financial management and accountability. This is assessed as part of a fiduciary

118 *'The Commission and its Member Sates will initiate a dialogue towards a coordinated approach on budget support by early 2010'.*

119 *Consolidated version Operational Framework: B. Undertake joint assessments to promote the Use of Country Systems, paragraphs 14-17.*

risk assessment of the national Public Financial Management and Accountability system, which is obligatory in country planning where financial aid (i.e. use of country PFM systems) is considered. DFID's approach to this is set out in the How to Note: 'Managing Fiduciary Risk when Providing Financial Aid' (December 2009). This provides guidance on assessing country PFM systems, including the use of additional safeguards, which seek to reduce the risk of using country systems while also helping to strengthen them.

Changing the nature of conditionality. 13 out of 14 Member States that answered this question said that they harmonised condition with other donors. Only 3 reduced them.

Making aid more predictable. **Table 12** below presents the ratios between actual ODA flows and budgets prepared one or two years before. Ratios below 100% mean that actual expenditure was below budget, while ratios above 100% are over budget. Table 13 shows that most EU Member States' aid has achieved a good degree of predictability with ratios above the DAC average both for one-year and two-year predictability. Only Denmark, Ireland, Italy, Netherlands and Spain have a one-year predictability ratio below average.

15 EU Member States can make multi-annual commitments for projects, twelve for general programme based support, and eleven for budget support. For several, outer year budgets are indicative and subject to change (e.g. Ireland).

Table 12 – Predictability Ratios of 2009 flows

DAC Members	Predictability Ratios of 2009 flows	
	One-year predictability ratio	Two-year predictability ratio
	2009 Outturn/programmed early 2009 (%)	2009 Outturn/programmed early 2008 (%)
Australia	111	134
Austria	100	na
Belgium	119	56
Canada	67	97
Denmark	91	101
European Commission	117	100
Finland	103	98
France	107	68
Germany	120	140
Greece	na	na
Ireland	88	48
Italy	60	63
Japan	na	na
Korea	89	na
Luxembourg	104	97
Netherlands	85	87
New Zealand	73	86
Norway	71	82
Portugal	97	91
Spain	82	121
Sweden	101	113
Switzerland	99	na
United Kingdom	99	86
United States	na	na
DAC Total	**93**	**94**

Source: OECD DAC Forward spending plans (2010)

21 Member States stated that they align their **technical cooperation** to partner country policies and plans.19 make the information on expenditure related to providing technical cooperation (including in-kind technical assistance) available to the general public. EU Member States gave about 22% of their ODA in the form of technical cooperation stand alone projects in 2009, according to data from OECD DAC's CRS database.

3.1.3. EU and Member States action on harmonisation

Harmonisation refers to cooperation between donors to improve the efficiency of aid delivery. The focus under the Paris Declaration process was initially on how to harmonise rules and procedures and on developing new instruments, including programme-based approaches, pooled funding arrangements, joint country plans and other common arrangements. Experience suggests that organising joint activities with too many donors is often unproductive, and the focus has shifted towards achieving a better division of labour among donors, focusing on areas of comparative advantage, and using silent partnerships and lead donor arrangements elsewhere.

EU donors have committed themselves to establishing a more effective division of **in-country division of labour.** In terms of achieving this goal, **joint programming** represents a fundamental tool for the EU. In Accra, donors agreed to start a dialogue on cross-**country division of labour**, and this is also a subject for EU-level action in the Operational Framework. **Coordinating missions** is also important in terms of harmonisation, since the number of donor missions often represents a serious challenge in terms of the time and resources that must be devoted to these visits.

Better in-country division of labour. Since 2008, the EU Fast Track Initiative on Division of Labour and Complementarity (FTI DoL), which involves the European Union and currently 14 Member States as facilitators has supported DoL processes in approximately 30 partner countries. The network of EU DoL is being continuously updated and is regularly used for communication. Work is underway to facilitate better web-based communication and information exchange, fulfilling one of the commitments with regard to DoL adopted in the Operational Framework on Aid Effectiveness[120].The 3rd Monitoring Report and Progress Review of the EU Fast Track Initiative on Division of Labour[121] and trends since 2008 show encouraging progress, especially in the 19 countries involved since the beginning.

There is widespread use and institutionalisation of donor mappings as an aid management instrument, an upward trend in country-level agreement on sector definitions as an important precondition for DoL and solid use of lead donor arrangements that can generate more momentum for DoL. Perceptions of partner country commitment to DoL processes have also somewhat improved. The results of DoL processes are increasingly positive with regard to the quality of sector dialogue and, to a lesser degree, the rationalisation of aid allocations. Responses show an increasing expectation of positive contributions to aid and development effectiveness. Nevertheless, the DoL approach is demanding and takes time to yield measurable results. It still faces challenges with regard to some methodological issues, questions of country ownership and donor commitment. It needs to be better adapted to specific country conditions and integrated with other aspects of the aid effectiveness agenda. An emerging issue concerning HLF 4 is the rapidly increasing importance of 'new donors' and 'new funding lines' reported from country level. This phenomenon adds to the complexity of the Global Aid and Development Architecture. 12 EU Member States (out of 23 that responded) have fully integrated the principles of the Code of Conduct on Complementarity and Division of Labour (2007) in their strategies, staff guidance and programming processes/guidelines. Another six have done so partially, while only two have not done so yet.

Delegated cooperation. 15 out of 23 Member States have legal and administrative arrangements for delegated cooperation in place. As regards the European Commission, Finland's assessment procedure for indirect centralised management was finalised in June 2010, providing a framework for cooperation between the Foreign Ministry and the European Commission.' All projects funded by CyprusAid are implemented through the delegated cooperation method.

120 *I. Division of Labour, paragraph 4.*

121 *European Commission, The 3rd Monitoring Report and Progress Review of the EU Fast Track Initiative on Division of Labour, Draft Version, February 24 2011.*

For the following organisations the European Commission assessment procedure to administer EU funds under indirect management has been concluded: Agence Française de Développement (AFD), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Cooperation Technique Belge (BTC CTB), Austrian Development Agency (ADA), Kreditanstalt fur Wiederaufbau (KfW), UK Department for International Development (DFID), NL Ministry of Foreign Affairs, Instituto Portugues de Apoio ao Desenvolvimento (IPAD), Lux-Development SA, Ministry of Foreign Affairs Finland, Danish Ministry of Foreign Affairs (DANIDA)and the British Council. For the following organisations the assessment is ongoing: France Cooperation Internationale (FCI), Societa Italiana per le Imprese al'Estero (SIMEST), Agencia Española de Cooperación Internacional al Desarrollo (AECID), Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas (FIIAPP) and Australian Development Agency (AusAID). Denmark, Finland, Ireland, the Netherlands, Sweden and the United Kingdom subscribe to the Nordic Plus principles[122] for delegated cooperation, where Nordic Plus countries have agreed to mutually approve each other as potential partners for delegated co-operation arrangements. The majority of Member States (14 out of 23) do not have a mechanism in place at headquarters level to track cases of delegated cooperation.

Improving joint programming. Overall Member States reported 13 cases of joint programming, only five of which involved joint analysis and response strategies according to the EU agreed Common Format for Country Strategy Papers. A recent desk review of the experience with joint programming[123] found that there has been a lack of progress in implementing joint programming. Joint programming differs greatly from country to country. Experiences range from agreeing a strategy (e.g. Sierra Leone, Somalia) to harmonising approaches at sector/programme level. These findings are confirmed by the 2011 survey. Only 13 Member States out of 27 are currently involved in joint programming exercises. Reasons for not participating vary. Cyprus, for example, does not do programming directly but participates in programming of Lead Donors through delegated cooperation. Malta works directly with NGOs. Poland and Romania cannot carry out multi-annual programming due to the fact that ODA budget allocations are annual. The United Kingdom is involved in joint programming in a number of countries, such as Bangladesh, where a joint cooperation strategy involving the government and 17 development partners including the UK was signed in 2010. Other examples are Afghanistan, Kenya, Nigeria, Uganda, Zambia, which all use different models depending on the country context. In South Africa, the UK is signed up to a Country Strategy Paper that is in line with the 2006 Council Conclusions.

Cross-country division of labour. The Commission survey revealed that in recent years, EU Member States have reorganised their bilateral aid portfolios by refocusing their assistance, often in the presence of stable or increasing aid budgets. There are 123 cases of planned exits by EU Member States from 69 partner countries. Italy, Sweden, Spain and the United Kingdom accounted for three quarters of the exit cases. There seem to be only five cases of EU Member States currently starting a new bilateral aid relationship. Once EU Member States leave a country, some ODA that is counted as country programmable aid - CPA (e.g. cultural cooperation, scholarship via state programmes, special education schemes like German schools abroad) and some ODA that does not count as CPA (ODA through NGOs and Civil Society, imputed student cost, equity capital investment) may remain.

Exit takes time. In the case of the German cooperation, partner governments and other donors are informed and if possible consulted, as the exit period lasts normally for several years. It allows for orderly conclusion of activities, achievement of intended results and, if possible, other donors to take over certain support schemes.

3.1.4. EU and Member States action on mutual accountability

Mutual accountability lies at the heart of the Paris Declaration, and is a process by which two (or multiple) partners agree to be held responsible for the commitments that they have voluntarily made to each other. It helps build trust and partnership around shared agendas and provides incentives for behaviour change needed to achieve better results. A central aspect is making aid flows more transparent. Likewise, as stated in the Opera-

122 *These are principles developed to enhance aid effectiveness. Delegated cooperation is aimed at significantly reducing the transaction costs for both partner governments and donors. http://www.norad.no/en/ (Norad - Norwegian Agency for Development Cooperation)*

123 *European Commission, IQSG Secretariat, DG DEV A, State of Play of EU Joint Programming of External Assistance - Desk Study of Recent Experiences, 2010.*

tional Framework[124] 'in the Accra Agenda for Action, donors and partner countries agreed to provide timely and detailed information on current and future aid flows in order to enable more accurate budget, accounting and audit by developing countries'.

Improving mutual accountability. A 2010 study[125] of national mutual accountability initiatives in 70 countries found that only 8 partner countries made major progress on mutual accountability, 52 partner countries do not have an aid policy or agreed document outlining targets for ODA providers, and 32 partner countries had an aid information management system in place. In almost all countries, non-DAC donors, global funds and NGOs do not supply data to aid management systems. Joint frameworks for monitoring joint commitments have been set up in at least 15 priority countries for EU Member States (i.e., Bhutan, Burkina Faso, Cape Verde, Ethiopia, Ghana, Kenya, Malawi, Mali, Mozambique, Nicaragua, Peru, Rwanda, Tanzania, Uganda, and Zambia). They are either formal frameworks or policy dialogue groups. In 2010, for example, the **United Kingdom** worked with other partners to establish and review mutual accountability frameworks in a number of countries including Ghana (aid policy and joint donor Performance Assessment Framework), Bangladesh (joint cooperation strategy), Uganda (to help develop an aid policy and joint Memorandum of Understanding), Nepal (the joint transparency and accountability initiative with the UN and a number of bilateral donors) and Zambia (to develop a new Joint Assistance Strategy).

Making aid more transparent. Increased reporting on ODA flows. Most EU non-DAC donors report their ODA to the OECD/DAC. The Commission encourages all of them to do this, in line with DAC reporting rules, although none of the EU-12 is yet a DAC member. Bulgaria and Malta have yet to start reporting systematically to the DAC. The Commission will continue to work with the DAC secretariat to provide support to the EU's non-DAC donors to enhance their statistical reporting capacity.

The European Commission and several Member States (Denmark, Finland, Germany, Ireland, Netherlands, Spain, Sweden and the United Kingdom) are party to the International Aid Transparency Initiative (IATI) launched in 2008 at Accra. IATI's role is to develop consistent and coherent international standards for the way donors report more timely information on past and future aid spending. 21 out of 22 Member States make their ODA volumes public on their websites, often in an annual report. Member States mentioned several good examples of ODA data tools. In Mozambique the Government of Mozambique Medium-Term Expenditure Framework (MTEF) and Budget processes, in Ethiopia the Development Assistance Group (DAG) and EU, in Vietnam, the EU annual blue book exercise and annual Ministry of Foreign Affairs report. For the Netherlands, an important tool to disclose information on aid volumes is the Bi-annual Results Report that presents the results achieved and the Dutch policy and philosophy on giving aid. The report is meant to inform parliament, stakeholders and the public. The Results Report is coproduced by the Ministry of Foreign Affairs and Dutch CSOs.

3.1.5. EU action on managing for development results

The promotion of management for development results (MfDR) is central to the entire aid effectiveness agenda. It means that stakeholders hold partner country governments and donor agencies accountable to show results, i.e. to demonstrate the effectiveness and actual impact of aid. It means that donors and recipients oblige each other to demonstrate that they are honouring their commitments and promises.

12 Member States (out of 23 who replied) provide support for MfDR. The results approach suffers from an over elaborate and technical approach focused on donors and their capacity. Donor countries are struggling to demonstrate their attribution rather than their contribution to partner countries' results. Donors could increase support to partner countries to focus on results (improving statistical data, analytical capacity etc) and then use these results to communicate to the public the successes and challenges of their development cooperation programmes Sweden felt that the aid effectiveness agenda needed to be more specific to different cooperation contexts, particularly in conflict and post-conflict countries and in reform cooperation with Europe, including how the reporting and measurement of results is conducted.

124 *Consolidated version: IV Accountability and transparency, paragraph 1*

125 *UN Development Cooperation Forum (DCF), Review of Progress in International and National Mutual Accountability and Transparency on Development Cooperation, May 2010.*

3.2. Supporting better Global Governance

EU Commitments

March 14, 2002 European Council Conclusions on the International Conference on Financing for Development. To influence the reform of the International Financial System by combating abuses of financial globalisation, strengthen the voice of developing countries in international economic decision-making, and, while respecting their respective roles, enhance coherence between the UN, International Financial Institutions and the WTO.

3.2.1. Introduction

The objective of this Chapter is to give an update of the reform initiatives in the main International Financial Institutions (namely the World Bank, IMF, and to a lesser extent, other key multilateral development banks), as well as the UN and its specialised agencies.

The reform of these institutions was accelerated by perceived shortcomings in the international financial and monetary architecture revealed by the global financial and economic crisis in 2008-2009, the effects of which continue to be felt today and are further exacerbated by increases in commodity prices in early 2011. An objective would be to ensure more effective and coordinated management of global issues, such as financial stability, food and energy security, climate change and the fight against major pandemics. The main challenge is to strike the correct balance between legitimacy (through representativeness and accountability) and the effectiveness of global institutions.

The way forward that the Commission proposed in 2010[126] was as follows:

- The Commission will monitor emerging discussions on how best to use the general SDR allocations, in particular to the benefit of low-income countries.
- In line with the decision taken by the G20 and the Joint World Bank/IMF Development Committee, the EU and other Governors on the Boards need to ensure that the increases in developing and transition countries voting shares are implemented swiftly in both institutions and that the IMF quota is revised.
- Europe's voice international financial institutions should be amplified through consolidated, less fragmented European representation, with the ultimate objective of having a single European seat at the IMF and the World Bank. EU coordination should be stepped up, particularly within regional development banks.
- The replenishments for concessional arms of Multilateral Development Banks such as the IDA at the World Bank Group and the African Development Fund at the African Development Bank are of particular concern regarding assistance to the most vulnerable.
- The 'UN system-wide coherence reform' needs support in order to reduce fragmentation of the UN to strengthen its operational capacity and improve its efficiency at headquarters and in the countries where it operates.

The next section presents the key reforms in the above areas undertaken in Multilateral Institutions. It sets out the points of view of the European Commission and Member States, based on their responses to the relevant part of the questionnaire.

126 *COM (2010) 159 of 21.04.2010 and Statement of Commissioner Piebalgs at the World Bank/ IMF Development Committee meeting in April 2010*

3.2.2. Reforming multilateral institutions

3.2.2.1. IMF[127]

The 2008 quota and voice reform was the first step towards realigning IMF members' quotas with their relative positions in the world economy. On 16 December 2010, the IMF's Board of Governors approved a far-reaching quota and governance reform[128]. Once implemented (no target date so far), the reform package will result in: (a) a doubling of quotas; (b) a shift of more than 6%of quota shares to dynamic emerging market and developing countries, Brazil, China, India, and Russia will be among the 10 largest shareholders in the Fund, while the combined voting share of the US and EU Members will fall below 50%, and (c) preserving the quota and voting share of the poorest member countries. A comprehensive review of the current quota formula will be completed by January 2013. Completion of the 15th General Review of Quotas will be brought forward by about two years to January 2014. Any future realignment is expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy.

New concessional facilities for Low Income Countries (LICs) were established in January 2010 under the Poverty Reduction and Growth Trust (PRGT) as part of a broader reform to make the Fund's financial support more flexible and better tailored to the diverse needs of developing countries. Access limits and norms were broadly doubled. Financing terms were made more concessional, and the interest rate will be reviewed every two years. All facilities support country-owned programmes aimed at achieving a sustainable macroeconomic position consistent with strong and durable poverty reduction and growth. These facilities are as follows: (a) The Extended Credit Facility; (b) The Standby Credit Facility (SCF); and (c) The Rapid Credit Facility (RCF).

The 2010 reforms do not fully address the existing agenda. One major ongoing effort is for any future competition for the leadership of the IMF to become more open. All of the Fund's ten Managing Directors have been European. All eight of the Deputy Managing Directors (First Deputies since 1994) have been from the United States. For the past decade, while non-European candidates for Managing Director have been nominated but ultimately rejected, pressure has been intense for the selection process to be fully open to all candidates regardless of geography. The IMF's Executive Board, which selects the Managing Director, agreed in principle several years ago to open up the process, but winning higher political support for the reform has not been easy. EU members are ready to participate in changing the process of appointing the Heads of the International Financial Institutions (IFIs). The heads and senior leadership of all IFIs should be appointed through an open, transparent and merit-based process, irrespective of nationality and gender. This change should apply to all IFIs including the IMF and the World Bank.

3.2.2.2. World Bank (WB) Group

On April 25 2010, the Development Committee endorsed WB general and selective capital increases equivalent to EUR 66.7 billion[129] (USD86 billion). The IDA16 replenishment was concluded with an 18% increase (compared to IDA15) for a total amount of EUR 38.2 billion (USD49.3 billion). The World Bank's governance reform is to be implemented in two phases, the first of which has already been approved and is under implementation. The package aims to create a new WB Group that is strategically focused on where it can add most value, has 21st century governance, remains financially strong, and is more responsive, innovative and accountable. This will be pursued through the following additional measures:

- Shifting voting power for developing and transition countries (DTCs) to 47.19% for the International Bank for Reconstruction and Development (IBRD), representing a total shift of 4.59% to DTCs since 2008[130];
- The Bank's private-sector arm, the International Finance Corporation (IFC,—significantly increasing DTC voting power from 33.4% at present to about 40%;
- International Development Association (IDA)—raising the voting shares of borrowing member countries from about 40% prior to the reforms to around 46%;

127 *See summary posted in December 2010 http://blog-imfdirect.imf.org/2010/12/28/2010-the-year-of-imf-reform/*
128 *http://www.imf.org/external/np/exr/facts/pdf/quotas.pdf*
129 *Using an average 2010 US$/Euro exchange rate of 0.775.*
130 *http://siteresources.worldbank.org/DEVCOMMINT/Documentation/22553921/DC2010-006(E)Voice.pdf*

- Multilateral Investment Guarantee Agency (MIGA)—maintaining voting power parity between developed and developing members;
- In all institutions, helping the smallest poor members to maintain their voice and voting power;
- Establishing unique IBRD Shareholding Principles, primarily reflecting evolving economic weight and the Bank's development mission, including: (a) economic weight in the world economy, measured through a formula which is compatible with - but also suitably different from - IMF quotas; (b) integrated, substantive and permanent recognition of past member contributions to IDA, combined with incentives for future IDA contributions; and (c) moving over time towards equitable voting power between developed country and DTC members;
- Holding regular IBRD and IFC shareholding reviews every five years to allow for more dynamism and to account for changes in economic weight and member contributions to the World Bank Group mission;
- Amplifying the DTC voice on the World Bank Boards by adding a third Director to represent member countries in Sub-Saharan Africa in October 2010;

3.2.2.3. Regional Development Banks

EU countries also play a major role in the financing and governance of the regional development banks listed below. These institutions play an important role in transferring aid flows to developing countries and European countries in transition. They have recently risen to the twin challenges of carrying out their mandate of reducing poverty and at the same time responding to the adverse effects of the economic crisis and its impact on economic growth in many countries.

African Development Bank (AfDB). Donors concluded negotiations of the Twelfth Replenishment of the African Development Fund (ADF-XII) in October 2010. They agreed[131] on a replenishment level equivalent to EUR 7.4 billion (USD 9.5 billion) for the ADF over the next three years (2011-2013), a 10.6% increase in donor contributions over ADF-11. This came as an important complement to the endorsement on May 27 2010 by governors representing AfDB's shareholders of a tripling of the Bank's capital resources to nearly USD100 billion[132].

Asian Development Bank (ADB). The Asian Development Bank's (ADB) Board of Governors had already agreed in 2009 to triple ADB's capital base from EUR 42.7 billion to EUR 127.9 billion (USD 55 billion to USD 165 billion).[133] The negotiations on the replenishment of the Asian Development Fund (ADF X) are due to commence next year. ADF IX mobilised over EUR 8.5 billion (USD 11 billion[134]).

Inter-American Development Bank (IDB). The IDB's Board of Governors on July 21 2010, agreed to the terms of the increase of the Bank's ordinary capital by EUR 54 billion (USD 70 billion).

European Bank for Reconstruction and Development (EBRD). A capital increase from EUR 20 billion to EUR 30 billion was agreed in May 2010.

3.2.2.4. UN System

The 2010 annual progress report on Financing for Development[135] noted that 'The systemic reforms decided at the 2005 World Summit have yet to be fully implemented.' The reforms envisaged improving the transparency, representativeness and effectiveness of the principal UN bodies and included major challenges, such as reform of the Security Council and establishment of a Human Rights Council, as well as the challenge of achieving system-wide coherence by improving the coherence of operational activities. Some progress has been made during 2010. The system-wide coherence reform (SWC) is important to reduce fragmentation of the UN system and strengthen its operational capacity by improving coordination between agencies and reducing fragmentation. The 'delivering

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131 http://www.afdb.org/en/news-events/article/african-development-fund-replenished-with-usd-9-5-billion-7335/#
132 http://www.afdb.org/en/topics-sectors/topics/capital-increase
133 http://www.adb.org/Documents/Brochures/InFocus/2010/General-Capital-Increase-V.pdf
134 http://www.adb.org/adf/highlight.asp , http://www.adb.org/adf/highlight.asp
135 http://ec.europa.eu/development/icenter/repository/SEC_2010_0420_COM_2010_0159_EN.PDF

The system-wide coherence reform (SWC) is important to reduce fragmentation of the UN system and strengthen its operational capacity by improving coordination between agencies and reducing fragmentation. The 'delivering as one' initiative[136] announced in 2007 and implemented in 8 pilot countries is intended to make the UN more coherent, effective and efficient. This process, strongly supported by the EU, has moved relatively fast and created an important 'bottom-up' momentum. Furthermore the call for UN system-wide coherence has led many UN entities to develop intra-UN partnerships and cooperation. Building on the positive experience of the pilot countries and the progress made on UN business practices by heads of UN agencies, funds and programmes, the SWC agenda has managed to move forward. However, the results of this initiative have yet to be assessed through a performance evaluation.

Other important reform processes, also framed in the context of SWC, have made major progress, such as the humanitarian reform and the reform of the UN gender architecture. The humanitarian reform process launched by the international humanitarian community in 2005 seeks to improve the effectiveness of humanitarian response by ensuring greater predictability, accountability and partnership. To strengthen the foundation for understanding the process, Regional Office for Asia Pacific (ROAP) conducts workshops on humanitarian reform at regional and national level to promote regional and country-level progress towards humanitarian reform and create dialogue between policy-makers and practitioners on the reform. The key elements of the reform are: (1) the Cluster Approach; (2) a strengthened Humanitarian Coordinator (HC) system; (3) more adequate, timely, flexible and effective humanitarian financing; and (4) the development of strong partnerships between UN and non-UN actors.

On 2 July 2010, the General Assembly unanimously adopted the resolution on 'System-wide coherence' establishing the new UN Entity for Gender Equality and the Empowerment of Women, to be known as UN Women. With the adoption of this resolution, the new entity will be in a position to close the current gap between the normative and operative work of the UN on gender aspect, promote effective system-wide mainstreaming in the UN system, and improve accountability.

There are also reforms to strengthen UN accountability in a process initiated about five years ago[137]. Achievements during 2010 were as follows:

- Transparency and Integrity: (a) The UN has implemented a financial disclosure programme for senior officials and procurement officers to ensure that potential conflicts of interest that may arise from staff members' private holdings, affiliations, or activities can be identified and addressed appropriately; and (b) the UN issued a policy on the 'Reporting, Retaining and Disposing of Honours, Decorations, Favours, Gifts or Remuneration.'
- Procurement: The UN amended the Award Review Board and formed the Senior Vendor Review Committee to strengthen internal control, transparency, accountability and risk mitigation in the UN procurement process.
- Ongoing Commitments: Currently, the Department of Management is undertaking a comprehensive review of delegation of authority; and (b) the UN is introducing the International Public Sector Accounting Standards (IPSAS) to improve the quality and transparency of financial reporting. WFP has adopted these standards and, due to delays, other agencies are expected to complete roll-out by 2013.

3.2.3. Feedback from the EU and Member States

There were 12 questions in the EU and Member State questionnaire that related to governance reforms at the World Bank and IMF. This section reports feedback received from 27 Member States and the EU. Very few of the respondents chose not to answer each question. The responses show a diversity of opinions and differences on key approaches that would need to be reconciled for the EU group to adopt a consensus towards the Bretton Woods institutions. Details of the questionnaire and responses may be found in Annex 8.

136 http://www.undg.org/?P=7.
137 http://www.un.org/en/strengtheningtheun/accountability.shtml

With respect to World Bank reforms, some issues were raised repeatedly. The key concerns and proposals were as follows: (a) decentralisation of the Bank; (b) use of results-based approaches for greater effectiveness; (c) fairer voting power/greater voice for developing countries; and (d) open selection of Bank President (and of senior management). There were also multiple mentions of using a corporate scoreboard and the importance of improved internal governance. Overall, this agenda seems aligned with ongoing reforms and issues highlighted in the previous section.

On the issue of quota realignment at the IMF, 16 Member States (out of 27 replies) felt it would increase the institution's legitimacy. However, 11 Member States disagreed. Many in the latter group felt that the reforms did not go far enough. Others were concerned by the increased importance of the G20 and the diminishing role for small economies. A number thought ministers should be more involved in decisions. This issue was raised specifically in question 75 (do you support the creation of a Ministerial Council for the IMF with decision-making powers?) with 16 of 25 respondents in favour. Finally, a few were concerned that the IMF may be drifting away from its core mandate, even though others thought it should expand that mandate. The issue of broader governance reform and open selection of head of IMF was also mentioned.

Respondents were equally split over whether the EU should have a single representation at the International Financial Institutions (IFIs). Feedback provided showed that countries had concerns such as: (a) a single euro area representation may make more sense, especially at the IMF; (b) how would intra-EU coordination will work and conversely existing coordination mechanisms seemed sufficient to others; (c) need to preserve specific separate interests of individual shareholders and of small countries; (d) a potential difficulty is mobilising funding; and (e) loss of synergies within current constituency groups, some of which include non-EU countries. Many of these concerns were also expressed as risks to overcome by countries that were in favour of a single representation, at least for the euro area. The need to reach a common position was mentioned again as a challenge. Related to the coordination issue, almost three-quarters of respondents felt there should be stronger Brussels-based coordination on World Bank and MDB issues.

Three respondents were dissatisfied with the outcome of voice and participation reforms at the World Bank and five were highly satisfied. The remaining two-thirds were somewhat satisfied. Nevertheless, major concerns and observations were raised by respondents that were less than very satisfied, in particular: (a) insufficient recognition of the efforts of smaller states and the need to give adequate weight to IDA contribution; (b) poorer countries may have been left-out; and (c) the process should have been less complex/confusing and more transparent.

A small majority of EU Member States (59%) felt that the EU should push for a greater portion of IDA resources to be allocated to Sub-Saharan Africa. In the absence of a follow-up question, the reasons for the negative answers cannot be determined. As this may be due to a concern over aid effectiveness or other reasons, a follow-up question to this effect could be included in subsequent questionnaires. In contrast, the overwhelming majority (93%) were in favour of creating of a permanent IDA crisis window (CRW) and at the time of writing this reform has now been agreed to.

3.2.4. Concluding Observations

In 2010, two major risks faced by the IFIs were effectively mitigated. Capital increases were successful and so was the replenishment of IDA, the biggest IFI concessional lending window. IFIs are continuing to implement governance reform programmes, give greater voice to their borrowing member countries and promote stronger inclusiveness and accountability. The World Bank's decision to open more documents and databases to the public is also noteworthy. In terms of the UN, it is important not to lose the momentum of reforms; especially regarding adoption of International Public Sector Accounting Services (IPSAS).

An issue not addressed in the above analysis but worth mentioning here concerns another type of financing of IFIs and other international agencies through multi-bilateral resources – bilateral funding disbursed through multilateral agencies. These resources in practice increase the amount of concessional resources available for developing countries. However, these earmarked resources also contribute to the fragmentation of donor programmes and may affect IFIs and UN agencies' governance and distort resource allocation. For example on the estimated budget for a given agency or programme, only about one-third of it comes from untied 'core' resources. The rest are earmarked for specific projects, some quite small, in target countries and for activities that may not be fully aligned to that agency's core competencies. Furthermore, the agency Executive Board only approves the core budget, which leads to limited oversight over the majority of the resources.

The feedback from EU Member States proved useful. It also identified significant differences on key issues that would need to be resolved for the EU 27 Member States to speak with the same voice at the Boards of the IMF and the World Bank. Most Members States agreed that the EU internal coordination should be improved. While a limited consolidation of European representation looks likely to take place in the IMF, a specific intra-EU coordination in the World Bank and multilateral development banks could be warranted.

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COMMISSION STAFF WORKING PAPER

EU Accountability Report 2011 on Financing for Development
Review of progress of the EU and its Member States

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review
VOL II

{COM(2011) 218 final}
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Annex 2: ODA methodology

The Commission methodology applied for analysing ODA indications/ forecasts provided by EU Member States:

Figures on Official Development Assistance (ODA) are in current prices and have been taken from the OECD Development Assistance Committee (DAC) for the years 1995 to 2010, inclusive, for those Member States for which DAC reports1. For those Member States that do not report ODA volumes to the DAC, figures for 2009 and 2010 have been taken from Member States' replies to the annual questionnaire.

The Commission requested all Member States to share their replies to the DAC Advance Questionnaire on ODA 2010, in order to ensure consistency between figures published here and those that Member States report to the OECD DAC in the Advance Questionnaire. From 2011 onwards, ODA figures have been taken, as far as available, from Member States' replies. For those Members States that gave ODA figures in national currencies the Commission's annual average exchange rates for the respective years have been applied to convert them into euro. Up to 2012, the exchange rates have been taken from the Commission's autumn 2010 forecast and, beyond that, nominal exchange rate stability has been assumed.

Where a Member State has presented only the ODA/GNI ratio, ODA has been calculated by multiplying it with the Commission's estimate of GNI. **Where a Member State has reported both the ODA figure and the ODA/GNI ratio, preference has been given to using the ODA/GNI ratio.**

The **ratios of ODA to GNI might be subject to change** after the publication of this report. For the year 2010 only preliminary GNI figures were available from the Commission's official AMECO database2 and from EU Member States' information on their ODA volumes and national GNI provided to the Commission (in the replies to the Monterrey questionnaire) and the OECD DAC (March 2011 in response to the DAC advance ODA questionnaire). We used DAC GNI data for 2010 for EU Member States reporting to DAC and AMECO data for all others.

For the remaining years the Commission established 2 different scenarios for reaching the 2015 targets for Member States (0.7% for EU-15 Member States and 0.33% for Member States that joined the EU after 2002).

- when Member States provided budgets for years after 2011 these figures were inserted in the projections;
- in this scenario, the Commission calculated the ODA amount that is required in addition to the 2010 ODA volume by distributing this required increase evenly between 2011 and 2015. ODA as a % of GNI was calculated using the official Commission GNI/GDP growth estimates, as described below.
- Figures for Gross National Income (GNI) in current prices for 2010 were taken from the OECD DAC where available; otherwise from the Commission's autumn 2010 forecast. The GNI figures in the February 2011 interim forecast were used for the years 2011 and 2012. For EU Member States reporting to DAC, the Commission applied the implicit nominal GNI growth rates to the 2010 GNI figures provided by DAC to ensure consistency with ratios for the previous years.

GNI figures for the years 2013 to 2015 were calculated by applying the Commission's country-specific projections of nominal GDP growth rates to the 2012 GNI forecasts. **Calculation of ODA to Africa, Sub-Saharan Africa and LDCs including Imputed Multilateral Aid.**

1 *For figures between 1995 and 2010, the Commission services used the OECD DAC exchange rates and GNI figures to ensure consistency with percentages already published by the OECD DAC. For figures between 2011 and 2015, Commission estimates for exchange rates and GNI were used. Marginal differences in the ODA/GNI ratios for some countries in the Commission calculations compared to the OECD DAC calculations could still, however, be due to minor differences in the applied exchange rates and GNI estimates. DAC data for the years 2004-2009 are as of March 31, 2011. The OECD DAC also published figures for EU Member States that are not DAC members. Where available, such data were used.*

2 *http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm*

When reporting on aid to groups of countries, it is necessary to count both the aid that is provided **bilaterally** by the donor directly to each country or region *and the share of* each donor's *contributions to multilateral agencies* that is provided as aid to those countries or regions. The latter is known as 'imputed multilateral aid' and is included in this report in the calculations of ODA provided to Africa, Sub-Saharan Africa (SSA) and Least Developed Countries (LDCs) and other income groups. The Commission has used the OECD DAC methodology[3] to make these calculations, as follows:

1) The percentage of each multilateral agency's total annual gross aid disbursements that each recipient country/ region receives is calculated.

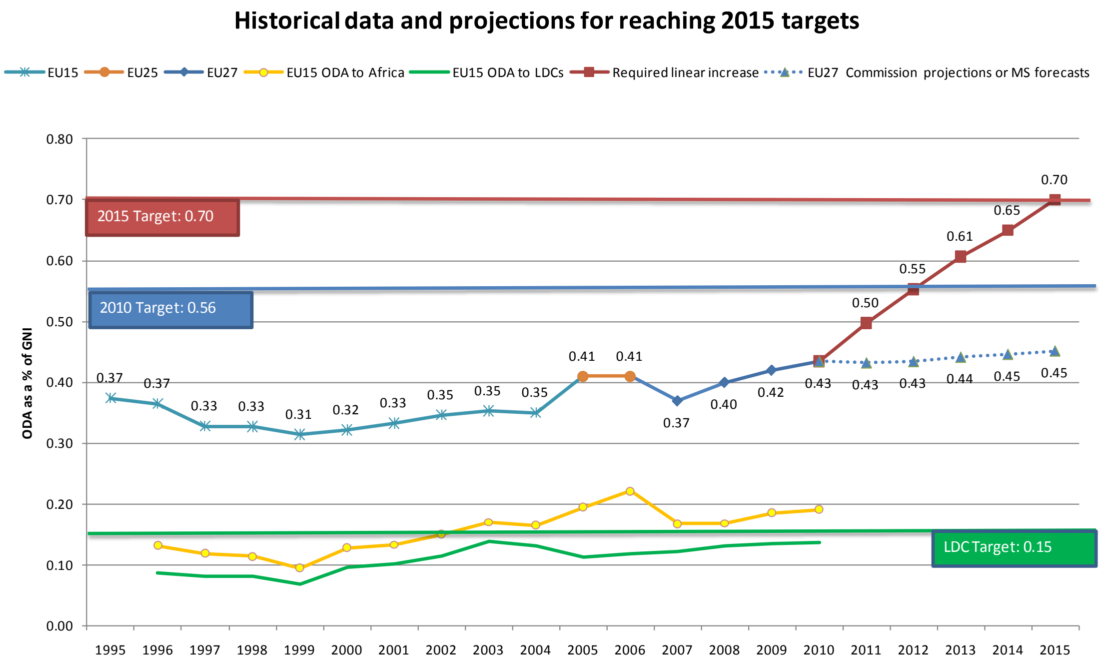
2) The recipient percentages derived in step 1) are multiplied by a donor's contribution in the same year to the core resources of the agency concerned to arrive at the imputed flow from that donor to each recipient. (Example: In a given year, WFP provides 10% of its disbursements from core resources to Sudan. Donor A contributes USD50 million to WFP core resources in the same year. Donor A's imputed multilateral ODA to Sudan through WFP is 0.1*50million = USD5 million). This calculation is repeated for each multilateral agency.

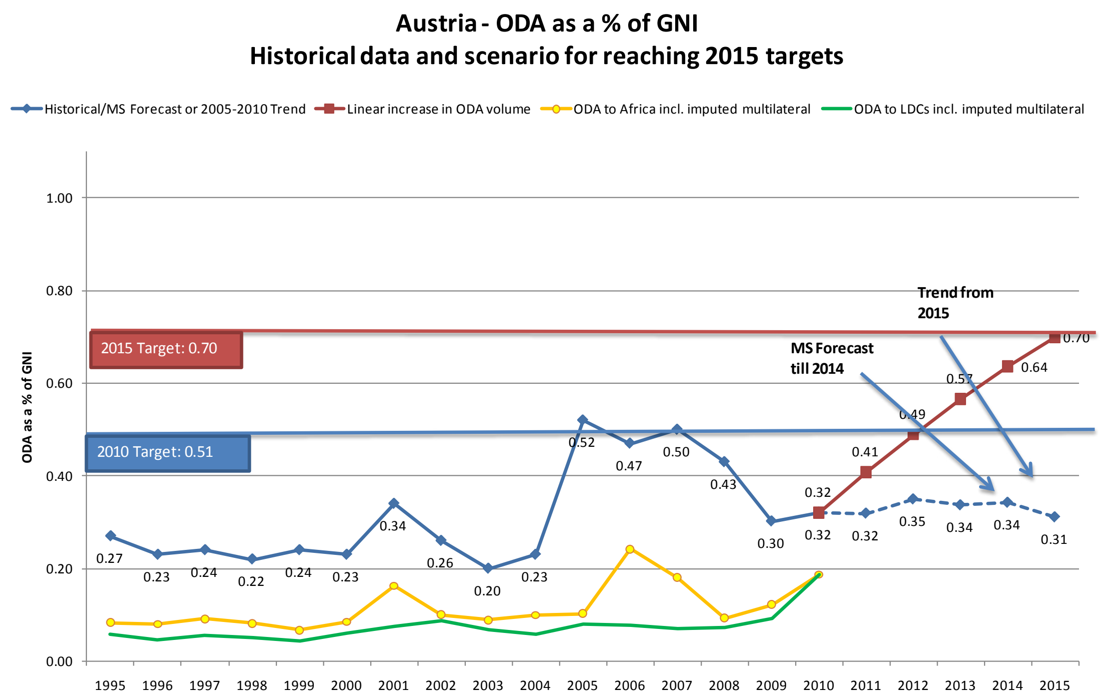
3) The results from step 2) for all agencies are summed to obtain the total imputed multilateral aid from each donor to each recipient country.

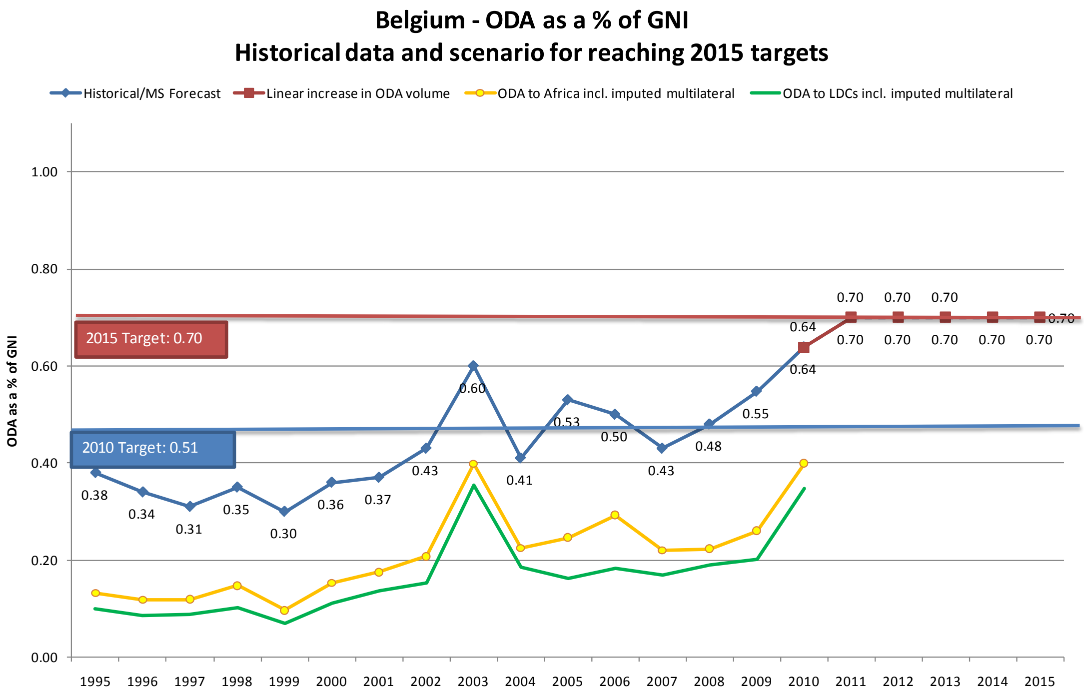
These calculations are available only for countries reporting to the DAC (the EU20). This excludes Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Malta, and Romania for which there are insufficient data to impute their multilateral aid by country/region. For 2010, the data on are estimated for the 15 EU countries that are members of the DAC, since the detailed geographic spend by multilateral agencies in 2010 is not yet available. For example for Africa, the imputed share for Africa in Austria's 2009 multilateral ODA is multiplied by Austria's multilateral ODA in 2010.

3 *OECD methodology for calculating imputed multilateral ODA (www.oecd.org/document/54/0,3746, en_2649_34447_41037110_1_1_1_1,00.html).*

Annex 3: Statistical Annex on ODA trends



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ODA to LDCs incl. imputed multilateral
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2010 Target: 0.51
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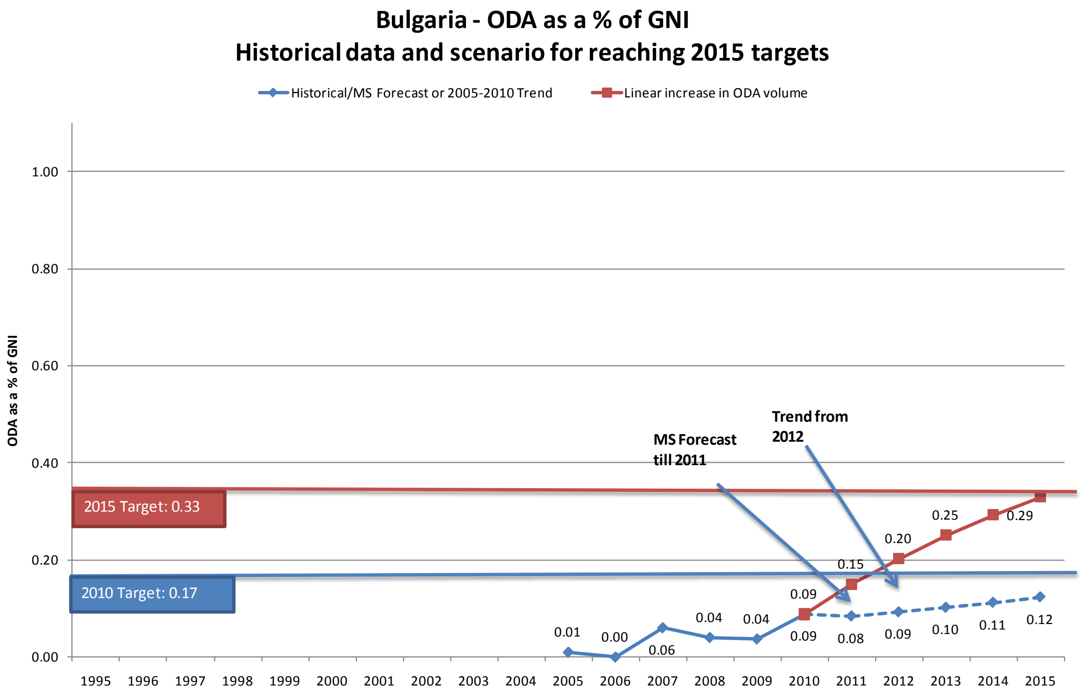
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Linear increase in ODA volume
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MS Forecast till 2011
Trend from 2012
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2010 Target: 0.17
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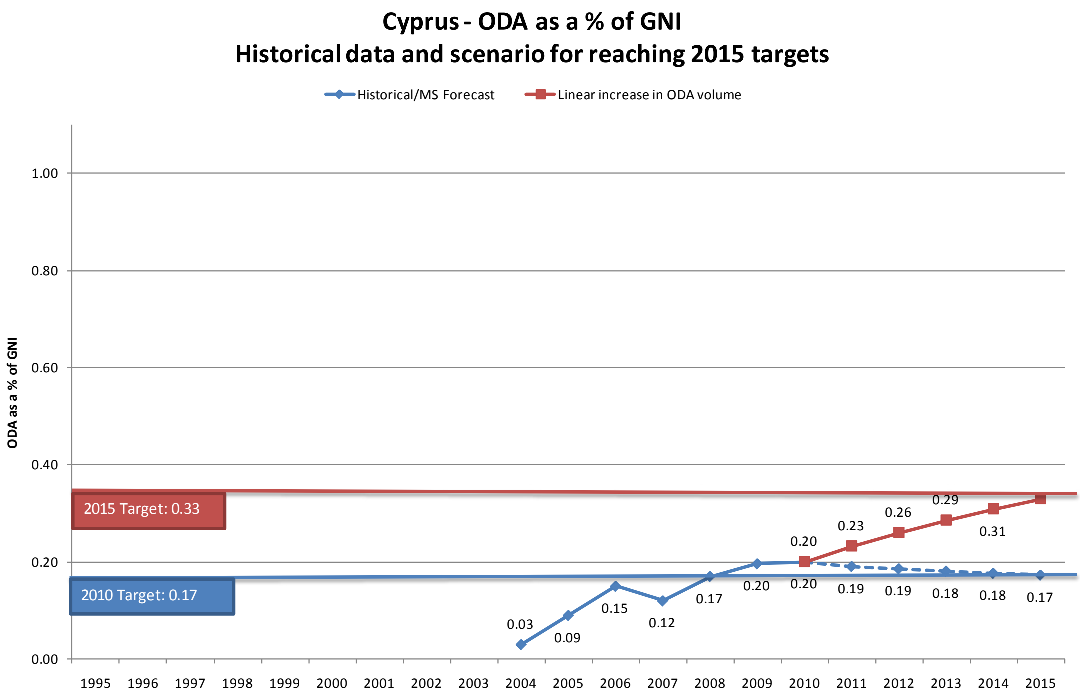
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0.40
0.20
0.00
2015 Target: 0.33
2010 Target: 0.17
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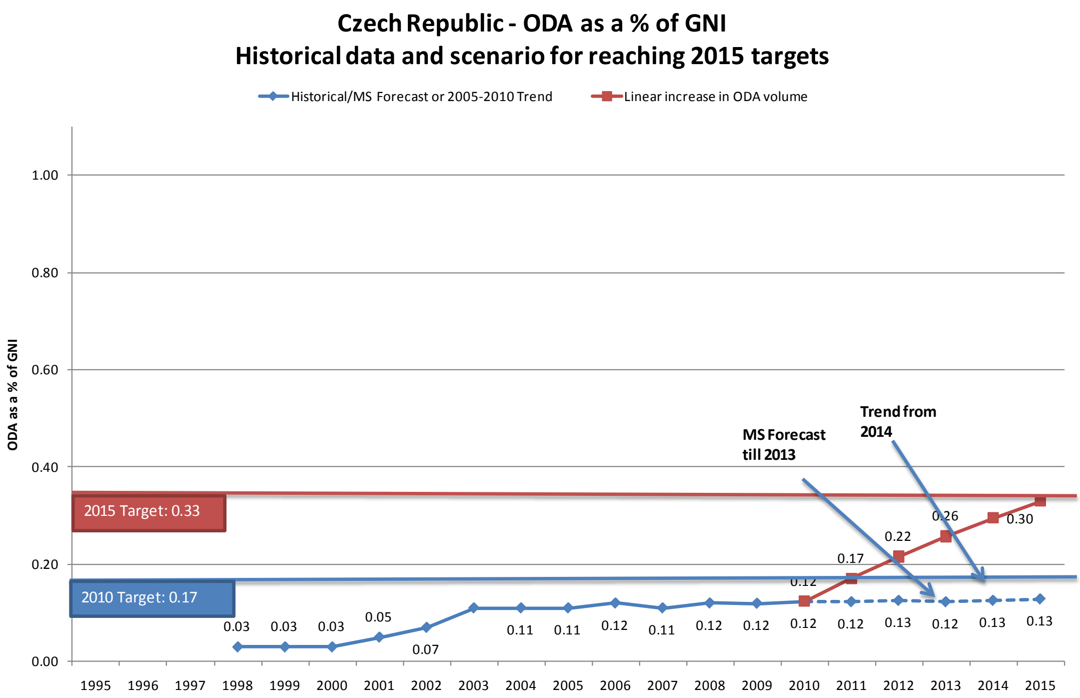
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0.40
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0.00
2015 Target: 0.33
2010 Target: 0.17
MS Forecast till 2013
Trend from 2014
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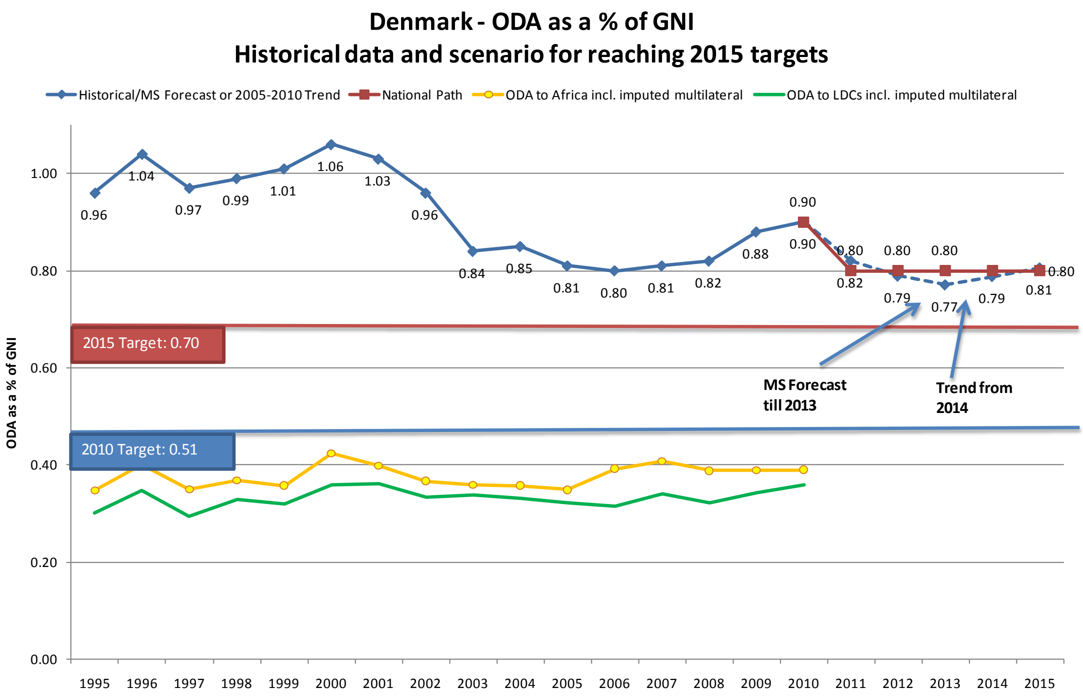
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ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
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2010 Target: 0.51
MS Forecast till 2013
Trend from 2014
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1.01
1.06
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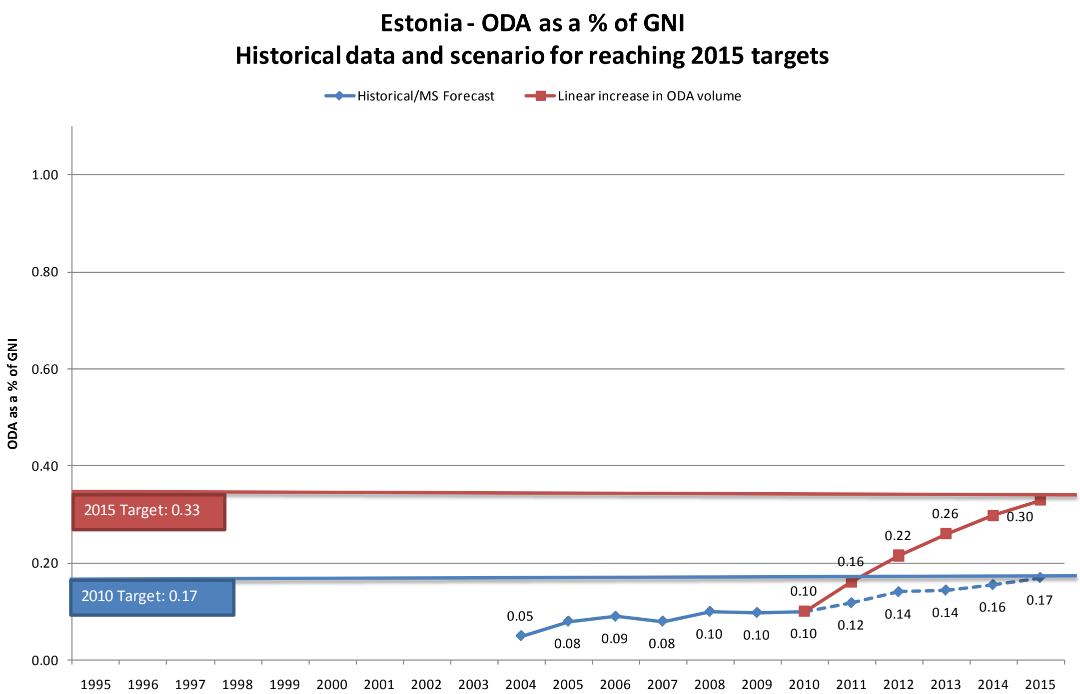
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Historical/MS Forecast
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ODA as a % of GNI
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2010 Target: 0.17
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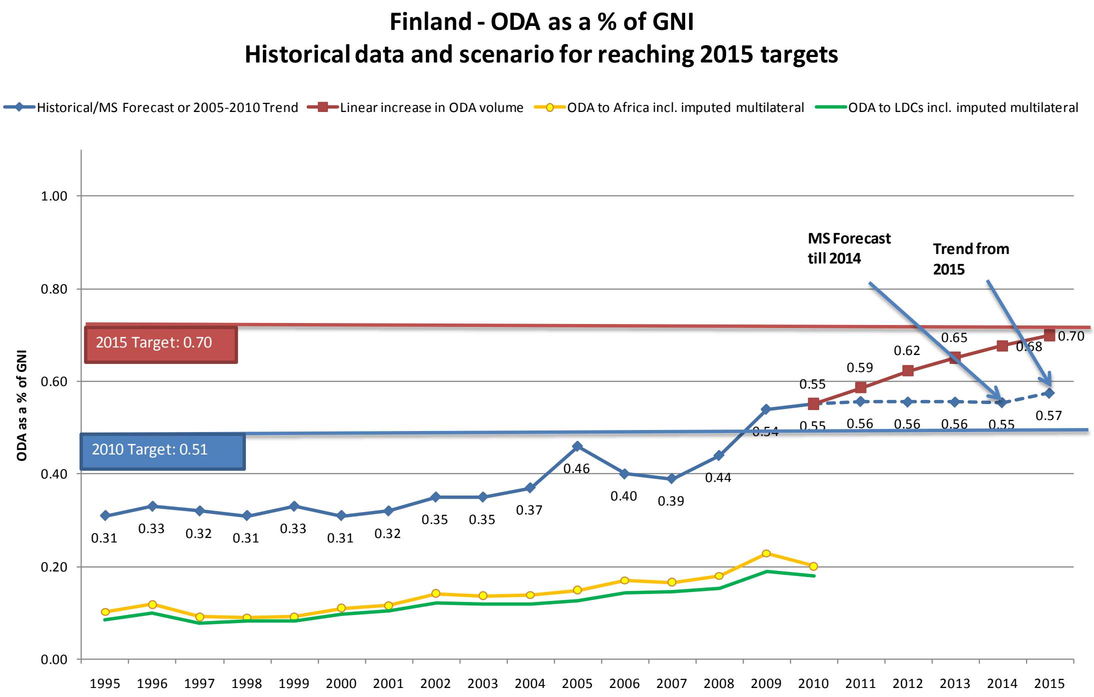
Finland - ODA as a % of GNI
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Historical/MS Forecast or 2005-2010 Trend
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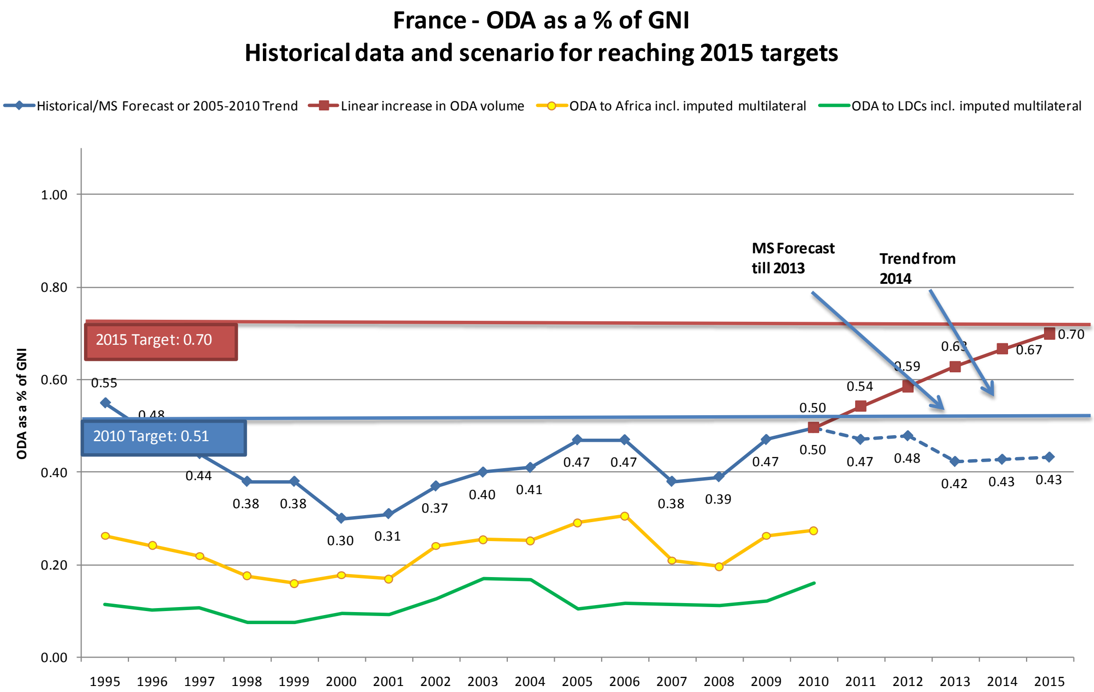
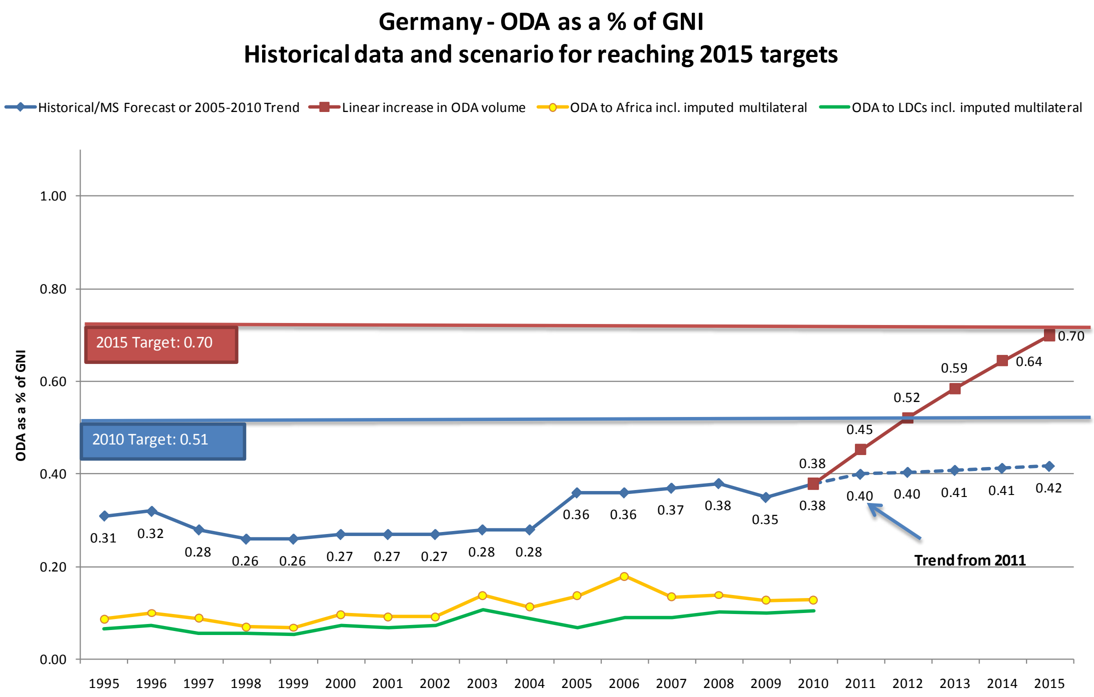
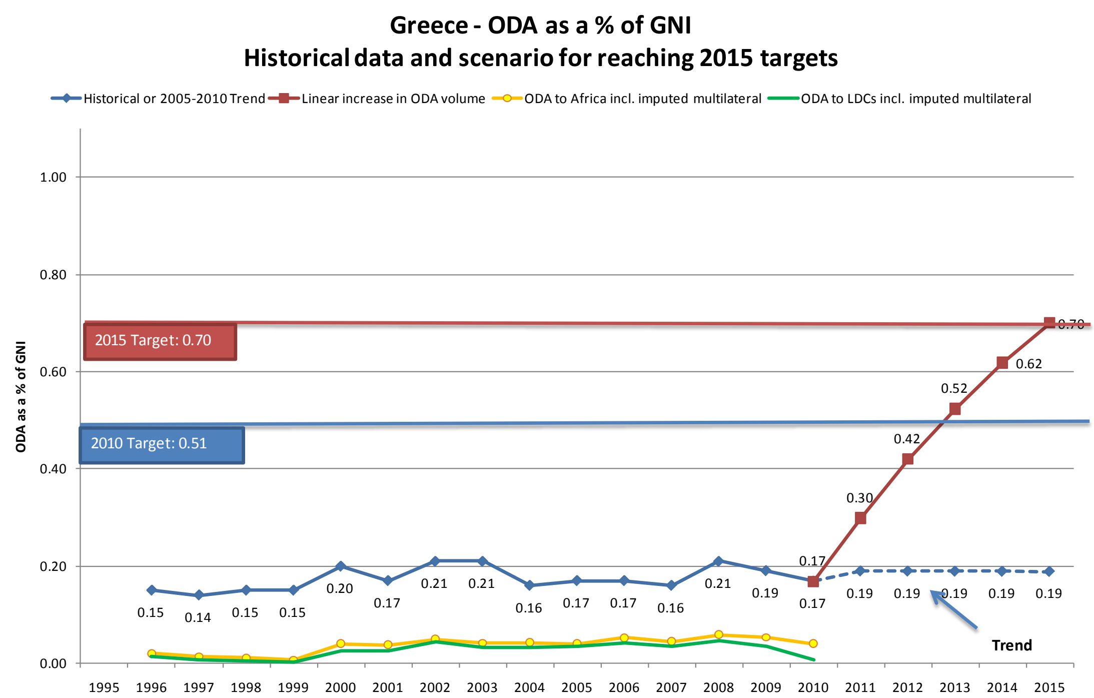
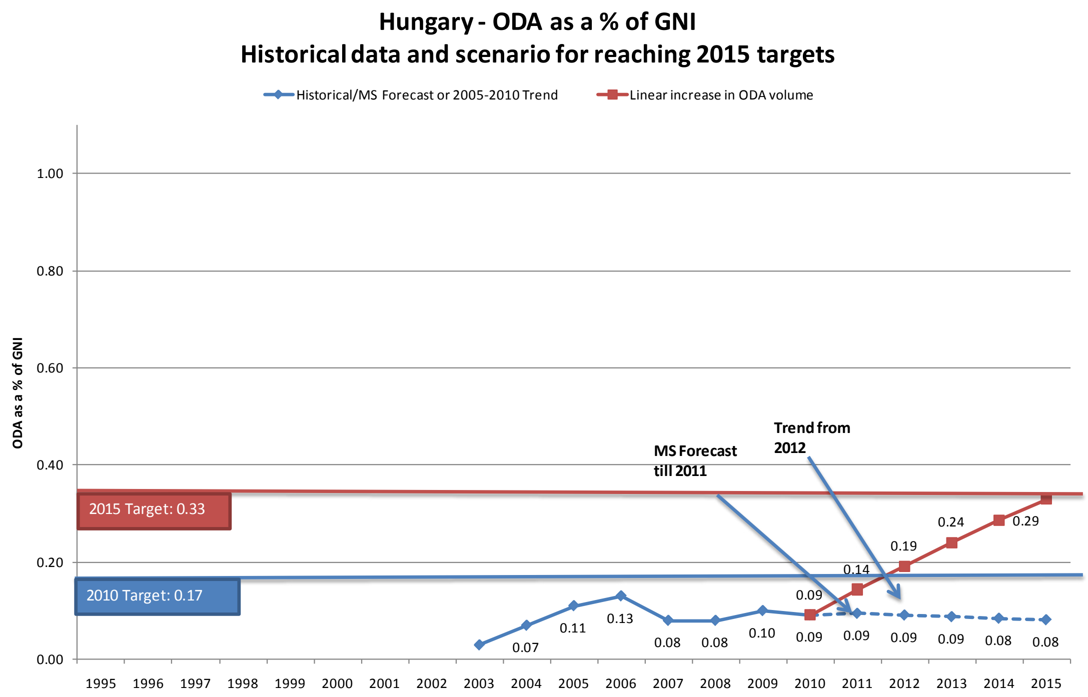
Trend from 2015
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.31 0.33 0.32 0.31 0.33 0.31 0.32 0.35 0.35 0.37 0.46 0.40 0.39 0.44 0.54 0.55 0.56 0.56 0.56 0.55 0.57
0.55 0.59 0.62 0.65 0.68 0.70


France - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
MS Forecast till 2013
Trend from 2014
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.55 0.48 0.44 0.38 0.38 0.30 0.31 0.37 0.40 0.41 0.47 0.47 0.38 0.39 0.47 0.50 0.47 0.48 0.42 0.43 0.43
0.50 0.54 0.59 0.63 0.67 0.70


Germany - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
Trend from 2011
1.00
0.80
0.60
0.40
0.20
0.00
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.31 0.32 0.28 0.26 0.26 0.27 0.27 0.27 0.28 0.28 0.36 0.36 0.37 0.38 0.35 0.38 0.40 0.40 0.41 0.41 0.42
0.38 0.45 0.52 0.59 0.64 0.70


Greece - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
Trend
1.00
0.80
0.60
0.40
0.20
0.00
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.15 0.14 0.15 0.15 0.20 0.17 0.21 0.21 0.16 0.17 0.17 0.16 0.21 0.19 0.17 0.19 0.19 0.19 0.19 0.19
0.17 0.30 0.42 0.52 0.62 0.70



Hungary - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
MS Forecast till 2011
Trend from 2012
1.00
0.80
0.60
0.40
0.20
0.00
0.07
0.11
0.13
0.08
0.08
0.10
0.09
0.09
0.09
0.09
0.08
0.08
0.09
0.14
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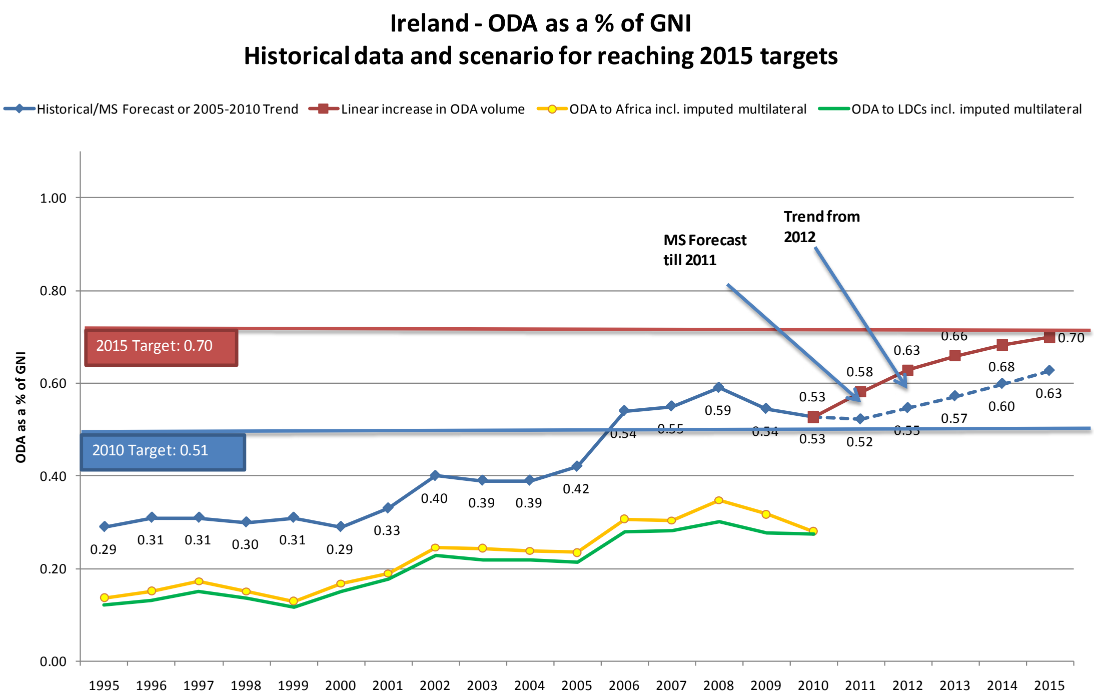

Ireland - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
MS Forecast till 2011
Trend from 2012
1.00
0.80
0.60
0.40
0.20
0.00
0.29
0.31
0.31
0.30
0.31
0.29
0.33
0.40
0.39
0.39
0.42
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0.55
0.57
0.60
0.63
0.53
0.58
0.63
0.66
0.68
0.70
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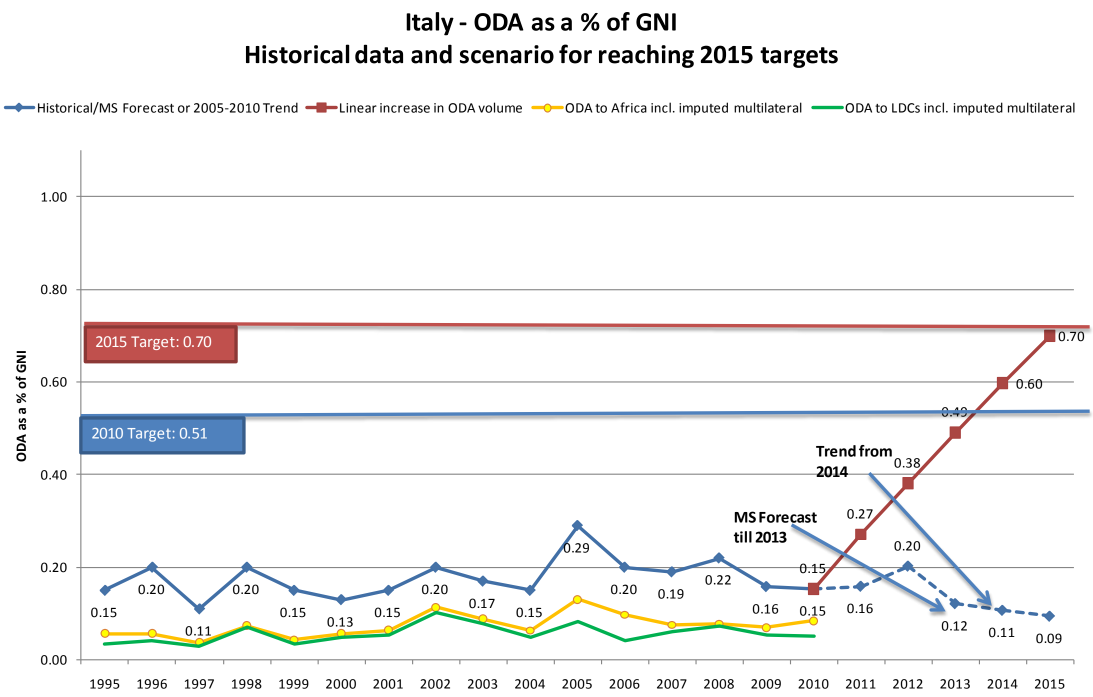
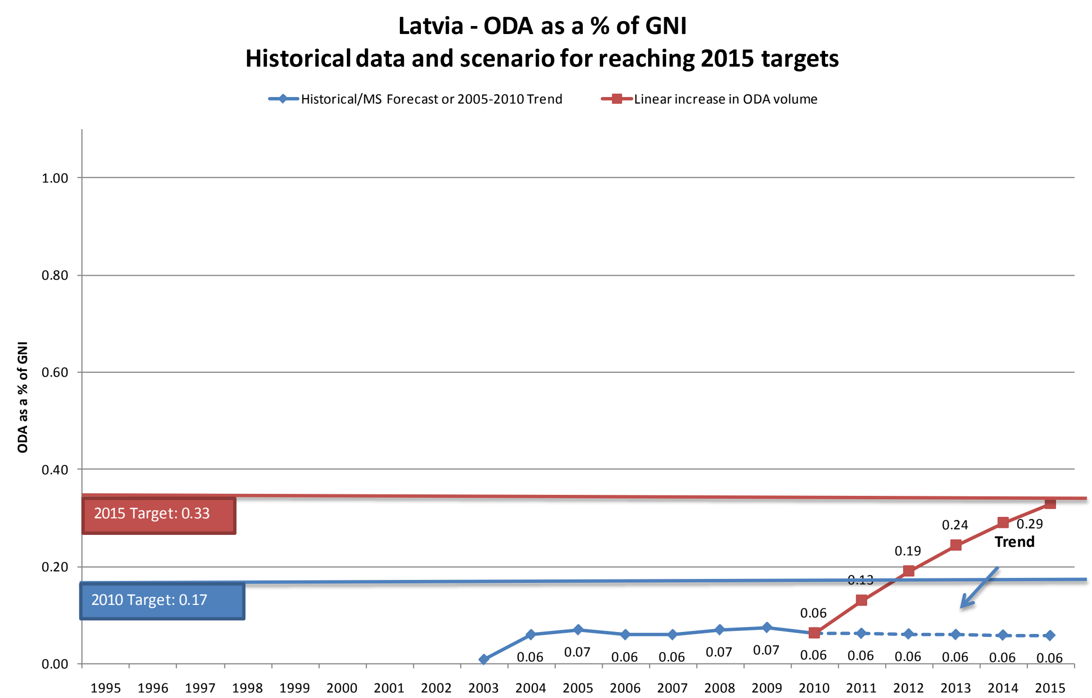
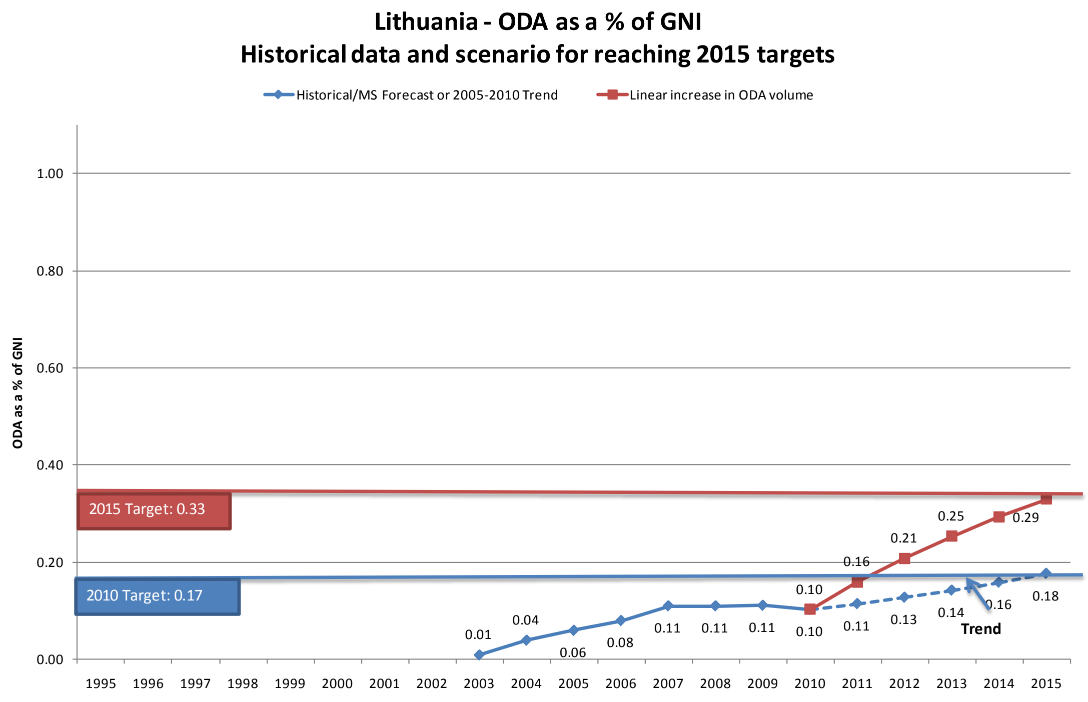
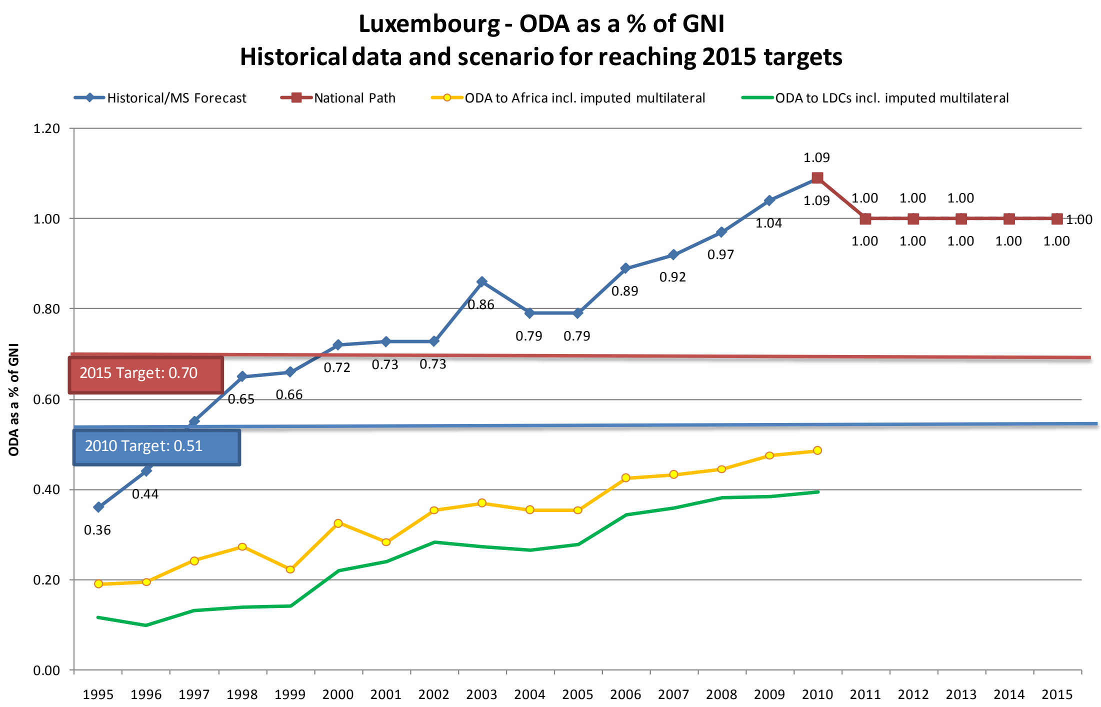
2015


Italy - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
Trend from 2014
MS Forecast till 2013

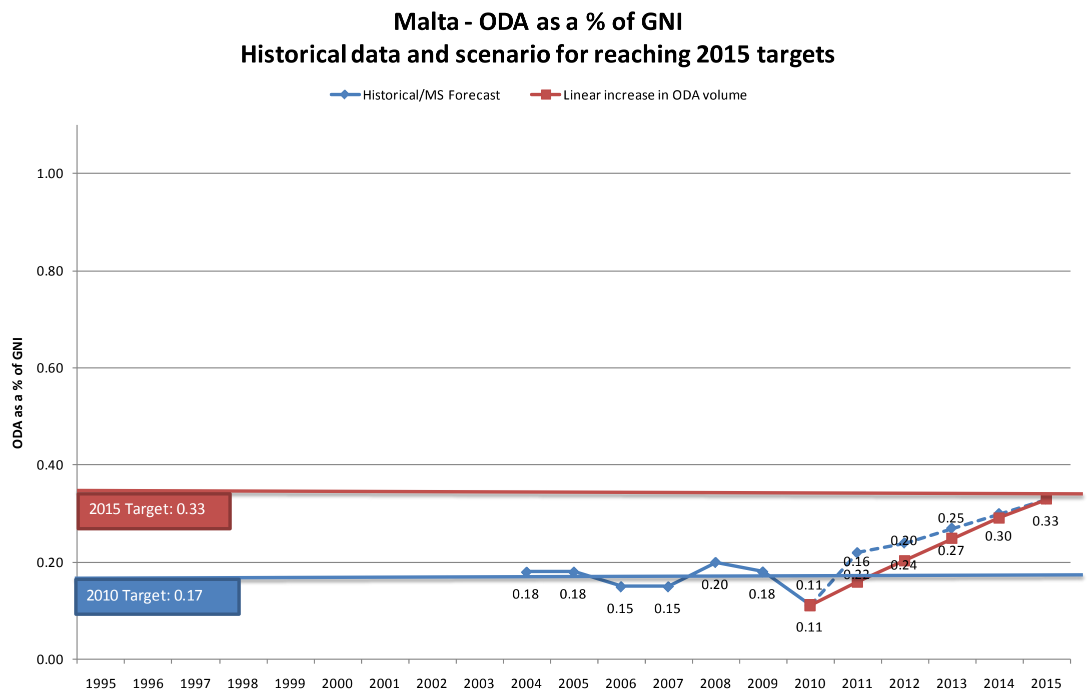

Latvia - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
Trend

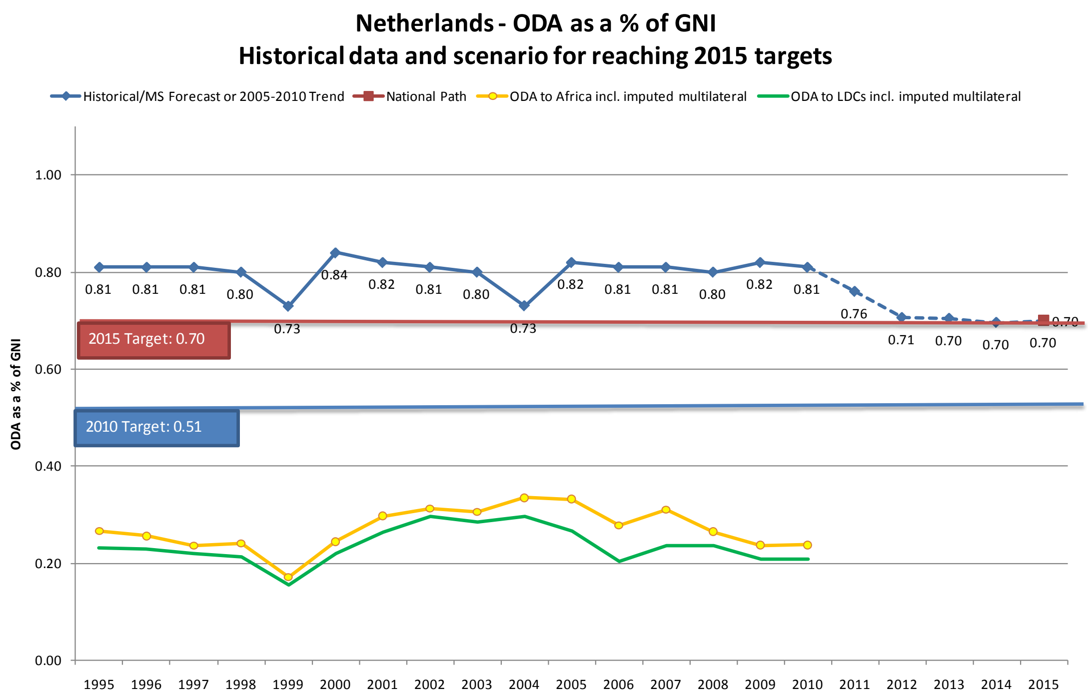


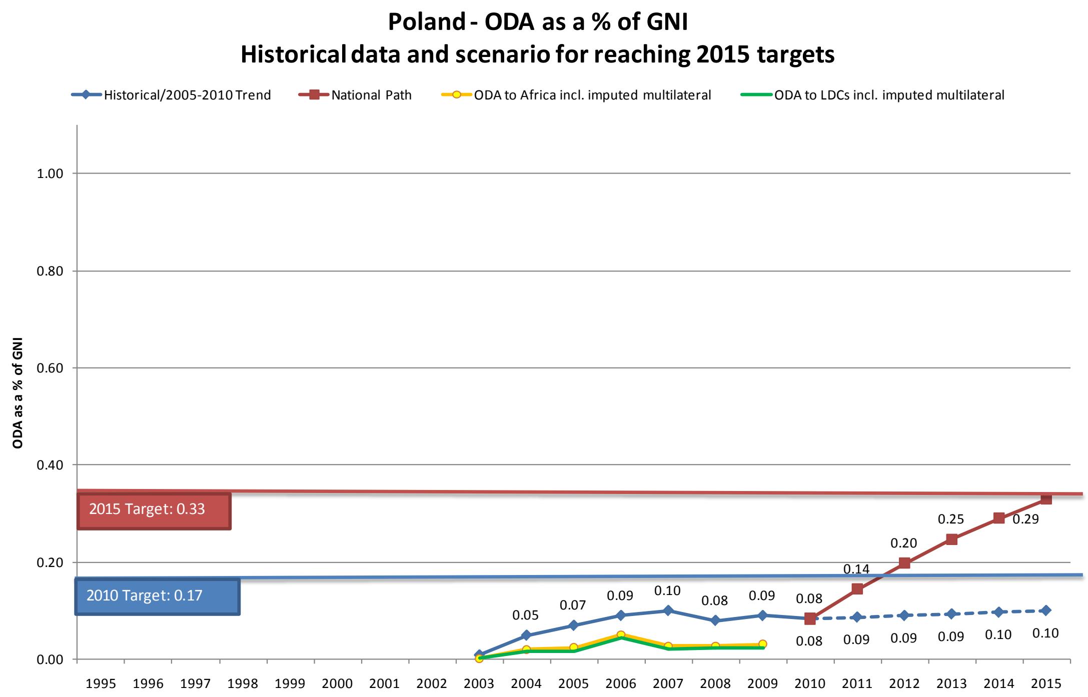
Lithuania - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA as a % of GNI
1.00
0.80
0.60
0.40
0.20
0.00
2015 Target: 0.33
2010 Target: 0.17
Trend
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

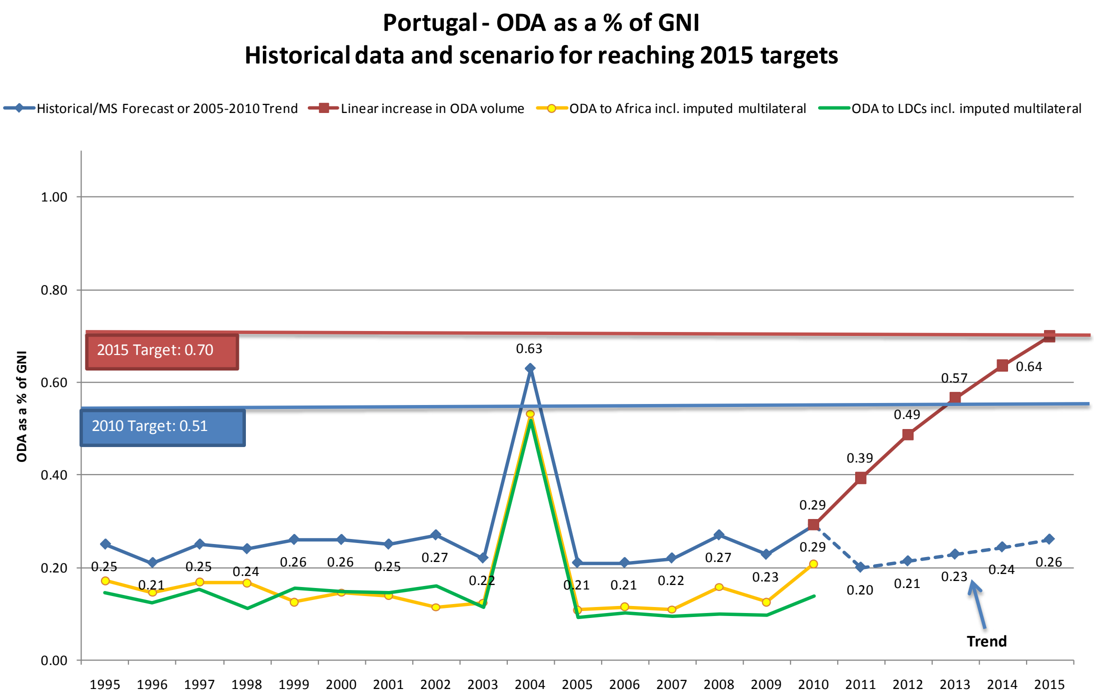


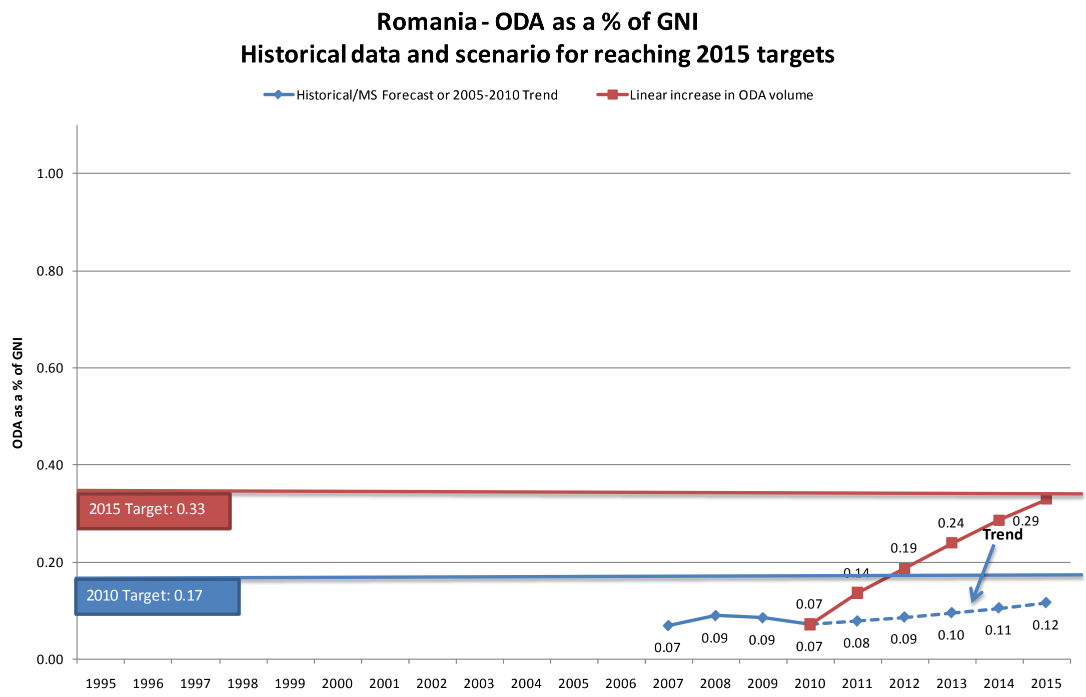
Luxembourg - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast
National Path
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
1.20
1.00
0.80
0.60
0.40
0.20
0.00
2015 Target: 0.70
2010 Target: 0.51
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

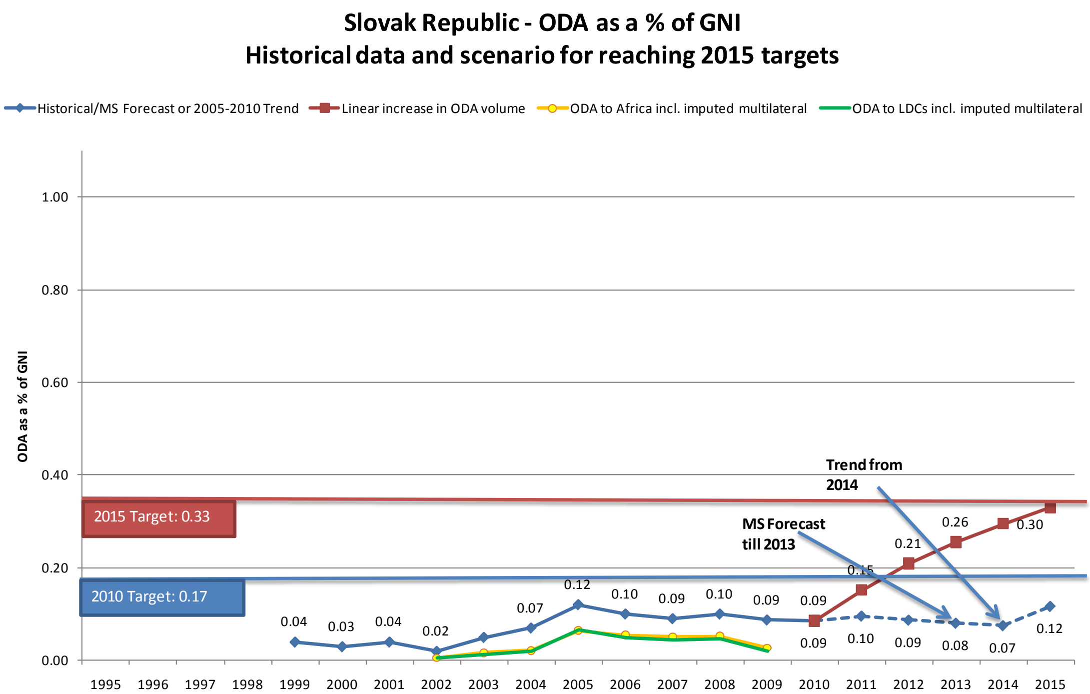

Malta - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast
Linear increase in ODA volume
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17

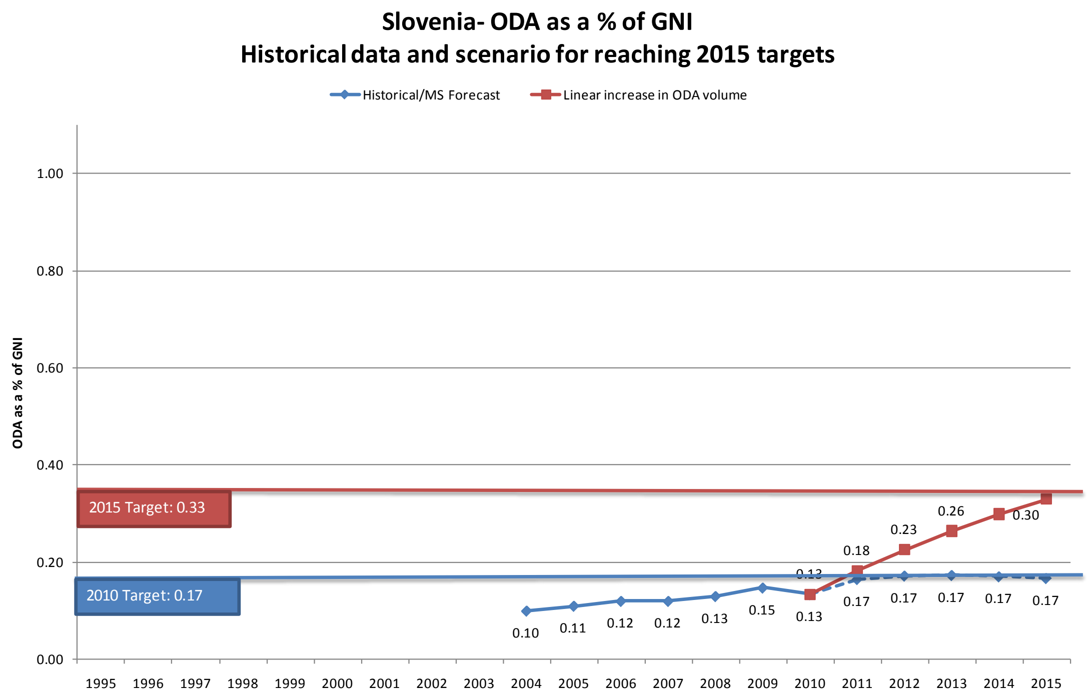

Netherlands - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
National Path
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51


Poland - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/2005-2010 Trend
National Path
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015


Portugal - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
Trend
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015


Romania - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
Trend
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015


Slovak Republic - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
Trend from 2014
MS Forecast till 2013
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015


Slovenia- ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast
Linear increase in ODA volume
ODA as a % of GNI
2015 Target: 0.33
2010 Target: 0.17
0.00
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0.40
0.60
0.80
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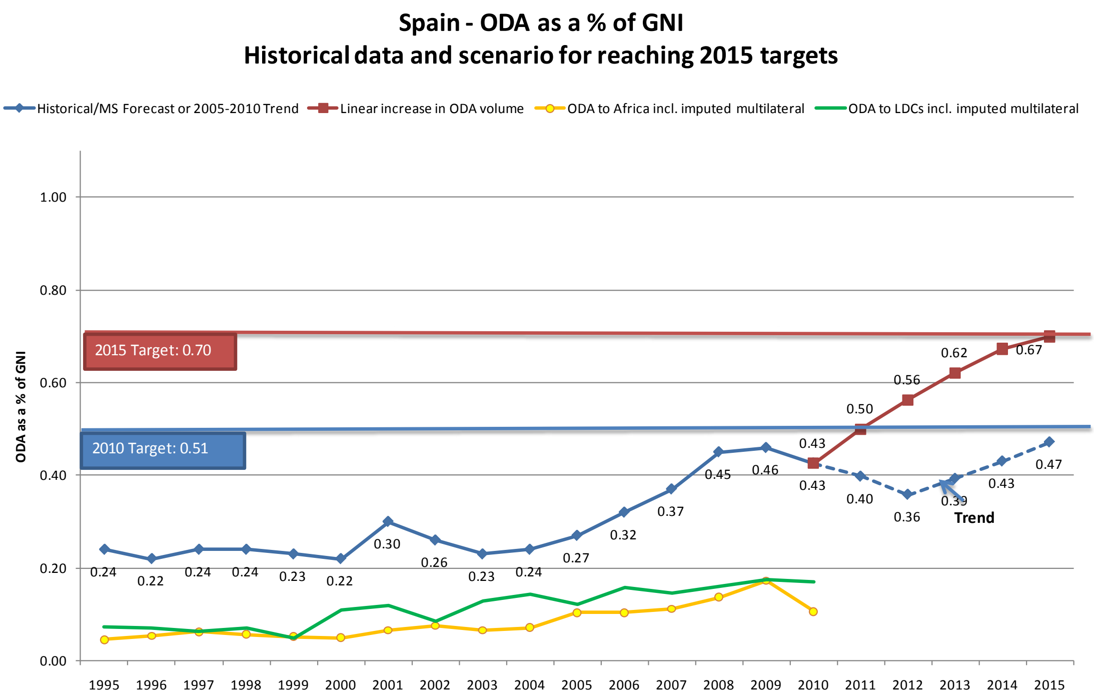
Spain - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
0.00
0.20
0.40
0.60
0.80
1.00
0.24
0.22
0.24
0.24
0.23
0.22
0.30
0.26
0.23
0.24
0.27
0.32
0.37
0.45
0.46
0.43
0.43
0.40
0.36
0.39
0.43
0.47
Trend
0.50
0.56
0.62
0.67
1995
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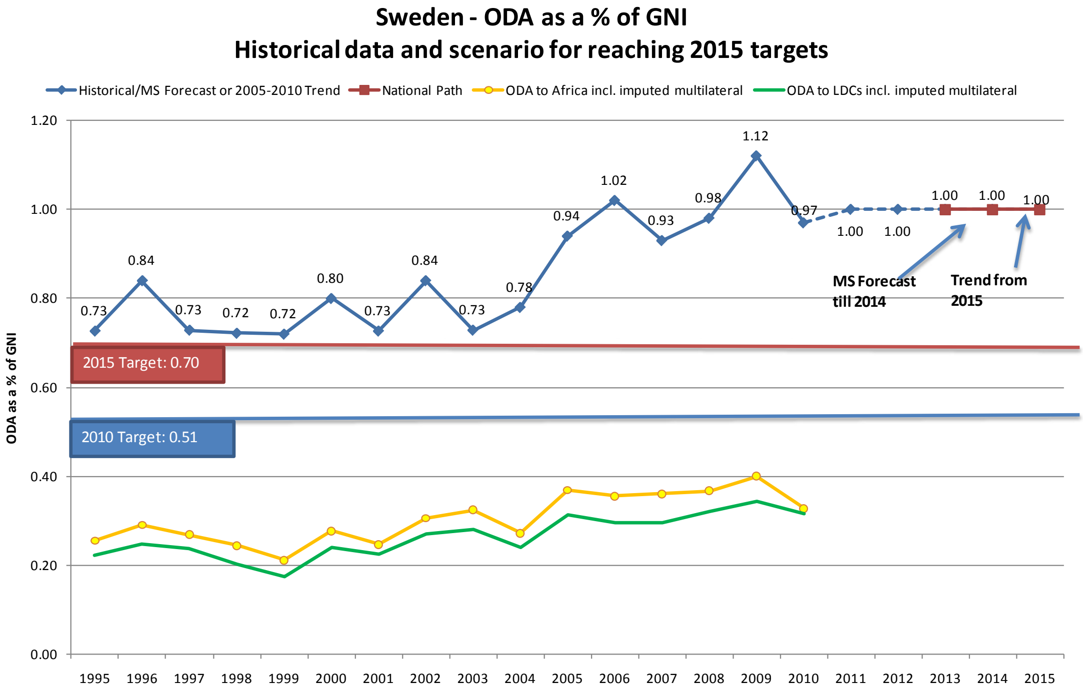
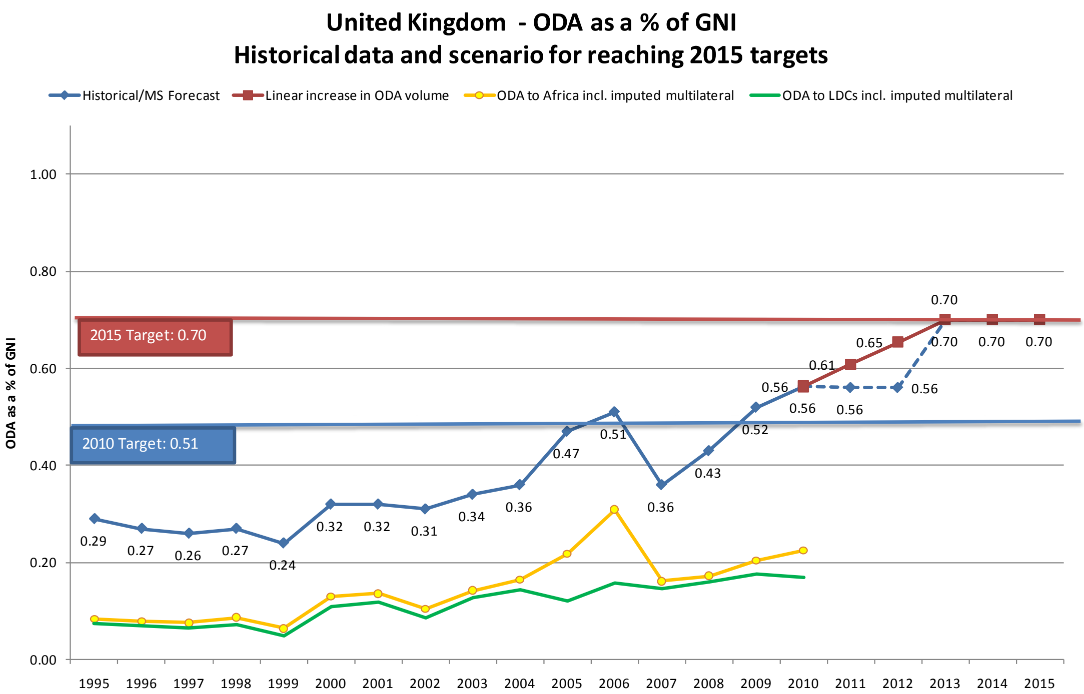

Sweden - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast or 2005-2010 Trend
National Path
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
MS Forecast till 2014
Trend from 2015
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.73 0.84 0.73 0.72 0.72 0.80 0.73 0.84 0.73 0.78 0.94 1.02 0.93 0.98 1.12 0.97 1.00 1.00 1.00 1.00 1.00


United Kingdom - ODA as a % of GNI
Historical data and scenario for reaching 2015 targets
Historical/MS Forecast
Linear increase in ODA volume
ODA to Africa incl. imputed multilateral
ODA to LDCs incl. imputed multilateral
ODA as a % of GNI
2015 Target: 0.70
2010 Target: 0.51
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
0.29 0.27 0.26 0.27 0.24 0.32 0.32 0.31 0.34 0.36 0.47 0.51 0.36 0.43 0.52 0.56 0.56 0.56 0.70 0.70 0.70
0.56 0.61 0.65 0.70

Annex 4: Results of the EU Fast Start Climate Finance (FSF) monitoring exercises

1. PLEDGES/CONFIRMED CONTRIBUTIONS FOR 2010 – 2012 FSF

	EU CONTRIBUTION (2010-2012)	EU CONTRIBUTION 2010
	(million EUR)	(million EUR)
NUMBER OF RESPONSES	28 / 28	28 / 28
TOTAL AMOUNT PLEDGED	7 200	2 400
TOTAL CONTRIBUTION	7 250	2 340
% OF TOTAL AMOUNT PLEDGED	101%	98%

2. FSF / OVERALL CLIMATE FINANCING IN 2010

Number of Member States reporting on this question		14 / 28
Total FSF amount of Member States reporting on this question (million EUR)		610
Overall Climate Financing in 2010 not counted as FSF	Total amount (million EUR)	1 650
	% of total FSF amount	271%

3. PRINCIPAL AND SIGNIFICANT CLIMATE OBJECTIVES IN 2010

Number of Member States reporting on this question		23 / 28
Total reported amount of reporting Member States (million EUR)		2 344
Overall reported amount as % of EU FSF Contribution in 2010		100%
Climate is principal objective	Total amount (million EUR)	1 917
	% of total reported amount	82%
Climate is significant objective	Total amount (million EUR)	426
	% of total reported amount	18%

4. TYPES OF INVESTMENTS IN 2010

Number of Member States reporting on this question		23 / 28
Total reported amount of reporting Member States (million EUR)		2 341
Total reported amount in % of EU FSF Contribution in 2010		100%
Grants	Total amount (million EUR)	1061
	% of total reported amount	45%
Loans, equities or others	Total amount (million EUR)	1 280
	% of total reported amount	55%

5. BILATERAL & MULTILATERAL CHANNELS IN 2010

Number of Member States reporting on this question		25 / 28
Total reported amount of reporting Member States (million EUR)		2 347
Total reported amount in % of EU FSF Contribution in 2010		100%
BILATERAL	Total amount (million EUR)	1 027
	% of total reported amount	44%
MULTILATERAL	Total amount (million EUR)	1 320
	% of total reported amount	56%
NOT ALLOCATED	Total amount (million EUR)	0
	% of total reported amount	0%

6. OBJECTIVES AND SECTORS IN 2010

Number of Member States reporting on this question		24 / 28
Total reported amount of reporting Member States (million EUR)		2 112
Total reported amount in % of EU FSF Contribution in 2010		90%
ADAPTATION	Total amount (million EUR)	735
	% of total reported amount	35%
REDD+	Total amount (million EUR)	313
	% of total reported amount	15%
MITIGATION (excluding REDD+)	Total amount (million EUR)	946
	% of total reported amount	45%
NOT ALLOCATED	Total amount (million EUR)	118
	% of total reported amount	6%

7. OVERVIEW OF MULTILATERAL CHANNELS USED FOR FSF IN 2010

Number of Member States using multilateral channels	20 / 28
Number of Member States providing details on multilateral channels	20 / 20
Total reported amount for multilateral channels(billion EUR)	1017
Total reported amount in % of EU FSF Multilateral contribution in 2010	77%
MULTILATERAL AND REGIONAL INSTITUTIONS (million EUR)	
World Bank: Clean Technology Fund	292
World Bank: Strategic Climate Fund	177
World Bank: Forest Carbon Partnership Facility	49
World Bank: others	27
WB IFC	18
African Development Bank: CBFF	40
Inter American Development Bank	28
EBRD	12
Global Facility For Disaster Reduction and Recovery	1
CGIAR	5
Others	45
Subtotal	**720**
UNFCCC and KYOTO PROTOCOL FUNDS (million EUR)	
GEF	134
Adaptation Fund	67
UNFCCC	1
Least Developed Countries Fund	22
Special Climate Change Fund	4
Subtotal	**228**
UN INITIATIVES / FUNDS (million EUR)	
UN REDD Programme	16
UNESCO	0.6
FAO	20
UNEP	20
UNDP	6
ISDR	4
Subtotal	**68**
TOTAL	**1 017**

8. INDIVIDUAL ACTIONS SUPPORTED BY EU FAST START FINANCING

Updated data Questionnaire on financing for development (Annex 4 individual actions) on specific examples of Fast Start Climate Finance actions, following the November 8th 2010 EU Fast Start Finance report for Cancun

Donor	Beneficiary Country / Region	Thematic area	Programme or Project title	Implementa-tion Period	Implementing Agency	Contribution by EU or MS (million€)	Type (grant / loan)	Additional information (short description of the action, co-financing arrangements, etc.)
AT	South Eastern Europe	mitigation	IFC Renewable Energy Program for SEE_	2009-2010	IFC	4,0	grant	The program will promote small hydro power plants (SHPP) project in the Western Balkan region. The Project will focus on the following key objectives: 1. Improve existing regulatory framework to enable SHPP sponsors to develop and construct feasible SHPP.
AT	Russia	mitigation	EBRD TA for Improving Energy Efficiency of Buildings in Russian Districts	2009-2011	EBRD	2,0	grant	The objective of the technical assistance is to improve the energy performance of buildings in three Russian districts. The TA aims at improving the legal and regulatory framework, build capacities in the public and banking sector and raise public awaren
AT	ETC region	mitigation	EBRD Energy Efficiency Program for Early Transition Countries	2009-2011	EBRD	2,0	grant	The objective of the program is to introduce energy efficiency and demonstrate the efficient use of energy. The main focus of the Program will be to assist selected clients of the EBRD in the ETC region, Armenia, Azerbaijan, Georgia, Kyrgyzstan, Moldova
AT	Western Balkan	mitigation	IFC Integrated Solid Waste Management TA Program (ISWMP)	2009-2011	IFC	2,3	grant	Integrated Solid Waste Management Program (ISWMP) will address the financial, training, consulting, and market needs of the waste management/recycling sector, focusing on solid waste; focus its activities on government, municipalities, public and business
AT	Ukraine	mitigation	EBRD Ukraine Energy Efficiency TC Program	2009-2012	EBRD	2,0	grant	The program aims at supporting energy efficiency measures in the industrial sector in the Ukraine. The grant technical assistance help prepare the legal and institutional framework and provides training, capacity building and awareness raising in the con
AT	Albania	mitigation	Weltbank Albania Coastal Zone Program (ICZMCP)/ Land Fill	2010-2012	World Bank	2,0	grant	Austria is cofinancing two landfill components of the Coastal Zone Management Program in Albania. The objectives of the component are to provide (grant technical assistance) for the construction of a municipal landfill near Saranda and a waste transfer st

AT	global	mitigation	Global Environment Facility (GEF), 5th Replenishment period	2010-2014	GEF	14,0	grant	The Global Environment Facility (GEF) provides grants to developing countries and countries with economies in transition for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic
AT	Armenia	adaptation	IFC Armenia Sustainable Energy Finance Project	2010-2011	IFC	0,7	grant	The Austrian funded TA Project seeks establish a sustainable market for energy efficiency (EE) and renewable energy (RE) investments in Armenia. The Project will achieve this goal by: 1.Supporting the development of renewable energy financing through loca
AT	Sub-Sahara Africa	mitigation	IFC Devco Afrika (Renewable/Waste)	2010-2012	IFC	3,6	grant	IFC DevCo ("Infrastructure Development Collaboration Partnership Fund") is a transaction advisory facility, supporting governments in preparing and structuring infrastructure projects for private investments. More specifically, DevCo funding is used to al
AT	Western Balkan, South Caucasus	mitigation/ capacity building	EBRD Energy Efficiency Supporting TA Programme	2010-2012	EBRD	2,0	grant	The TA focuses on capacity building of local experts , businesses and banks in the area of energy efficiency and energy savings to improve the quality of sustainable energy investments (energy saved and greenhouse gas emissions avoided). Training and awa
AT	Western Balkan, Eastern Europe, Central Asia	mitigation	EBRD TA Municipal Environment Infrastructure Program	2009 -2012	EBRD	4,0	grant	The Austrian MEI Fund supports advise and promotes environmental infrastructure projects in municipalities in Western Balkan, Eastern Europe and Central Asia through training and capacity building to communal institutions. The focus is on Water/ Waste, Ene
AT	global	adaptation	The Energy Sector Management Assistance Program (ESMAP)		World Bank	1,9	grant	The program addresses the challenges posed by energy security, poverty reduction and climate change through its core functions as a think thank and knowledge clearing house, but also through operational leveraging. ESMAP assists low- and middle-income cou
BE	TBD	Mitigation: renewable energy sector	Belgian Investment Company for Developing Countries: scaling-up of the infrastructure and energy facility	starting September 2010	Belgian Investment Company for Developing Countries (BIO)	20,00	mix of loans, equities and subsidies	BIO will receive an additional 20 million EUR to scale-up its infrastructure and energy facility for direct investments or participations in funds in the renewable energy sector. Particular efforts will be made in least devloping countries particularly in Africa where tyhe need for access to energy is more evident.

BE	TBD	Adaptation	LDCF	starting November 2010	N.A.	10,00	grants	The LDCF was established under the UNFCCC and aims to address the special needs of the LDCs, which are especially vulnerable to the adverse impacts of climate change. This includes preparing and implementing NAPAs.
BE	TBD	REDD+	SFM/REDD+	starting December 2010	N.A.	10,00	grants	The SustainableForest management/REDD+program is a renewed investment scheme within GEF-5 open to all type of forests and designed to provide incentives for the emergence of more impactful SFM/LULUCF projects and programs as well as respond to countries' REDD+ plans. This money comes over and above the Belgian contribution to the 5th replenishment of the GEF.
BE	Equador	mitigation	Government of Equador	starting december 2010	Walloon Agency for Air and Climate (Walloon Region)	0,30	Grant	Yasuni ITT is a project of the government of Equator to protect the environment by preventing the petrol extraction and preserve biodiversity.
BE	Central Africa	mitigation adaptation	Institut de l'Energie et de l'Environnement de la Francophonie (IEPF)	starting december 2010	Walloon Agency for Air and Climate (Walloon Region)	1,60	Grant	Within the OIF, the IEPF is actively acting to support African French speaking countries on climate change issues. We have decieded to finance several of these projects aimed to adress mitigation and adaptation on climate change that are about to be decided by the autorities of the national countries.
BE	Senegal	mitigation adaptation	Territorial approach to climate change (TACC), Senegal	starting november 2010	Walloon Agency for Air and Climate (Walloon Region)	0,10	Grant	Territorial approach to climate change (TACC). The program launch by UNEP aimed to develop skills to integrate mitagation and adaptation actions in developpment plan of the Ferlo Region of Senegal. The program also seek to strengten Capacity building at local level to set up CDM projects.
CY	NEPAL	Adaptation	EU/DFID Project "Building Climate Resilience in Nepal"	36 months from signing of Financing Agreement between EU/DFID and Nepal	DFID	0,60	Grant	The project aims at enabling the Government of Nepal to adopt climate change policies and actions through capacity building at national and local levels and through establishment of local and sub-regional design and implementation mechanisms for climate adaptation. The project will be co-financed by the EU (€8.000.000), DFID (€10.800.000) and Cyprus (€600.000).

CZ	Ethiopia	Capacity Building	Capacity development in the field of engineering geology and hydrogeology	2010 - 2012	Aquatest a.s.	0,10	grant	The project aims to train the employees of Geological Survey of Ethiopia (GSE) in the field of engineering geology and hydrogeology in order to introduce new methods of compilation, editing, presentation and practical interpretation of maps of groundwater sources.
CZ	Ethiopia	Capacity Building	Soil protection, minimization of negative effects of agriculture and water supply management in the Southern Nations, Nationalities and Peoples' Regional State	2010 - 2012	Mendel University in Brno	0,30	grant	The project will be carried out in Alaba Special Wereda and Awassa Zuriya Wereda districts. The water management part of this project is focused on revitalization of existing wells and enlargement of water supply system. The second part of the project will deliver specific measures among others to prevent soil degradation, for cultivation and planting of seedlings and application of erosion control measures.
CZ	Mongolia	Adaptation	Plant Production Support in Arid Regions of Mongolia	2010	Czech University of Life Sciences in Prague	0,36	grant	The aim of the project is to carry out analysis of needs in crop production sector and afforestation of desert areas and to recommend steps to maintain, enhance and optimize crop production. Moreover, appropriate protection measures against sand and dust storms will be proposed together with efficient irrigation measures, measures to prevent soil salinisation, and to use alternative energy resources.
CZ	Mongolia	Adaptation	Water supply - extention of water resources in the province of Orkhon	2010 - 2012	Geomin cooperative	0,16	grant	Under this project 16 wells are going to be built in order to secure sustainable supply of water in the Zalugeen Gol and Ulaan Tolgoi regions. Complementary objective is to create water balance of these regions and to develop a water management plan for further development of grazing lands, fields and residential centers.
CZ	Georgia	Mitigation	Electrification of remote areas in Georgia	2010	Sunny Watt	0,30	grant	The project aims to ensure sustainable development of Tusheti region through electrification of public buildings and building an appropriate grid, using renewable energy resources (photovoltaic panels).
CZ	Moldova	Capacity Building	Flood warning and monitoring system on the Prut River	2010 - 2012	Aquatest a.s	0,44	grant	The primary objective is to improve public awareness of incoming floods on the river Prut. The new monitoring system will enable early warning of population by periodical monitoring of water flow. The secondary objective is to demonstrate suitable technological approach to river basin monitoring network, which could be used for others river basins as well.

DE	Africa (Benin, Mosambique, Namibia, Uganda)	Adaptation	Fast Start Finance of Adaptation to Climate Change in Africa	07/2010-12/2010	GIZ	2,1	Grant	Adaptation-related direct technical support and capacity building to improve the situation of regions, highly affected by climate change.
DE	Asia	Mitigation	End-User Finance for Access to Clean Energy Technologies in South and South-East Asia (FACET)	09/2010-08/2014	UNEP	5,0	Grant	The project will implement country programmes aiming at mobilizing end-user financing for small scale climate friendly technologies such as solar systems and high efficiency appliances.
DE	Asia (Bangladesh, India, Nepal, Mongolia)	Adaptation	Fast Start Finance of Adaptation to Climate Change in Asia	07/2010-12/2010	GIZ	2,7	Grant	Adaptation-related direct technical support and capacity building to improve the situation of regions, highly affected by climate change.
DE	Brazil	Mitigation: Technology	Solar-hybrid Microturbine Systems for Cogeneration in Agro-industrial Electricity and Heat Production (SMILE)	03/2010-05/2013	German Aero-Space Centre (DLR)	1,7	Grant	The aim of the project is to build two highly innovative solar thermal power plants in Brazil for distributed electricity supply.
DE	Brazil	REDD	Monitoring of climate-relevant biodiversity in protected areas in consideration of reduction and adaptation measures	11/2010-10/2013	GIZ	3,5	Grant	Even though Brazil is a global pioneer in terms of forest monitoring, biodiversity is not yet fully integrated in the monitoring systems and only scarcely linked to the issue of climate change. The structuring and improvement of the monitoring of climate-
DE	Brazil	Mitigation: Technology	Refrigerator Recycling Programme - Phase II	08/2010-4/2012	GIZ	0,9	Grant	The purpose of the project is to set up a recycling system for old refrigerators as a best-practice model. To this end, a pilot scheme will be developed to recover the refrigerants from the cooling systems and the greenhouse gases contained in the insulat

DE	Brazil	REDD	Fundo Amazônia	11/2010-12/2010	KfW	3,0	Grant	Finance of REDD-activities.
DE	Chile	Mitigation: LEDS/MRV	Implementing fast-track climate finance - development of proposals for Nationally Appropriate Mitigation Actions (NAMAs)	11/2010-12/2011	Ecofys Germany GmbH	0,3	Grant	To support fast track climate finance, the project supports Chile to make timely proposals on nationally appropriate mitigation actions (NAMAs). It builds on Ecofys experience on NAMA development in Mexico, China and Turkey. Good NAMA proposals are a pre-
DE	Chile	Mitigation	Energy Efficiency and Cogeneration in Public Hospitals (Pilot Project)	11/2010-04/2012	GIZ	1,1	Grant	This pilot programme focuses on the development and implementation of measures to increase energy efficiency (EE) and cogeneration in public hospitals. The aim is to apply this pilot model to other hospitals, primarily in the target areas worst affected b
DE	China	Mitigation: Technology	Switching XPS Foam Production from F-Gases to Climate-Friendly CO2 Technology - Phase II	08/2010-6/2011	GIZ	1,0	Grant	The project aims to convert production at up to two foam insulation production lines to CO2 technology to replace the F-gases customarily used. Participating companies receive technical support and training.
DE	China	Mitigation	Energy Efficiency in Chinese and Indian Industry	04/2010-12/2010	DEG - Deutsche Investitions- und Entwicklungs-gesellschaft mbH	0,5	Grant	The aim of this project is to identify specific energy efficiency projects in China and supply advice and know-how for the implementation. The target groups are Chinese industrial enterprises and power plants with great energy efficiency potential. Planne
DE	China	Mitigation	Climate Change Mitigation by Promoting Energy Efficiency in Buildings -	12/2010-02/2012	GIZ	1,5	Grant	Energy efficiency in residential buildings in northern China is poor, and such buildings are responsible for high greenhouse gas emissions. To date very few mechanisms have been introduced for promoting energy rehabilitation in these buildings. A baseline

DE	China	Mitigation	Low Carbon Development Achieved Through Energy Efficiency Measures in Jiangsu Province	10/2010-10/2014	GIZ	3,0	Grant	The project develops and supports the implementation of strategies for reducing greenhouse gas emissions in Jiangsu Province as well as in selected towns and industrial areas. The project aims to contribute to the reduction of greenhouse gas emissions by
DE	China	Mitigation	Transportation Demand Management in Beijing – Sector-oriented Development of Urban NAMAs Focusing on Transportation	01/2011-02/2014	GIZ	2,0	Grant	The project aims to improve transport demand management (TDM) in Beijing in order to manage the steadily increasing traffic density in line with nationally appropriate mitigation actions (NAMAs). The project provides capacity building for decision-makers
DE	China	Mitigation: Technology	From Halogenated Refrigerants to Climate-Friendly Hydrocarbons - Showcase Production of Environmentally Sound Air-Conditioning Systems - Phase II	08/2010-10/2011	GIZ	0,9	Grant	The project aims to convert the production of air-conditioning systems by a local Chinese manufacturer from HCFCs to natural refrigerants (hydrocarbons), thereby establishing a best-practice model. It also includes comprehensive training delivery for prod
DE	Costa Rica	REDD	Fondo de Biodiversidad Sostenible	11/2010-12/2010	KfW	6,0	Grant	Contribution to the “Fondo de Biodiversidad Sostenible”, meant to finance REDD+-activities.
DE	Costa Rica	Adaptation	Protection of Marine and Costal Biodiversity through Capacity Building and Adaptation to the Impacts of Climate Change	12/2010-11/2014	GIZ	3,5	Grant	The purpose of the project is the protection of costal and marine areas through capacity development actions towards the Costa Rican authorities. Co requisite ecosystem-based adaptation actions to the impacts of climate change are an integral part.

DE	El Salvador, Mexico, Costa Rica, Panama	Adaptation	Climate Change Governance Capacity: Building Regional and Nationally-tailored Ecosystem-based Adaptation in Mesoamerica	06/2010 - 12/2012	International Union for Conservation of Nature (IUCN)	2,5	Grant	The project addresses the Bali Roadmap call for climate adaptation by building frameworks for governance on climate change responses. It aims to develop climate change governance capacity in the target countries through applied research, demonstration sit
DE	Fiji, Vanuatu, Solomon Islands, Papua New Guinea	REDD	Climate protection through forest conservation in Pacific Island States	11/2010-10/2014	GIZ	4,9	Grant	The purpose of the project is to conserve forests in the Pacific Island States in order to avoid greenhouse gas emissions. To achieve this, REDD+ processes are to be initiated and implemented in island states and a regional REDD+ strategy is to be elabora
DE	India	Mitigation	Promoting Low Carbon Transport in India	09/2010-12/2013	UNEP	2,0	Grant	The project aims to promote low carbon sustainable transport systems in India through modal substitutions and technological improvements. To this end an integrated assessment for the transport sector in four cities will be carried out and linked to the na
DE	India	Mitigation	Solar Mapping and Monitoring	11/2010-02/2014	GIZ	1,6	Grant	The project aims at mapping potential for solar power production and thus furthering the production of renewable energies.
DE	India	Mitigation: Technology	Research Cooperation	12/2010-12/2013	KfW	5,0	Grant	The programme's objective is to deepen the Indo-German research cooperation in the field of innovative clean energy technologies. Within the programme, it is foreseen to finance e.g. research/testing facilities in the field of solar thermal energy and fur
DE	Indonesia	Mitigation	Energy Efficiency for sustainable tourism in Pangandaran, Indonesia	11/2010-10/2013	United Nations World Tourism Organization-UNWTO	1,2	Grant	In the nationally important destination of Pangandaran, West Java, the project aims at community based low carbon development especially in the tourims sector by increasing efficiency of energy use, showing exemplary use of renewable energy and increasing
DE	Indonesia	Adaptation	Database for management of climate adaptation information and data	11/2010-11/2013	GIZ	2,1	Grant	In Indonesia, the statistical basis for the efficient use of climate adaptation information and the formulation of appropriate adaptation strategies are still insufficient. There is a lack of scientific capacities as well as of human, financial and techni

DE	Indonesia, Thailand, Vietnam	Adaptation	Vulnerability assessment and adaptation to climate change for water resource management in coastal cities of Southeast Asia	11/2010-10/2014	Asian Institute of Technology (AIT)	0,1	Grant	The goal of this project is to enhance local adaptive capacities through learning from the cooperative research results on climate change impacts in Southeast Asian coastal cities. The project will be launched at selected coastal cities in three countries
DE	Indonesia, Brazil, Colombia	REDD	Balancing Land Use Management, Sustainable Biomass Production and Conservation - a Practical Multi-stakeholder Approach to Land Use Planning for Climate Change Mitigation	02/2010 - 04/2013	World Wide Fund for Nature (WWF)	2,7	Grant	The goal of the project is the development of a land use planning framework in partnership with major land users, government partners, communities and conservation groups to avoid greenhouse gas emissions.
DE	Kenya	Adaptation	Risk Management Strategies for Adaptation to the Impacts of Climate Change in the Kenyan Highlands Agriculture	12/2010-02/2014	GIZ	2,3	Grant	Measures of the project contain the development of extensive risk management strategies for value chains of selected agricultural products. Further, an upscaling of weather insurances and activities for an innovative impact monitoring are planned.
DE	Latin America (Honduras, Guatemala)	Adaptation	Fast Start Finance of Adaptation to Climate Change in Latin America	07/2010-12/2010	GIZ	0,7	Grant	Adaptation-related direct technical support and capacity building to improve the situation of regions, highly affected by climate change.
DE	Member States of the Mekong River Commission	Adaptation	Flood Prevention and Disaster Risk Management in the Lower Mekong Basin	12/2010-03/2014	GIZ	3,2	Grant	The project is part of the Mekong River Commission's (MRC) Flood Management and Mitigation programme. It supplements the activities of this programme in the areas of flood forecasting, structural measures and regional cooperation. The project is also supp

DE	Mexico	Mitigation	German-Mexican Climate Change Mitigation Alliance	12/2010-01/2014	GIZ	3,0	Grant	The project aims to support the effective and efficient implementation of Mexican climate change mitigation policy encourage further development for the period after 2012 and promote the integration of additional innovative mechanisms for adapting to and
DE	Mexico	REDD	Climate change and protected area management	10/2010-09/2014	GIZ	4,0	Grant	The purpose of the project is to explore the use of protected areas to conserve carbon reservoirs and to promote adaptation to climate change. To this end, Mexico's National Commission for Protected Areas (CONANP) is to be supported in connection with the
DE	Morocco	Mitigation	Construction of a Solar Power Plant in Ouarzazate	07/2010 - 12/2012	KfW	10,0	Grant	Support für construction of solar power plant in the Ouarzazate region.
DE	Morocco	Mitigation	Promoting Wind Energy and other Renewables in Morocco (Plan Solaire)	04/2010-12/2012	Investitionsbank Schleswig-Holstein (IB-SH)	1,5	Grant	The purpose of this project is to help Morocco expand its wind and other renewable energy sources. This will be achieved by establishing a national competence network and holding information and training events.
DE	Mosambique	Adaptation	Fast Start Finance of Adaptation to Climate Change along the River Chire	8/2010-12/2010	Munich Re Foundation/GIZ	0,3	Grant	Implementation of a flood warning system along the river Chire and sensitisation of the local population.
DE	Peru	REDD	Support of the Development of a National REDD-system in Peru	12/2010-11/2014	KfW	6,3	Grant	Goal of the project is to support the Peruvian government during the development of a national REDD-system. It will then be possible to integrate sub-national approaches into the national REDD-politics.
DE	Peru	REDD	Facilitation of the Peruvian Tropical Rainforest Programme „Conservando Juntos“	11/2010-10/2013	GIZ	3,0	Grant	This project will support the Peruvian environmental ministry during the development and exemplary testing of the tropical rainforest programme "Conservando Juntos".

DE	Peru	Adaptation	Insurances for Small Loans in the Agricutlutral Sector for Adapting to the Effects of Climate Change	11/2010-10/2013	GIZ	2,0	Grant	During the implementation of the project the development of an innovative insurance system in order to cover the risks of climate change will take place. The project goal ist to establish a sustainable market for insurances in the agricultural sector.
DE	Peru, Guatemala, Tajikistan, India	Adaptation	Capacity Building for Adaptation to Climate Change	08/2010-12/2010	German Agro Action/Oro Verde	0,7	Grant	Strengthening of local population by information on possible adaptation actions to climate change and initial implemantation as well as development of climate proofing methology.
DE	Philippines	Adaptation	Forest and Climate Protection on Panay	08/2010-05/2014	GIZ	2,0	Grant	The goals of the project are to establish the status as a protected area for the last major block of forest on the island of Panay which will secure a key carbon sink, to develop alternative energy sources and to spread sustainable agroforestry in buffer
DE	Philippines and India	Adaptation	Cities in Asia develop Climate Sensitive Adaptation Plans	02/2010-08/2013	ICLEI European Secretariat GmbH	1,6	Grant	The project aims at developing local government capacity to enable 8 participating cities in India and the Philippines to increase their resilience to climate change through the implementation of a climate sensitive local adaptation action plan.
DE	Sahel-Region	Adaptation	Sahel-Adaptation-Facility	11/2010-12/2010	KfW	10,7	Grant	Contribution to the “fonds de Bonification” of the BOAD (Banque Ouest Africaine de Developpment), meant to finance adaptation-related activities of UEMOA-memberstates (West African Economic and Monetary Union).
DE	South Africa	Mitigation	Open Programme for Renewable Energy and Energy Efficiency	01/2011-12/2013	GIZ	10,0	Grant	Technical cooperation in the field of renewable energies,and energy efficiency with special focus on private sector cooperation.
DE	Southeastern Europe	Mitigation	Open Regional Fund Energy Efficiency	01/2010-12/2012	GIZ	3,0	Grant	Different energy efficiency measures in the field of private sector cooperation, capacity building.
DE	Turkey	Mitigation	Efficient and Environmentally-Friendly Use of Animal Waste in Turkey	10/2010-04/2014	GIZ	2,5	Grant	The project aims to establish the environmentally-friendly use and processing of agricultural waste in Turkey. A pilot plant for generating biogas (energy) and fertiliser is having a direct impact by reducing greenhouse gas emissions. There are now plans

DE	Turkey	Mitigation	Credit Programme for Climate Protection	01/2011-12/2013	KfW	5,0	Grant	The project will contribute towards guaranteeing an environmentally sound power supply and more efficient use of energy. In addition, it will demonstrate that investment in renewable energy sources and energy efficiency can deliver both environmental and
DE	Vietnam	Mitigation	Support to the Building of a Renewable Energy Agency (REDO)	01/2011-12/2013	GIZ	3,0	Grant	The main goal of the project is to build up capacity for the implementation of a renewable energy agency.
DE	Vietnam	REDD	Exploring Mechanisms to promote High Biodiversity REDD: Piloting in Vietnam	11/2010-08/2013	SNV Vietnam	0,9	Grant	The goal is to promote high biodiversity REDD schemes leading to the protection of biodiversity, helping mitigate global climate change and benefiting local communities. It will achieve this by exploring and testing national and international mechanisms t
DE	Vietnam	Adaptation	Innovative Financing for Building Community Resilience to Climate Change in Coastal Vietnam	11/2010-08/2013	SNV Vietnam	1,2	Grant	The goal is to make the livelihoods of coastal communities more resilient to the impacts of climate change. This can be achieved by introducing innovative financing tools; in particular using income from ecosystem payments to build capacity to adapt to cl
DE	Vietnam	Adaptation	Promoting Biodiversity as Adapting Action to the Impacts of Climate Change in Bac Lieu Province	12/2010-11/2014	GIZ	3,5	Grant	The goal of the project is the protection of coastal forests through the sustainable use of resources and promoting biodiversity. This can be achieved in enabling local authorities to face the impacts of climate chance within developing land use plans.
DE	MENA	Mitigation	Solar Resource Atlas for the Mediterranean	10/2010-09/2012	Deutsches Zentrum für Luft- und Raumfahrt	1,5	Grant	The aim of the project is to develop a high quality and easy accessible database of available solar resource in the Mediterranean and to disseminate relevant information to stakeholders in the field of solar energy use via internet. With it, among other t

DE	MENA	Mitigation	Providing Training for Integrating the Renewable Energy Networks for Supplying Electricity in Selected Newly Industrialised Countries and Developing Countries (RE Grid System)	12/2010-12/2013	Renewables Academy (RENAC) AG	1,9	Grant	Providing Training for Integrating the Renewable Energy Networks for Supplying Electricity in Selected Newly Industrialised Countries and Developing Countries (RE Grid System). The project provides knowledge on integrating renewable energy networks to gri
DE	Global	Mitigation	Public-private Partnership (PPP) Programme for Climate Protection	03/2010-12/2013	DEG Invest (Deutsche Investitions- und Entwicklungs-gesellschaft mbH)	2,0	Grant	The purpose of this project is to cofinance measures in the field of climate protection for preparing and supporting private investment on a public-private partnership basis (PPP). Companies will receive support, up to a maximum of € 200,000 per measure,
DE	Global	Mitigation	Advancing UNFCCC Negotiating Process through Preparatory Workshops for Negotiators from Developing Countries	10/2010-12/2010	UNEP	0,5	Grant	The objective of this project is to support climate change negotiators from developing countries through workshops to discuss and refine their regional policy positions.
DE	Global	Mitigation	National Climate Finance Institutions Support Programme	11/2010-12/2012	UNEP	2,4	Grant	A support programme will be established to assist national climate finance agencies to maximize the impact of climate finance activity in developing countries. A coordinated set of research activities will be aligned with joint project preparatory activi
DE	Global	Mitigation: Technology	Clean Technology Fund (CTF)		World Bank	125,0	Loan	The CTF is part of the Cllimate Investment Funds (CIFs) and finances scaled-up demonstration, deployment and transfer of low carbon technologies.
DE	Global	REDD	Forest Carbon Partnership Facility (FCPF)		World Bank	34,0	Grant	FCPF assists developing countries in their efforts to reduce REDD by providing value to standing forests.

DE	Global	Adaptation	Trust Fund for Ecosystem Based Adaptation		UNEP	10,0	Grant	The objective of the programme is to strengthen the capacities of development countries to strengthen ecosystem resilience for promoting ecosystem based adaptation (EBA) options and to reduce the vulnerability of communities, with particular emphasis on m
DE	Global	Mitigation	Thematic Trust Fund for Support to Energy and Environment for Sustainable Development		UNDP	5,0	Grant	The overall objectives of the programme are to strengthen the capacity of developing countries (DCs) a) to monitor, report and verify greenhouse gas emissions; b) to identify opportunities for Nationally Appropriate Mitigation Actions (NAMAs) in the conte
DE	Global	Mitigation	Global Climate Partnership Fund (GCPF)		KfW	10,0	Grant	The Global Climate Partnership Fund (GCPF) is an innovative funding instrument that should allow highly effective investments to be made in climaterelevant projects in selected countries. This involves providing local financial institutions with credit li
DE	Global	Adaptation	Special Climate Funds	07/2010-06/2011	Protestant and Catholique Association for Cooperation in Development	2,7	Grant	Strengthening of local population by information on possible adaptation actions to climate change and inittial implementation.
DE	Global	Adaptation	PREVENT – Providing Support to Delegations from Least Developed Countries (LDCs) and Small Island Developing States (SIDS) for the Post-2012 Negotiations - Phase II	08/2010-06/2011	Potsdam Institut für Klimafolgen-forschung (PIK) e.V.	0,8	Grant	The project objective is to provide scientific and strategic support on demand for the negotiating delegations from least developed countries (LDC) and small island developing states (SIDS) providing briefings, analyses and modelling tools. It builds on a
DE	Global	Adaptation	Adaptation Fund		World Bank	10,0	Grant	The Adaptation Fund has been established by the Parties to the Kyoto Protocol of the UNFCCC to finance concrete adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol.
DE	Global	Adaptation	Pilot Programme for Climate Resilience (PPCR)		World Bank	8,0	Grant	PPCR is a program für climate change adaptation under the Strategic Climate Fund (SCF), which is one of two funds within the design of the Climate Investment Funds (CIFs).

DE	Global	Adaptation	Dialog Programme about Climate Protection	07/2010-12/2010	German political foundations	1,9	Grant	Strengthening and sensitization of civil society for the process of national and/or regional adaptation policies.
DE	Global	Adaptation	Fast Start Climate Facility	07/2010-12/2010	GIZ	0,2	Grant	Technical assistance and capacity building for development or improvement of climate strategies in developing countries.
DE	Global	Adaptation	Adaptation Fund Network	09/2010-08/2013	Germanwatch	0,5	Grant	Supporting facility for the NGO monitoring of the Adaptation Fund under the Kyoto Protocol of the UNFCCC especially to check the implementation of "direct access" in developing countries.
DE	Global	Mitigation	Sectoral Study on Climate and Refrigeration Technology in Developing Countries and the Development of Methods and Instruments for Identifying Reduction Potential and Implementing NAMAs	11/2010-12/2012	GIZ	1,9	Grant	The project allows decision-makers in developing countries to assess the greenhouse gas emissions from fluorinated gases and also to evaluate the reduction potential of alternative technologies, such as natural refrigerants. Building on this knowledge, de
DE	Global	Adaptation	Gender in Adaptation and Low-Carbon Development. Raising Awareness, Building Capacity, Supporting National and International Policy Making.	11/2010-10/2013	GenderCC - Women for Climate Justice	0,5	Grant	Raising awareness of climate change and developing capacity particularly among women on adaptation & low carbon development; raising awareness of gender aspects mainly among policy makers at national & international levels; contributing to integrating gen

DE	Global	Mitigation: Technology	Facility for climate friendly transport technologies and actions	11/2010-08/2013	GIZ	1,5	Grant	The project supports developing countries through specific handouts regarding existing instruments and technologies as well as climate related processes (e. g. MRV).
DK	Interregional	Adaptation	Capacity building of civil society	2010-	92-gruppen (Danish NGO)	1,07	grant	
DK	Interregional	Adaptation	UNFCCC Trust Fund for Participation	2010-2011	UNFCCC	0,80	grant	Participation by developing countries in extraordinary meetings leading up to COP16
DK	Interregional	Adaptation	Pilot activities - Green Facility	2010-	UNEP Risoe	0,80	grant	
DK	Interregional	Adaptation, Mitigation	Green growth: pilot activities under programming	2010-	Danish Embassies	1,30	grant	
DK	Interregional	Adaptation, REDD+, Mitigation	Strategic Climate Fund (PPCR, FIP and SREP)	2010-	World Bank	16,90	grant	Supplemental contribution for 1) Pilot Programme for Climate Resilience (PPCR), Forest Investment Programme (FIP) and Program on Scaling-up Renewable Energy in Low-income Countries (SREP)
DK	Interregional	Mitigation	Technology and capacity building	2010-	UNEP	5,40	grant	
DK	Interregional	REDD+	UN REDD	2010-	UNDP	4,40	grant	Supplemental contribution for UNDP's Reduced Emissions from Deforestation and Degradation in Developing Countries programme fund (FCPF)

DK	Interregional	Adaptation	LDCF - Least Developed Countries Fund	2010-		10,70	grant	Contribution for
EC	Ethiopia	Adaptation	Ethiopia Global Climate Change Alliance (GCCA-E): Building the national capacity and knowledge on climate change resilient adaptation actions	2011-2013	AFD/GTZ	8,0	Grants	Total EC Contribution: €13.7M (of which €8M counting as fast start). The overall objective is to contribute towards the construction of a carbon neutral and climate resilient economy .The specific objective is to increase the awareness and capacity of tar
EC	Nepal	Adaptation	Building climate resilience in Nepal	2011-2013	DfID	7,0	Grants	Total EC Contribution: €8M (of which €7M counting as fast start). Other MS will also contribute. Build capacity of Government of Nepal to develop, cost, budget and implement evidence-based policy and measures aimed at mainstreaming climate change in key d
EC	Pacific	Adaptation	Increasing climate resilience of Pacific Small Islands States through the Global Climate Change Alliance	2011-2013	The Secretariat of the Pacific Community (SPC)	10,0	Grants	Total EC Contribution: €11.4M (of which €10M counting as fast start). Promote a long term/strategic approach to adaptation to CC planning and budgets and to pave the way towards more effective and coordinated aid delivery modalities at national and region
EC	In consultation with Kenya, Uganda, Zambia, DRC, Egypt, Morocco, Peru, Colombia, Ecuador, Chile, Philippines	MRV, LEDS	EU-UNDP Climate Change Capacity Building Programme	2011-2014	UNDP	8,0	Grants	The overall objectives of the programme are to strengthen the capacity of developing countries a) to monitor, report and verify greenhouse gas emissions; b) to identify opportunities for Nationally Appropriate Mitigation Actions (NAMAs) in the context of

EC	Pilot countries in Asia, Africa and Latin America (to be defined)	Carbon market mechanisms	Partnership for Market Readiness	2011-2014	World Bank	5,0	Grants	Overall objective is to reduce greenhouse gas emissions globally in a cost effective manner by scaling up of the use of carbon market mechanisms in developing countries. Specific objective is to improve capacity of developing countries to develop and impl
EC	The Forest Carbon Partnership Facility currently supports 15 countries in Latin America, 14 countries in Africa and 8 countries in Asia Pacific	REDD+	Support to the Forest Carbon Partnership Facility's Readiness Fund (possibly including provisions for support to REDD+ Partnership actions / Paris-Oslo process)	2011-2014	World Bank	4,0	Grants	The overall development objective of the Facility is to set the stage for a much larger system of positive incentives and financing flows in the future, which is in line with the EU strategy on REDD described above. It is expected that the framework and a
EC	Pilot countries in Asia, Africa and Latin America (to be defined)	REDD+	EU REDD Facility	2011-2014	European Forestry Institute	3,0	Grants	Within the overall principle of enhancing forests' contribution to poverty reduction, sustainable economic development, and mitigation of the impacts of climate change by reducing deforestation and forest degradation in developing countries, the general o
EC	Africa	Mitigation/ Technology	Africa-EU Renewable Energy Cooperation Programme	2011-2014	GTZ/AFD	5,0	Grants	The overall objective of the RECP is to stimulate sustainable economic and social development in Africa through an increased use of Africa's renewable energy sources. The purpose of the EU support to the start-up phase is that a basis is established for
EI	Ethiopia	Adaptation	Regional (Tigray) support programme	2010	Ethiopian Govt.	0,50	grant	Building resilience to drought and hunger by halting and reversing environmental degradation.
EI	Malawi	Adaptation	International Potato Centre	2010	CIP	0,75	grant	Research, assessment and roll out of improved drought resistent varieties of potatoes.
EI	Africa	Adaptation	Global Climate Change Alliance (GCCA): Specific countries yet to be decided.	2010-2012	EC GCCA	23,00	grant	Support to EC-GCCA for increasing the capacities of developing countries to cope with the effects of climate change. Priority to be given to one or a number of countries which Ireland prioritises in it's overseas development assistance, i.e. Ethiopia, Ug

EL	Albania, Bosnia Herzegovina, Croatia, FYROM, Moldavia, Montenegro, Serbia, Georgia, Ukraine	MITIGATION	"SYNENERGY"	2010	Hellenic Centre for Renwable Energy Sources (CRES)	0,9	Grant	The objectives of the project include: Promotion of the use of RES for electricity and heat production, Promotion of EE in residential and public buildings, scientific and business cooperation for RES and E.E, Support to the development of an institutiona
EL	BSEC member states (not yet defined)	MITIGATION	RES and EE project fianacing through the Hellenic Development Fund of the Black Sea Economic Cooperation (BSEC)	2010	Call for proposals still open	0,5	Grant	The BSEC-HDF is a financial instrument set up as a voluntary contribution from the Hellenic Republic within the BSEC, aiming to provide grants for the implementation of projects in BSEC member states. Proposals eligible to be funded by BSEC-HDF, according
EL	Burkina Faso, Chad, Mali, Niger, Sudan, Uganda	Adaptation	Climate Change Adaptation in East and Central Africa	2010	World Meteorological Organization	1,00	Grant	The objective of the project is to support the re-establishment of the National Meteorological Services (NMS) of Burkina Faso, Chad, Mali, Niger, Sudan and Uganda, sustaining their capability for national weather and climate monitoring and weather forecas
EL	Indian Ocean Commission member states (not yet defined)	Adaptation	Indian Ocean Commission Secretariat	2010	Indian Ocean Commission Secretariat	1,00	Grant	Collection, analysis, and dissemination of meteorological and sea-level data, awareness raising, capacity development.
EL	Saint Lucia, Saint Vincent and the Grenadines	Adaptation	Climate Change Vulnerability, Risk Assessment, Adaptation in the Caribbean	2010	Carribean Community Climate Change Centre	1,00	Grant	Collection, analysis, and dissemination of meteorological and sea-level data, awareness raising, capacity development.
ES	International	Adaptation	Adaptation Fund	2010-	World Bank	45,00	Grant	The Adaptation Fund, established by the Parties to the UN Framework Convention on Climate Change (UNFCCC), is mandated to finance concrete adaptation projects and programmes in developing countries.
ES	Latin America	Adaptation, REDD+, Mitigation	Thematic Window for Climate Change (Spain-IADB Fund for Latin America)	2010-	Inter-American Development Bank	28,00	Loan	Inside this Fund, the main areas in the thematic window for climate change could be: land-use and forestry, agriculture, water management and sanitation, sustainable energy, and climate change adaptation in cities.

ES	Africa	REDD+, Mitigation	Africa Sustainable Forestry Fund	2010-	Global Environment Fund	15,10	Capital contribution - 75% grant equivalent	Established in 1990, the Global Environment Fund (GEF) promotes solutions to environmental and energy challenges. The Africa Sustainable Forestry Fundf is based on investments in forest management and forestry.
ES	International	Mitigation	GEF Replenishment	2010-11	GEF	10,40	Grant	To provide funding to developing countries and those with economies in transition for projects and activities targetting global benefits in the areas of biodiversity, climate change, international waters, the ozone layer and land degradation.
ES	International	Adaptation	Pilot Program for Climate Resilience (PPCR)	2010-11	World Bank	10,00	Concessional loan	PPCR is a program for climate change adaptation under the Strategic Climate Fund (SCF), which is one of two funds within the design of the Climate Investment Funds (CIFs)
ES	International	REDD+	Forest Investment Programme (FIP)	2010-11	World Bank	10,00	Concessional loan	FIP is a program to supports efforts by the develo'ping countries to combat deforestation and promotes sustainable management of forests with the aim of reducind emissions and protecting carbon reserves
ES	International	Adaptation	Special Climate Change Fund	2010-11	GEF	4,00	Grant	SCCF is a specific fund to support activities and programs in the area of adaptation to climate change, technology transfer, energy, transport, industry and waste management, among others, in developing countries.
ES	International	Mitigation	Scaling-up Renewable Energy Program (SREP)	2010-11	World Bank	3,00	Concessional loan	SREP promotes the acces to energy in developing countries through the use of renewable energies
ES	International	Adaptation	GEF Replenishment	2010-11	GEF	2,60	Grant	To provide funding to developing countries and those with economies in transition for projects and activities targetting global benefits in the areas of biodiversity, climate change, international waters, the ozone layer and land degradation.
ES	International	REDD+	UN-REDD	2010-	UNDP	1,00	Grant	The Programme was launched to assist developing countries prepare and implement national REDD+ strategies, and builds on the convening power and expertise of FAO, UNDP and UNEP. The Programme currently supports REDD+ readiness activities in several count
FI	Africa (Niger, Ghana, Kenya and Mozambique)	Adaptation	INGO/Care Danmark Adaptation Learning Programme for Africa	2010-2013	CARE Danmark/ CARE International	1,65	grant	The objective is to strengthen the capacity of poor households to adapt to climate variability and change. The programme uses a community-based adaptation approach and it has special focus on women and vulnerable groups. Learning, application of collected information and spreading of the results are integral parts of the programme.

FI	Indonesia	Mitigation	Indonesia Energy and Environment Partnership	2010-2012		4,00	grant	One of the Finnish key projects has been the Energy and Environment Partnership Program (EEP) which aims to promote renewable energy, energy efficiency, and clean technology investments in selected program countries, with the twin objectives of providing sustainable energy services to the poor and simultaneously combating climate change. The Energy and Environment Partnership with Central America (EEP-CA), was launched by the Ministry for Foreign Affairs of Finland and the seven participating Central American countries in 2002, during the United Nations World Summit on Sustainable Development. Since 2003, Finland has allocated a total of 7 MEUR for the partnership, for the period 2010-2012, a total of 6 MEUR has been allocated. Based on the encouraging results from the Central American EEP, the MFA Finland has initiated similar programs in other regions (Mekong 2009-12 4,9 MEUR; Indonesia 2010-12 4 MEUR; Southern and East Africa 2010-12 8,5 MEUR; and Andean Region 2010-12 6 MEUR).
FI	Nepal	Adaptation/ CB	Increased Capacity of Hydrometeoro-logical Services ICI-project	2010-2012	Finnish Meteorological Institute	0,49	grant	The project aims to improve the capacity of the Department of Hydrology and Meteorology under the Ministry of Environment in hydrometeorological observations, services and international data sharing and thus improve the capability of the Government of Nepal to respond to the increased risks of natural disasters related to weather and climate.
FI	Global	Capacity building, gender	Support for GGCA for Gender Mainstreaming in Global Climate	2010-2011	Global Gender and Climate Alliance (GGCA)	2,60	grant	The Global Gender and Climate Alliance brings together key UN actors in the field of international environmental and development policy to address the question of gender and climate change. Its main goal is a more widespread recognition of a gender perspective in decision making and policy planning related to climate change. Participation of women government delegates to UNFCCC negotiations is supported through the Women Delegates Fund.
FI	Global	Mitigation	GEF, 5th Replenishment period	2010-2014		11,60	grant	Calculated from the growth of the total contribution using the climate change focal area allocation percentage presented in the GEF's Annual Report 2008 (32 %). Finland's total contribution for GEF5 is around 84 % higher than for GEF4. Total contribution for GEF is 57,3 MEUR during the 5th Replenishment Period.

FI	Global	Mitigation/ CDM/gender	Study on clean development mechanism and gender	2010	MFA Finland/ GreenStream Network Oyj	0,03	grant	The aim of the study is to 1) create a set of criteria to be used for analyzing the impacts of CDM projects from gender perspective 2) study the social impacts that CDM project have on the local population from the gender perspective 3) identify project types that have the potential to create positive impacts among the local people, especially local women.
FI	Global	Mitigation/ Adaptatation	Making agriculture part of the solution to climate change– Building capacities for Agriculture Mitigation)	2010-2014	FAO	2,58	grant	Agriculture and land use are responsible of around 30 percent of the emissions and have a significant potential for mitigation. The goal of the project is to enable countries to better realize the opportunities of climate change mitigation in agriculture while improving food security and increasing resilience of farming systems at the same time. The project implementation can be divided into five modules: 1) Better knowledge support 2) Increased awareness, participation and partnerships; 3) Strengthened technical consultative processes; 4) developed communities of practices and 5) Development and advice on options. The duration of the project is five years (2010-2014) and the total budget is about 40 000 000 Euros.
FR	Morocco	Adaptation	Amélioration du rendement du réseau d'eau de la ville d'Oujda	2010-2012	AFD	10,00	loan	Dans un contexte de ressources en eau restreintes et de besoins en croissance, la gestion de la demande en eau est un enjeu crucial qui vise une meilleure résilience de l'économie aux effets du changement climatique. Le programme d'amélioration du rendeme
FR	Niger basin	Adaptation	suivi et gestion des ressources en eau : autorité du bassin du Niger	2010-2012	AFD	1,70	grant	Le bassin du Niger qui regroupe 9 pays d'Afrique de l'Ouest sur près de 100 000 km2 est confronté à un enjeu critique de mobilisation de la ressource en eau, face à la réduction importante des écoulements de surface et une augmentation forte des besoins e
FR	Nigeria	Adaptation	Réhabilitation de réseaux d'adduction d'eau potable	2010-2012	AFD	65,10	loan	renforcement de la gestion des ressources en eau en milieu urbain. Le projet vise en particulier la réhabilitation et l'extension de réseaux d'adduction d'eau potable dans plusieurs villes du pays permettant à la fois un accroissement de l'accès à l'eau p
FR	Mozambique	Adaptation	Adaptation parc de Quirimbas	2010-2012	French GEF	1,00	grant	Le projet vise à créer les conditions d'une gestion économiquement, socialement et écologiquement durable du Parc au bénéfice des populations, tout en promouvant la résilience des écosystèmes d'une aire protégée et de sa périphérie aux changements climat

FR	West Africa	Adaptation	Programme régional de gestion durable terres et adaptation au changement climatique au Sahel	2010-2012	French GEF	2,00	grant	Renforcement des capacités des acteurs locaux (ONG, Collectivités locales) en matière de gestion des terres en zones sahéliennes.L'objectif du projet est de créer les conditions politiques, stratégiques et techniques pour que les acteurs locaux puissent d
FR	Central Africa	Adaptation	Suivi de la ressource en eau et outil prospectif bassin versant et fleuve du Congo	2010-2012	French GEF	1,30	grant	Mise en place d'un système de suivi hydrologique et environnemental dans le bassin du fleuve Congo. Le projet permettra de contribuer au développement durable du bassin versant du fleuve Congo en développant une politique de gestion intégrée des ressource
FR	Kenya	Mitigation	Appui au développement des ER via financement du schéma directeur national et soutien à la Geothermal Development Company	2010-2012	AFD	56,00	loan	Appui au développement des énergies renouvelable via le financement d'un schéma directeur national et un soutien à la Geothermal Development Company. Ce programme est associé à un financement de 150 M€ concernant la construction de centrales géothermiques
FR	North Africa	Mitigation	Appui au PSM**	2010-2012	French GEF	0,80	grant	Le projet a pour objectif d'appuyer la structuration des projets du Plan Solaire Méditerranéen et le renforcement de capacités au sein des pays méditerranéens dans le développement des énergies renouvelables et de l'efficacité énergétique.
FR	West Africa	Mitigation	Développement de référentiels pour accès à l'énergie à partir de jatropha**	2010-2012	French GEF	1,50	grant	Développement de filières de production d'énergie renouvelable et sobre en carbone à partir de Jatropha ayant un impact significatif dans la lutte contre la pauvreté en milieu rural africain : ramme a pour objectif : appui des opérations de développement,
FR	Ghana	REDD+	Plantations villageoises d'hévéa	2010-2012	AFD	14,00	loan	Le projet permettra de financer 10 500 ha de plantations nouvelles par des planteurs villageois dans les Régions Ouest et Centrale du pays avec des impacts significatifs en termes économiques ainsi que de séquestration de GES.
FR	Tunisia	REDD+	Gestion écosystèmes forestiers de Chambi	2010-2012	French GEF	0,90	grant	Appui aux populations locales vivant en périphérie du Parc National de Chaambi et valorisation des produits issus des ressources naturelles de la région.Le projet vise à la réconciliation du Parc National avec les popultaions riveraines, sur la base d'un

FR	Central Africa	REDD+	Appui à l'écocertification des concessisons forestières	2010-2012	French GEF	1,50	grant	Contribution à la prise en comsidération des critères environnementaux et sociaux dans les systèmes de certification des bois en Afrique centrale. Valorisation de ces certificats auprès des acheteurs occidentaux.Le projet a pour objet la promotion d'une e
FR	West Africa	REDD+	Afrique de l'Ouest - Forêt et adaptation au changement climatique		French GEF	1,60	grant	Analyse du rôle des forêts dans l'artténuation des impacts du changement climatique en Afrique de l'Ouest et intégration de ces éléments dans les politiques nationale d'adaptation. Le projet contribuera au développement de politiques et projets d'adaptati
FR	Indonesia	Mitigation (including REDD+)	Financement de la politique nationale de LCC	2010	AFD	142,00	loan	Il s'agit de la troisième tranche d'appui au gouvernement indonésien. L'AFD met en place depuis 2008 des opérations (à ce jour en Indonésie, Mexique, Maurice, Vietnam) visant à accompagner et promouvoir la mise en oeuvre des stratégies nationales de lutte
FR	China	REDD+	Carbone rural (bambous) et renforcement de capacités (Yunnan, Sichuan)		French GEF	1,00	grant	L'AFD, avec le soutien du FFEM, et l'ACCA21, centre agenda 21 du ministère des sciences et technologies chinois (MOST) ont coopéré de 2006 à 2009 sur un projet de promotion du MDP dans 4 provinces du sud-ouest de la Chine. Ce projet là propose de poursuiv
FR	China	REDD+	Programme de reboisement et de biogaz dans le Yunnan	2010-2012	AFD	35,00	loan	Opérations de boisement et reboisement à grande échelle dans la province du Yunnann et contribution au développemnt de programmes de biogaz ruraux participant d'une réduction de la pression exercée sur le massif forestier.
FR	Albania	REDD+	Protection zones montagneuses Albanie et pays limitrophes**	2010-2012	French GEF	1,20	grant	Mise en place d'un système d'Indications Géographiques pour des productions provenant des zones de montagne balkanique (Chataigne, Moutons, …) afin de valoriser le potentiel économique de ces régions au bénéfice des populations locales. Le projet donnera
FR	World	Adaptation and Mitigation (including REDD+)	Global Environment Facility	2010-2012	GEF	13,00	grant	Share of France's 2010 payment to GEF allocated to fight against climate change.
FR	World	Mitigation	Clean Technology Fund	2010-2012	CTF	67,70	loan	A third of France's loan contribution to the Clean Technology Fund, which will be fully disbursed (203Meur) in December 2010. For the purpose of this reporting, it is split over the three years of the fast start period.

FR	Brazil	REDD+	Gestion durable de la forêt et de la biodiversité dans l'Etat de l'Amapa	2010-2012	French GEF	1,60	grant	Renforcement de la politique de développement durable et de conservation de la biodiversité du gouvernement de l'Amapá, en contribuant à l'instauration d'un cadre légal encourageant l'exploitation durable de la forêt, en association avec les populations c
FR	South America	REDD+	Développement REDD+ sur le plateau des Guyanes**	2010-2012	French GEF	1,00	grant	Créer une alliance technique à l'échelle du plateau des Guyanes destinée à conserver ses forêts et à contribuer au bien-être de ses populations, de sa biodiversité et de la communauté globale. Mise à disposition des ressources et compétences techniques de
FR	South America	REDD+	Appui au financements innovants des aires protégées	2010-2012	French GEF	1,00	grant	Le réseau de fonds fiduciaires pour la conservation de la biodiversité d'Amérique latine et Caraïbes (FFC RedLAC) a identifié plusieurs innovations de financement basées sur des instruments de marchés pouvant apporter des solutions durables et intégrées a
FR	DRC	REDD+	Appui à la gestion durable des forêts	2010-2012	AFD	5,00	grant	L'objectif du projet est de favoriser le démarrage de l'élaboration des plans d'aménagement des concessions forestières afin de créer une dynamique d'aménagement durable capable de s'étendre rapidement à l'ensemble des massifs forestiers de la RDC.
IT	Lebanon	Adaptation-Mitigation	Enforcement of the national Lebanese strategy for the mitigation of fire risks in rural areas.	2010-2011	Italian Cooperation	0,50	grant	In the framework of the National Strategy implementation of the forest fire risk prevention system. Based on over on local and international meteorological networks the system will forecast fires risks for the country. The program in executed in collaboration with Italian Department of Civil Protection
IT	Lebanon	Adaptation-Mitigation	Risk prevention and management measures and management of cedar nature reserve in Lebanon.	2010-2011	Italian Cooperation	0,82	grant	The initiative aims at strengthening local capacities of mitigating and preventing forest fires and managing the reserve in a sustainable and economical sound way.The project is therefore build by three main component: infrastructures, equipment and Capacity building
IT	Lebanon	Mitigation	Integrated Waste Management in Baalbek, Bekaa	2010-2012	Lebanese Ministry of Environment	2,50	grant	The project aims at developing an integrated management system for the Baalbek Casa and to rehabilitate the actual dumping site located in a cave with high archeological value. Managing the waste will reduce bioth aereial and ground pollution. The initiative also aims at developing the capacities of the Ministry of Environment in order to increase environmental mainstreming among local and central institutions.

IT	Lebanon	Mitigation	Climate Change Mitigation - Renewable energies (SHW)	2010-2012	Italian Cooperation	1,00	grant	The project aims at increasing pubblic awearens in the field of energy conservation and renewable energy. The installation of over 900 solar heater systems on pubblic bulding (hospitals, schools, others), combined with sound and taylored social campaignes, will reach the large pubblic and stimulate their interest in using such systems.
IT	Kenya	Adaptation	Agro-idraulic development in Sigor - III phase	2010-2012	DGCS	9,19	loan	The aim of the project is to implement the third and final phase of the Sigor Wei-Wei Agro Hydraulic Development Project situated in Kerio Valley (West Pokot District-Kenya) through two components: infrastructure component and capacity building and supply component.
IT	Syria	Adaptation	Sustainable development and conservation of the Syrian badia	2010-2012	DGCS and IUCN	0,50	grant	Improve the living standards of people inhabiting the Ibis Protected Area through consolidating their active involvement in the management of the protected areas and ensuring the biodiversity conservation and the sustainable use of ecosystems services
IT	MEDITERRA-NEAN AREA (Lybia, Mo-rocco, Tunisia, Egypt, Israel)	Adaptation and Mitigation	Mediterranean climate activities	Various depending on the specific project	Various depending on the specific project	0,76	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the Ministries of Environment / Energy of the countries, with the participation of UNDP and UNEP, the Program covers various projects including the promotion of renewable energy sources and rational use of energy, application of energy efficiency technology in buildings, plants for mitigating climate change effects and desertification, costal zone management to adapt to climate change
IT	Iraq	Adaptation and Mitigation	Iraq climate actions	Various depending on the specific project	Various depending on the specific project	4,77	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the Ministries of Environment / Energy /Water Resources,with the participation of UNEP, the Program covers various projects including preservation and ecosystem management, pilot mitigation actions for the use of the flare gas produced in the oilfields, monitoring of the forest resources and soil erosion processes, activation of fuel switching mechanisms in selected areas of Iraq, optimisation of water and energy utilization for water and sanitation services, environmental analysis of the Iraqi coastline and proposals for sustainable development, promotion of the development of green belts in the areas affected by sand-storms and the re-seeding of degraded rangelands, strategies and actions to adapt to the extreme drought event

IT	China	Adaptation	Biodiversity monitoring and protection of the protected forest area of Kanas and Bogeda (Tianchi), in the independen province of Xinjian	2010-2012	DGCS	11,96	loan	The Project objective is to strengthen the capacity of the local authorities (i) to monitor and manage biodiversity in the Bogeda Biosphere Natural Reserve and in the Kanas National Natural Reserve, (ii) to collect, update and store biological, ecological, hydrological and human activities information so to enable the prioritization of management and advocacy decisions as well as enhance scientific research and (iii) to systematically identify values, threats and potential management actions.
IT	Vietnam	REDD+				10,00	debt swapt	
IT	Indonesia	REDD+				30,00	debt swapt	
IT	Pacific Small Island Developing States	Mitigation	Managing ecosystem & livelihood implications of energy policies in the Pacific Island States.	2009-2012(only the contri-bution for 2010 has been con-sidered in the column "Contribution by EU or MS (million€)"	IUCN	0,50	grant	Support beneficiary Countries in developing and implementing environmentally sound, sustainable energy policies and in executing a number of renewable energy pilot projects focusing on ecosystem conservation and livelihood enhancement.
IT	CHINA	Adaptation and Mitigation	Sino-Italian Climate Change Cooperation Program	Various depending on the specific project	Sino-Italian Cooperation Project for the Environmental Protection - Program Management Office	11,96	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the National Development and Reform Commission, the MInistries for the Environment, of Science and Technology, of Water Resources of P.R.China, the Municipalities of Beijing and Shanghai, the World EXPO Bureau, the Program covers various projects including: a) Institution and Capacity Building for the development and implementation of climate change policies and plans; b) cooperation on adaptation, including development of local plan and pilot projects; c) technological cooperation, including mitigation and low-carbon solutions; d) solutions for sustainable mobility (2-4 wheels electric and hybrid vehicles), energy efficiency solution for the building sector (tri-generation) and sustainable design; e) promote an increased use of clean energy in China; f) development of new standards and guidelines for energy–efficiency and environmental protection in the residential sector,g) training of senior officials and experts in the sustainable management of natural and energy resources.

IT	Pacific Small Islands Developing States	Adaptation and Mitigation	Cooperation on climate change	Various depending on the specific project	Various depending on the specific project	0,95	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the Countries, the program includes climate change adaptation measures; Assessment of energy requirements and strengthening of energy policies and action plans; Rural Electrification; Development of biofuels; Development of renewable energy sources
IT	Albania	Adaptation	Institutional Support to the Albanian Ministry of Environment for Sustainable Biodiversity Conservation and Use in Protected Areas and the Management of Hazardous Waste	2010-2012	IUCN	2,22	grant	Strenghtening of the capacities of the Albanian Ministry of Environment in sustainable management and conservation of biodiversity in Protected Areas and management of hazardous waste.
IT	BALCANIC AREA (Serbia, Montenegro, the former Yugoslav Republic of Macedonia, Albania)	Adaptation and Mitigation	Balcanic climate initiatives	Various depending on the specific project	Various depending on the specific project	6,80	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the Ministries of Environment / Energy of the countries,with the participation of UNEP, the Program covers various projects including capacity building, the promotion of renewable energies and energy efficiency, the spread of thermal solar systems, methane recovery, the support for sustainable agriculture practices, sustainable tourism, system of sustainable mobility, adaptation measures in coastal areas
IT	MULTILATERAL	Adaptation and Mitigation	Capacity building program	Various depending on the specific project	Regional Environmental Center for Central and Eastern Europe (REC)	0,75	grant	Capacity building and training for senior officilas in the southern eastern Europe and central asia countries
IT	MULTILATERAL	Mitigation	SLED initiative - Clean Energy Access Program	2010-2015	IFC World Bank	7,70	grant	Based on a bilateral agreement between the Italian Ministry of the Environment, Land and Sea and the International Finance Corporation of the World Bank. The program is aimed at accelarating the deployment of renewable energy and energy efficiency tecnologies in developing countries, with the aim of reducing GHG emissions.

IT	MULTILATERAL	REDD+	Forest Carbon partnership facility - Readiness Fund	2010	Forest Carbon Partnership Facility	3,84	grant	Based on a bilateral agreement between the Italian Ministry of the Environment, Land and Sea and the World Bank. The contribution is for the Readiness Fund of the FCPF aimed at reducing emissions from deforestation and forest degradation, forest carbon stock conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+).
IT	MULTILATERAL	Mitigation		Various depending on the specific project	UNEP	3,84	grant	Renewable energy, sustainable production and consumption
IT	MULTILATERAL	Adaptation	Strategic Partnership for Marine Ecosystem and Coastal Management	Various depending on the specific project	UNESCO	0,58	grant	
IT	MULTILATERAL	Mitigation	Center for international sustainable development	Various depending on the specific project	Harvard University	2,30	grant	Training and education on sustainable development strategies and policies for high level representatives from developing countyries
IT	MULTILATERAL	Adaptation and Mitigation	Environment Conflict Resolution	Various depending on the specific project	Columbia University	0,59	grant	
IT	MULTILATERAL	Mitigation	Global Bioenergy Partnership	Various depending on the specific project	FAO	3,87	grant	

IT	Bolivia	Mitigation	Renewable hydraulic energy supply through the construction of micro hydropower stations.	2008-2010	ALISEI (NGO)	0,28	grant	
IT	Bolivia	Mitigation	Trilateral Initiative 'Amazonia sin fuego': reducing wildfires and promoting alternative solutions to the use of fire in the Amozon Bolivia	2011-2013	Italian Cooperation; Brasilian Cooperation Agency; Bolivian Government	1,50	grant	The Programme promotes economic and social development through an integrated scheme of wildfire management. An innovative participatory approach will be used to develop alternative agricultural practices.
IT	Bolivia	Mitigation	Creating a regional system of protected areas, indigenous lands and forests for integrated sustainable management of the Amazon Bolivia. Aid. 8378/CESVI/BOL	2008-2010 (only the contribution for 2010 has been con-sidered in the column "Contribu-tion by EU or MS (mil-lion€)"	CESVI (NGO)	0,18	grant	The project aims to strengthen institutional capacities by capacity-building and decision-making support activities in order to improve sustainable land management and integrated natural resources management at regional, national and transboundary levels.
IT	Bolivia	Adaptation	Emergency Initiative in response to natural disasters and aimed at the promotion of an integrated natural disaster risk management and climate change adaptation. Aid. 8896/01/06	2009 - 2010 (only the contribution for 2010 has been con-sidered in the column "Contribu-tion by EU or MS (mil-lion€)"	Italian Cooperation	0,50	grant	The Project aims to meet the needs of the areas affected by natural disasters and to reduce vulnerability of local populations by promoting food security and improving early warning systems and natural disaster risk management.

IT	Bolivia	Adaptation	Promoting climate risk management and reducing vulnerability to strengthen sustenable agriculture production in selected areas of Bolivia. Aid 9407/02/0	2010 - 2011	FAO	1,00	grant	The Project aims to enhance capacities for climate risk management and response mechanisms within the institutional setting at the community level. The initiavite aims also to reduce vulnerability by promoting sustainable agriculture practicies and divers
IT	Ecuador	REDD+				35,00	debt swapt	
IT	Ecuador	Adaptation	Integrated Programme for Institutional consolidation, social and economic developmen and biodiversity conservation in the Galapagos Archipelago: design and pilot application of a Decision Support System in the framework of the Global Island Partnership.	2010-2012	DGCS	1,55	grant	the project aims at promoting a systemic management for the archipelago, in support of environment conservation and livelihood enhancement, by consolidating the capacities of the local institutions in terms of sustainable management of natural resources
IT	Mexico	Mitigation	MEXICO CLIMATE INITIATIVES	Various depending on the specific project	Various depending on the specific project	0,92	grant	Based on bilateral agreements between the Italian Ministry for the Environment, Land and Sea and the Ministries of Environment /Energy , the Program includes ENERGY EFFICIENCY AN RENEWABLE ENERGY MEASURES IN BUILDINGS; REUSE OF THE ORGANIC WASTE FRACTION; SOLAR WATER HEATERS IN A PILOT AREA OF MEXICO CITY
IT	Latin America	Adaptation				0,62		
IT	Latin America	REDD+				1,18		
IT	Latin America	Mitigation				0,28		

IT	Central America	Adaptation				4,15		
IT	Middle East	Adaptation				64,32		
IT	Middle East	REDD+				1,32		
IT	Middle East	Mitigation				3,50		
IT	Africa and Sahel	Adaptation				23,86		
IT	Asia	Adaptation				15,71		
IT	Asia	REDD+				10,00		
IT	Asia	Mitigation				12,50		
IT	Balkans	Adaptation				1,45		
	UNDP	Adaptation				1,24		
LV	Georgia	Adaptation	Activity in the framework of Agreement between the Ministry of the Environment of the Republic of Latvia and the Ministry of Environment Protection and Natural Resources of Georgia	2010	Ministry of the Environment of the Republic of Latvia	0,00	grant	Action aims to assist in identification of adaptation mesaures by providing expertise
LV	Georgia	Mitigation	Activity in the framework of Agreement between the Ministry of the Environment of the Republic of Latvia and the Ministry of Environment Protection and Natural Resources of Georgia	2010-2011	Ministry of the Environment of the Republic of Latvia	0,01	grant	Action aims to build the capacity of public administration and experts in receiving country. The skills gained will be used during the project for creating instruments for rising public awareness and to promote climate change mitigation actions and technologies

LU	International	Adaptation				1,00		
LU	International	REDD+	UN REDD Programma			1,00		
LU	International	Adaptation	Global Facility for Disaster Reduction and Recovery (GFDRR)			1,00		
MT	Small island developing states	Capacity building for adaptation	Climate Change Diplomacy Project	The project ran from 2008 to 2010. The funds for 2010 were allocated from Fast-Start financing.	DiploFoundation	0.025	Grant	The project focused on preparing small island states for the Bali process. In the period 2008/2009 it involved: 1. An international conference on climate change diplomacy; 2. The development of an online course on climate change; and 3. Delivery of onli
MT	Various developing countries	Mitigation	Global Alliance for Clean Cookstoves	2010	Global Alliance for Clean Cookstoves	0.125	Grant	The Global Alliance for Clean Cookstoves is a new public-private partnership, which amongst othersaims at combating climate change by creating a thriving global market for clean and efficient household cooking solutions. The Alliance is sponsored by the U
NL	Burundi, DRC Congo, Rwanda	mitigation	Regional Programme Renewable Energy Great lakes	2009-2013	IFDC-FMO	38.00	grant	This € 50 million programme focusses on the regional implementation of renewable energy in the Great Lakes region. It contributes, among others, to the rehabilitation of the Ruzizi hydropower plant and the interconnection of powergrids in the region. The programme includes as well reforestation activities and sustainable production of firewood.
NL	Rwanda	mitigation	Nat.Progrramme Ren.Energy Rwanda	2008-2012	GoR-BTC	27.00	grant	The € 40 million programme in Rwanda encompasses a contribution to the national Energy Strategy, the National Strategy for reforestation and sustainable forest management and the introduction of renewable energy technologies. The focus of the Dutch funded activities is on small scale hydropower and biogas, and sustainable production of firewood. Rwanda takes also part in the regional Great Lakes programme of the Netherlands.

NL	Burkina Faso, Ethiopia, Kenya, Senegal, Tanzania, Uganda	mitigation	African Biogas Partnership Programme (ABPP)	2009-2014	HIVOS	25.60	grant	The Africa Biogas Partnership Programme (ABPP) comprises a partnership between HIVOS and SNV in supporting national programmes on domestic biogas in six African countries. The Programme aims at constructing 70,000 biogas plants in Ethiopia, Kenya, Tanzania, Uganda, Senegal and Burkina Faso providing about half a million people access to a sustainable source of energy by the year 2013. The overall objective of the ABPP is to contribute to the achievement of the Millennium Development Goals through the dissemination of domestic biogas plants as a local, sustainable energy source through the development of a commercially viable, market-oriented biogas sector.The financial contribution of the Netherlands amounts to €30 million, covering approximately one third of the total programme costs. These funds are channelled through Hivos, which carries out the role of fund and programme manager, operating from an office in Nairobi. SNV will provide capacity building services in the six countries and take responsibility for knowledge management at supra-national level. Use will be made of knowledge generated by SNV through the setting-up of large-scale domestic biogas programmes in Asia. Link: http://www.snvworld.org/en/ourwork/Pages/Africa_Biogas_Partnership_Programme.aspx
NL	Indonesia	mitigation	Nat.Programme Ren.Energy Indonesia	2008-2013	WB-Agency NL-HIVOS	24.00	grant	In the framework of a 15 year long cooperation on energy between Indonesia and the Netherlands, a program on renewable energy has been developed. This program includes capacity building, institutional strengthening and implementation of new technologies such as geotermal energy and biogas; it supports the implementation of small scale hydropower for rural electrification; and it includes activities in the field of sustainable palmoil production.
NL	Bangladesh, Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Honduras, Indonesia, Kenya, Mali, Mozambique, Nepal, Nicaragua, Peru, Rwanda, Senegal, Uganda	mitigation	Energising Development	2009-2013	GTZ	114.99	grant	In close collaboration with the German Ministry for Development Cooperation, the Netherlands is contributing with € 68 million to the second phase of the German Energising Development Programme. The aim is to provide access to renewable energy services to 5 million people before 2015. The activities focus on people lacking modern and sustainable energy services. Link: http://www.senternovem.nl/energising_development

NL	Ethiopia, Honduras, Kenya, Maledives, Mali, Nepal	mitigation	Scaling Up Renewable Energy Program in Low Income Countries (SREP)	2009-2013	WB	54,00	grant	The Scaling Up Renewable Energy Program in Low Income Countries (SREP) is one of three strategic funds under the Strategic Climate Fund of the World Bank. The SREP stimulates economic growth through the scaled-up development of renewable energy solutions and, it acts as a catalyst for the transformation of the renewables market by obtaining government support for market creation, private sector implementation, and productive energy use. The support of the Netherlands to SREP is Euro 54 million. Link: http://www.climateinvestmentfunds.org/cif/srep
NL	Brazil, Colombia, Indonesia, Mali, Mexico, Mozambique, Nicaragua, Panama, Sierra Leone, South Africa, Tanzania, Vietnam, Zambia.	mitigation	Dutch fund for sustainable production of biomass for energy	2009-2014	GoM-Agency NL	28,00	grant	This € 28 million programme is been managed by several Dutch ministries; the Ministry of Housing, Spatial Planning and the Environment, The Ministry of Economic Affairs, the Ministry of Agriculture, Nature and Food Quality, and the Ministry of Foreign Affairs. It aims to support developing countries in the development of knowledge and capacity on biomass production for energy purposes, including assessment of the possible economical benefits and adverse impacts on the environment. The funding includes the € 17 million Dutch Global Sustainable Biomass Fund, which is designed for partnerships with private sector and non-governmental organisations in the field of sustainable production of biomass. The Global Sustainable Biomass Fund supports developing countries in making their biomass production for energy uses sustainable. It thus enables them to access the local or international market of sustainable biomass for energy uses. The overall goal of the subsidy is to enhance sustainable economical growth, the improvement of people's living conditions and the achievement of the Millennium Development Goals. Link: http://www.senternovem.nl/globalsustainablebiomass/general/index.asp.
NL	Mozambique	Mitigation	Nat.Progrramme Mozambique	2009-2012	GoR-BTC	2,89	grant	The programme in Mozambique starts with sustainable biofuel production and a study for certification of biomass for export. Collaboration opportunities are explored within the Netherlands-Mozambique country programme.

NL	Angola, Armenia, Bangladesh, Bhutan, Cameroon, Cape Verde, Fiji, India, Mali, Morocco, Myanmar, Namibia, Nepal, Papua New Guine, Rwanda, Sudan, Syria, Tajikistan, Timor Leste,Turkme-nistan and Yemen	adaptation, mitigation, capacity building	Climate resilience	2009-2014	Red Cross and Red Crescent	20,76	grant	Support to the national Red Cross/Red Crescent organizations for capacity building in managing changed climate risks. This 2nd phase builds on the experiences of the first phase and receives funding form the Netherlands. This second phase reaches out to 27 National societies. An inventory of the humanitarian consequences of climate change is made as a starting point to strengthen risk resilience.
NL	Afghanistan, Angola, Bangladesh, Burkina-Faso, Cambodia, DRC, Ethiopia, Madagascar, Malawi, Mali, Mozambique, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda and Zambia.	adaptation, mitigation and technology	Knowledge and technology	2010-2014	CDKN / WRI / Daey Ouwens Fund / Senter Novem	27,70		This support goes to three differnt knowledge sharing institutes. The Daey Ouwens fund works together with Senter Novem on the transfer of small scale renewable energy initiatives in 18 African countries. The initiatives vary between EUR 140 000 and EUR 2.200.000 and include Jatropha oil, solar power, biomass, micro-hydro power. The CDKN provides 'demand' driven research and policy advice on climate change issues. Support and dialogue with WRI continues in the areas of renewable energy, water and climate change. WRI is a top research institute and policy advisor in the field of climate change.
NL								
NL		adaptation	Water and adaptation under programming	2011-2014		8,00		Includes water and adaptation activities, water and food security and water governance activities under programming
NL		REDD+	REDD+ under programming	2011-2014	FCPC	13,30		Includes the Forest Carbon Partnership facility and the FLEGT under programming

PL	Afghanistan	Adaptation	Hydoelectric power station in Gelan	2010	Minstry of Defence	0,07	Grant	The overall objective of the project is to increase access to electricity in Gelan town
PL	Afghanistan	Adaptation	Mechanical sewage treatment plant building in Ghazni	2010	Ministry of Defence	0,49	Grant	The overall aim of the investment is to improve hygiene and sanitary conditions and raise standards of living in Ghazni
PL	Belarus	Adaptation	Institutional strengthening of the Belarusian administration responsible for protection of the environment through the promotion of good governance in selected areas	2010	Ministry of Environment	0,03	Grant	Strengthening of the administrative capacity of environmental protection in the Republic of Belarus to develop policies and implement environmental law consistent with European standards in a manner commensurate with the principles of good governance
PL	Georgia	Disaster risk reduction	Preparation of a concept model of forestry in Georgia in the example of the Racza Region	2010	Forest Research Institute	0,05	Grant	The reform of Georgia's forest management based on the principles of sustainable development
PL	Georgia	Disaster risk reduction	Forestry Education in schools in Kvemo Kartii in Georgia	2010	Polish Embassy in Georgia	0,04	Grant	Support for the development of civil society through the increased involvement of teachers and youth in environmental protection
PL	Georgia	Disaster risk reduction	Support for the reform of forestry - protection of forests by strengthening the competence of foresters	2010	Polish Embassy in Georgia	0,06	Grant	Implementation of forest resources management plans
PL	Ukraine	Adaptation	Energy efficiency planning for the benefit of budget and climate in Ukraine	2010	Polish-Ukrainian Cooperation Foundation PAUCI	0,12	Grant	Increasing energy efficiency in the municipal households by introducing energy management professional principles in selected cities in Ukraine and information and educational campaign in local schools

PL	Ukraine	Adaptation	Exchange of experience between the Polish agricultural advisory and Ukraine in the field of agricultural development including environmental and renewable energy sources	2010	The Warmia and Masuria Center of Agricultural Advisory Support	0,12	Grant	Contribution to the development of agriculture and implementation of environmental programs and renewable energy sources
PL	Ukraine	Adaptation	An exchange of experience in the field of system solutions and good practices in energy efficiency in Poland and Ukraine	2010	Association for Innovation and Technology Transfer “Horizons”	0,04	Grant	Developing active attitudes of Ukrainian partners through the acquisition of knowledge and European experience in energy efficiency
PL	Ukraine	Adaptation	Two countries - one energy efficiency programme. Polish-Ukrainian cooperation in the supranational European Commission initiative entitled Covenant of Mayors	2010	Association of Municipalities - Polish Network “Energie Cites”	0,09	Grant	Natural resources sustainable management by implementing energy efficiency programmes, using renewable energy sources and engaging in activities aimed at climate protection
PL	China	Disaster risk reduction, Adaptation	Fire fighting cars and extinguishing equipment	2010-2011	Ministry of Finance	2,09	Credit	
PT	Angola	Mitigation/ Adaptation	MoU on Fast Start support	2010-2012	to be defined on a project by project basis	3.00	Grant	Support programme to assist Angola in implementing climate change related programmes and projects with particular focus on capacity building for mitigation and adaptation.

PT	Cape Verde		Supporting participation of Cape Verde delegates in theUNFCCC process	2010	CECAC	0,02	Grant	Participation by developing countries in UNFCCC meetings in 2010
PT	Guinea-Bissau	Adaptation	Access to water	2010	VIDA	0.1	Grant	Support to the local Comunities of Mamelamu in watter sector, improvement of the local comunities acess to water
PT	Guiné-Bissau, East Timor	Mitigation	DNA support	2010-2012	CECAC	0,11	Grant	Support in establishing countries DNA
PT	Mozambique	Mitigation, Adaptation	MoU on Fast Start support	2010-2012	to be defined on a project by project basis	3.00	Grant	Support programme to assist Mozambique in implementing climate change related programmes and projects with particular focus on capacity building for mitigation and adaptation.
PT	São Tomé and Principe	Mitigation	Solar panels in schools	2010	TESE	0,12	Grant	Support to the education sector toward the improvement of the acess to modern sources of energy
SE	Mali	Adaptation - REDD	Climate Change Initiative GEDEFOR adaptation	2010-2012	Ministry of Environment, Gov of Mali	2,26	Grant	Adaptation of existing program for forest management decentralisation to ensure incorporated climate adaptation perspective.
SE	Mali	Adaptation	Climate Change RESO Mali	2010-2012	Le Mali-Folkecenter Nyetaa	2,86	Grant	Resource fund for local initiatives by NGOs in climate change adaptation work.
SE	Burkina Faso	Adaptation	IUCN Adaptation Fund	2010-2012	IUCN	2,16	Grant	Support local adaptation initiaves through IUCN managed pool of funding.
SE	Regional Africa	Adaptation	Regional Climate Change Adaptation Programme in Southern Africa	2010-2012	One World/DFID	1,62	Grant	To enable transboundary adaptation to climate change, with equitable access to climate funding, in southern Africa.
SE	Regional Africa	Adaptation	NEPAD - Conservation Agriculture	2010-2012	New Partnership for Africa's Development (NEPAD) Agency	1,72	Grant	An african framework for adaptation to climate change in agriculture, based upon Conservation Agriculture (CA); to deepen the knowledge base and planning infrastructure to achieve the above mentioned goal.
SE	Cambodia	Adaptation	Cambodia Climate Change Alliance	2010-2012	Govt of Cambodia	2,80	Grant	Support to EC-CCCA Multi Donor Trust Fund, strengthening institutional capacity for CCA coordination and coastal zone management

SE	Bangladesh	Adaptation	Bangladesh Climate Change Resilience Fund	2010-2012	Govt of Bangladesh	9,70	Grant	A Multi Donor Trust Fund administered by World Bank to support implementation of Bangladesh Climate Change Strategy and Action Plan, endorsed by the elected government in September 2009
SE	Regional Asia	Adaptation	Wetlands Alliance II	2010-2012	Wetlands Alliance	3,61	Grant	Alliance of development partners committed to a progress of regional collaboration to strengthen local level capacity for sustainable poverty focused wetlands management and adaptation to climate change.
SE	Bolivia	Adaptation	PROAGRO Phase II - joint programme with GTZ (Germany) and Bolivian Government	2010-2012	Govt of Bolivia	6,47	Grant	Increasing resilience among small farmers in arid and semi-arid areas, increasing their return from agricultural production, while ensuring food security.
SE	Bolivia	Adaptation	Periurban Water and Sanitation (co-financed with EU Commission)	2010-2012	Govt of Bolivia	3,02	Grant	Applying defined parameters for Climate Change adaptation aspects (with well-defined technical descriptions and indicators) to a major program for access to water and sanitation in towns with at least 10,000 inhabitants
SE	Various	adaptation			Adaptation Fund	11,00	grant	
SE	Various	adaptation research and development			CGIAR	5,00	grant	
SE	Various	REDD+			GEF additional contribution	11,00	grant	
SE	Various	mitigation			GEF additional contribution	17,00	grant	
SE	Various	disaster risk reduction			ISDR	4,00	grant	
SE	Various	Mitigation			Climate Techn Fund (WB)	22,00		
SE	Various	mitigation			GEF replenishment	15,00		
SE	Various	adaptation			various	30,00		

SK	Kenya	Adaptation /capacity building/	Forest Protection Strategy for Improved Carbon Balance and Preservation of Biodiversity Despite Climate Change	2010-2011	SAIDC	0,12	Grant	The overall objective is to suggest a list of action for protection of forest resources, sustaining of carbon deposits in forests and improvement of forest management in order to increase carbon deposits and assure preservation of biodiversity of forest ecosystems despite climate change and land desertification.
SK	Kenya	Other mitigation (capacity building for MRV) Adaptation	Capacity Building for Activities Concerning Climate Change MRV System and Adaptation	2010-2011	SAIDC	0,33	Grant	Capacity building on preparing national communications on climate change, development of monitoring, reporting and verification systems for mitigation policies and measures; training on development and implementation of methodology to quantify reduction potential of policies and measures; development and trainings on methodology for correlation between climate change impacts and vulnerability assessment.
SK	Kenya	Mitigation / technology/	Utilization of Solar Energy in Kenya	2010-2011	SAIDC	0,21	Grant	The overall aim is to develop a series of photovoltaic complexes in rural areas of Kenya, i.e. regions without regular electricity supply and without distribution lines. Further solar electricity produced will be used for purification and disinfection of drinking water to increase the hygienic standards of local community and enhance the overall living conditions.
SK	Sudan	Adaptation / agriculture and water/	Restarting of Farming with Modern Technology at Maridi, South Sudan	2010-2011	SAIDC	0,19	Grant	The project will promote sustainable farming and strengthen capacities. The building of irrigation system will reduce the dependence on the weather and affect the local climate in positive way. The ambition of the project is also to offer applicable solutions how to resolve consequences of climate changes in the agricultural sector.
SK	Serbia	Mitigation / technology/	Solar Energy for Handicapped Children in Serbia	2010-2011	SAIDC	0,12	Grant	Installation of solar thermal technology for all day care facilities for handicapped children and young people. The installed solar thermal technology will include solar collectors, heat exchangers, water tanks and complete equipment for solar heating of domestic hot water.
SK	Various	Mitigation				0,11		
SK		Mitigation	EBRD Technical Cooperation Fund			0,13		
SL	Western Balkans	Mitigation: investment project	Two demonstration energy projects	2010-2011	NGOs	0,03	grant	

SL	Montenegro	Mitigation: investment project	Expanded energy survey of public facilities and economic evaluation of the biomass heating system	2010-2011	Ekoideja	0,04	grant	
UK	International	All	CLIMATE INVESTMENT FUNDS, CBFF and FCPF:	2010-11			Capital contribution - 75% grant equivalent	To help developing countries respond to climate change
UK	International	Adaptation	Pilot Program for Climate Resilience (PPCR)	2010-11		230,34		"
UK	International	Mitigation	Clean Technology Fund (CTF)	2010-11		176,75		"
UK	International	REDD+	Forest Investment Programme (FIP)	2010-11		71,84		"
UK	International	Mitigation	Scaling-up Renewable Energy Program (SREP)	2010-11		39,91		"
UK	Congo Basin	REDD+	Congo Basin Forest Fund (CBFF)	2010-11		39,91		"
UK	International	REDD+	Forest Carbon Partnership Facility (FCPF)	2010-11		11,40		"
UK	International	Mitigation	GLOBAL ENVIRONMENT FACILITY (CLIMATE COMPONENT)	2010-11		13,30	Grant	To provide funding to developing countries and those with economies in transition for projects and activities targeting global benefits in the area climate change
UK	Malawi	All	DFID MALAWI CLIMATE CHANGE PROGRAMME	2010-11		0,23	Grant	To support Malawi's efforts to respond effectively to climate change.
UK	Southern Africa	All	REGIONAL CLIMATE CHANGE PROGRAMME	2010-11		2,28	Grant	To enable transboundary adaptation to climate change, with equitable access to climate funding, in Southern Africa

UK	Zimbabwe	All	CLIMATE CHANGE ZIMBABWE	2010-11		0,07	Grant	To provide knowledge and information on climate risks and vulnerability in urban areas in Zimbabwe
UK	Ghana	All	GHANA CLIMATE CHANGE AND ENVIRONMENTAL GOVERNANCE	2010-11		0,49	Grant	To support Government's policies and responses on climate change and environmental governance
UK	Africa	All	AFRICA CLIMATE CHANGE RESOURCE FACILITY	2010-11		0,08	Grant	To enable flexible limited scale support to country partners in the near term to catalyse initial assessment, informed dialogue and action on addressing climate variability and change
UK	Africa	All	EUROPEAN CAPACITY BUILDING INITIATIVE SUPPORT TO AFRICAN NEGOTIATORS	2010-11		0,34	Grant	To support African negotiators' participation in international climate change negotiations.
UK	Africa	All	AFRICA CLIMATE CHANGE CHAMPIONS	2010-11		0,05	Grant	Increase Africa voice and influence for a new international climate change agreement.
UK	Ethiopia	All	STRATEGIC CLIMATE INSTITUTIONS PROGRAMME	2010-11		0,11	Grant	Support organisational and institutional capacity growth within Ethiopian Government, civil society and the private sector to 1) increase resilience to current climate variability 2) adapt to future climate change and 3) benefit from the opportunities for
UK	Rwanda	All	SUPPORT TO LOW CARBON DEVELOPMENT AND CLIMATE CHANGE	2010-11		0,29	Grant	Support the development of a path of robust low carbon and climate resilient economic growth and a comprehensive climate adaptation action plan.
UK	Uganda	All	STRATEGIC INFLUENCING FUND	2010-11		0,38	Grant	Provide timely, strategic financial and technical support to the climate change, oil and diversity task teams to facilitate their influencing agenda.

UK	Africa	All	AFRICAN DEVELOPMENT BANK TECHNICAL COOPERATION ARRANGEMENT - CLIMATE CHANGE	2010-11		0,43	Grant	To support African Development Bank policy and programme delivery on climate change
UK	Africa	All	RENEWABLE ENERGY AND ADAPTATION CLIMATE TECHNOLOGIES WINDOW (AFRICA CLIMATE CHANGE).	2010-11		0,23	Grant	To catalyse private sector investment and innovation in low cost, clean energy and climate change technologies
UK	Tanzania	All	RENEWABLE ENERGY AND ADAPTATION CLIMATE TECHNOLOGIES WINDOW (AFRICA CLIMATE CHANGE)/ TANZANIA	2010-11		0,23	Grant	To catalyse private sector investment and innovation in low cost, clean energy and climate change technologies in Tanzania
UK	Rwanda	All	PILOTING OUTPUT-BASED FINANCING FOR CLIMATE CHANGE	2010-11		0,06	Grant	To demonstrate the potential of a results-based finance, market-pull approach to promoting the deployment of low carbon, renewable energy technologies, to support the accelerated roll-out of modern energy services in rural Rwanda as part of the country's
UK	Mozambique	Adaptation	ACCOUNTABLE GRANT SAVE THE CHILDREN: FLOODPLAIN MANAGEMENT (ZAMBEZI)	2010-11		0,64	Grant	Enable communities living in four districts in the flood-prone areas of the Zambezi valley to develop resilient livelihood options
UK	Zambia	Adaptation	ZAMBIA CLIMATE RESILIENCE PROGRAMME	2010-11		0,09	Grant	To support the Government of Zambia to integrate climate resilience into its development planning, and provide scaled-up support to priority public and private investments

UK	Kenya	Adaptation	STRENGTHENING ADAPTATION AND RESILIENCE TO CLIMATE CHANGE IN KENYA (STARCK)	2010-11		0,34	Grant	To help strengthen organisational capacity within the Kenyan Government, civil society and private sector to increase resilience to current climate variability, adapt to to future climare change and benefit from opportunities for low carbon growth
UK	Southern Africa	Adaptation	REGIONAL TRANSBOUNDARY WATER RESOURCE MANAGEMENT	2010-11		2,28	Grant	To help ensure that River Basin Organisations have the authority and ability to deliver improved water resource management in at least 5 transboundary river basin organisations
UK	West and Central Africa	Adaptation	SUPPORT TO THE WEST AND CENTRAL AFRICAN COUNCIL FOR AGRICULTURAL RESEARCH AND DEVELOPMENT (WECARD/CORAF)	2010-11		0,86	Grant	To help increase both the quality and quantity of appropriate regional agricultural and natural resource management technologies and policies developed and adopted at the sub-regional level in West and Central Africa through better linkage between researc
UK	Africa	Adaptation	CLIMATE CHANGE ADAPTATION AFRICA RESEARCH	2010-11		6,06	Grant	To help improve the capacity of African countries to adapt to climate change in ways that benefit their most vulnerable citizens.
UK	Africa	Adaptation	COOPERATION IN INTERNATIONAL WATERS IN AFRICA (COOPERATION IN MANAGEMENT OF RIVER BASINS)	2010-11		4,71	Grant	To strengthen cooperative management and development of international waters within selected river basins, so as to strengthen climate resilient growth, reduce the risk from climate related vulnerability and enable greater use of water for productive deve
UK	Africa	Adaptation	CARE ADAPTATION LEARNING PROGRAMME	2010-11		0,45	Grant	To hep ensure that community-based adaptation approaches for vulnerable communities incorporated into development policies and programmes in Ghana, Kenya, Mozambique and Niger with plans to replicate across Africa
UK	Africa	Adaptation	PAN AFRICA DISASTER RISK POOL FOR FOOD SECURITY	2010-11		0,03	Grant	Design a potential programme to improve food security in Africa through regional risk financing that protects against the impact of climate related disasters.

UK	Mozambique	Mitigation	BIOFUELS TECHNICAL SUPPORT TO MINISTRY OF ENERGY (FA)	2010-11		0,18	Grant	To support the Mozambican Government to implement its National Biofuels Strategy
UK	Africa	Mitigation	PROMOTING AFRICAN ACCESS TO CLEAN DEVELOPMENT MECHANISM AND ENERGY (PACE)	2010-11		0,03	Grant	Scope possible support to provide poor people and communities across sub-Saharan Africa with access to international carbon finance. In particular the Programme should demonstrate how poor communities can use carbon markets to benefit from cost-effective
UK	Central Africa	REDD+	CONGO BASIN FORESTRY START UP FUND	2010-11		2,87	Grant	Start-up funding for the interim establishment and operation of the Congo Basin Forest Fund (CBFF) and the delivery of a small regional project portfolio responding to immediate national and regional demands and pressures faced by the forests of the Congo
UK	Nepal	All	SUPPORT TO CLIMATE CHANGE PROGRAMME	2010-11		0,19	Grant	To support the development of a strategic framework of action on climate change behind which stakeholders can align their response
UK	Vietnam	All	VIETNAM: DFID-WORLD BANK CLIMATE CHANGE PARTNERSHIP	2010-11		0,20	Grant	To support the Vietnamese Government in policy and decision-making on climate change
UK	Indonesia	All	SUPPORT TO CLIMATE CHANGE PROGRAMME IN INDONESIA	2010-11		1,38	Grant	To provide support to the Investment and Policy framework for climate change adaptation and mitigation
UK	Tajikistan	Adaptation	TECHNICAL ASSISTANCE TO START UP PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR) IN TAJIKISTAN	2010-11		0,31	Grant	Help the government of Tajikistan to make PPCR effective and ensure that climate change resilience is mainstreamed into policies and planning in the government
UK	South Asia	Adaptation	SOUTH ASIA WATER INITIATIVE	2010-11		0,51	Grant	To help develop the knowledge, relationships and institutions to enable significant and measurable improvements in international water resource management.

UK	Indonesia	Mitigation	INDONESIA LOW CARBON GROWTH PROJECT	2010-11		1,71	Grant	To support the policies, structures and financing mechanisms integral to Indonesia's integrated low-carbon growth strategy.
UK	International	Adaptation	ECO SYSTEM SERVICES FOR POVERTY ALLEVIATION	2010-11		1,59	Grant	To ascertain what institutional changes need to be put in place for ecosysyem management to improve for the benefit of the poor.
UK	International	Adaptation	UK COLLABORATIVE ON DEVELOPMENT SCIENCES - DISASTER RESEARCH	2010-11		0,02	Grant	To conduct a short, high-level review of ongoing and planned work on natural hazards, extreme events and disaster research
UK	International	Adaptation	ASSESSING ADAPTATION IN DEVELOPING COUNTRIES, MONITORING AND EVALUATION OF ADAPTATION	2010-11		0,04	Grant	To help develop methodology and approach to climate change adaptation at national levels
UK	International	Adaptation	RESEARCH INTO USE PROGRAMME - SCALING UP OUTPUTS FROM DFID'S NATURAL RESOURCES RESEARCH	2010-11		2,61	Grant	To promote the production and uptake of technologies that will contribute to poverty reduction and the achievement of MDGs
UK	International	Adaptation	GLOBAL WATER PARTNERSHIP CONTRIBUTION	2010-11		0,57	Grant	To help ensure that Integrated Water Resources Management is applied in a growing number of regions and countries, as a means to ensure equitable and efficient management and sustainable water.
UK	International	Adaptation	U N WATER SUPPORT (FAO/ WHO)	2010-11		0,91	Grant	To improve the management of water resources for economic growth, building resilience to climate change and supporting adaptation through the implementation of integrated water resources management.

UK	International	Adaptation	SUPPORT TO WORLD BANK WATER PARTNERSHIP PROGRAM	2010-11		0,86	Grant	To help ensure that approaches to water resources management mainstreamed and better quality and effective water service delivered to developing countries
UK	International	Adaptation	DISASTER RISK REDUCTION PROJECTS IN CONFLICT HUMANITARIAN FUND 2005	2010-11		1,73	Grant	Various projects involved in bringing about sustainable disaster risk reduction to communties, through education, livelihoods and international policy.
UK	International	Adaptation	INSTITUTE FOR DEVELOPMENT STUDIES CONSORTIUM - EFFECTIVE RESILIENCE TO DISASTERS AND CLIMATE CHANGE	2010-11		0,59	Grant	To enhance the ability of governments and CSOs in developing countries to build the resilience of communities to disasters and climate change as part of their development work.
UK	International	Adaptation	OXFAM CONSORTIUM - BUILDING RESILIENCE TO CLIMATE RELATED HAZARDS	2010-11		0,61	Grant	To promote the increased use of evidence by governments and other development and humanitarian actors in developing and implementing policies and interventions that improve people's resilience to climate related hazards.
UK	International	Adaptation	UN DEVELOPMENT PROGRAMME'S BUREAU FOR CRISIS PREVENTION AND RECOVERY, PHASE V - MULTI-YEAR FUNDING (2010-12)	2010-11		0,80	Grant	National and local capacities established and/or strengthened to prevent , mitigate and recover from violent conflict and natural disasters

UK	International	Adaptation	STRATEGIC FRAMEWORK WITH BRITISH RED CROSS - BUILDING RESILIENCE AND DISASTER PREPAREDNESS	2010-11		0,14	Grant	To support the British Red Cross' contribution to strengthening the effectiveness of the international work of the Red Cross Movement in its core functions (emergency response, resilience building, and international humanitarian law)
UK	International	Adaptation	STRATEGY FOR DFID/ INTERNATIONAL FEDERATION OF RED CROSS AND RED CRESCENT PARTNERSHIP - REDUCING VULNERABILITY TO DISASTERS	2010-11		0,65	Grant	Strengthen International Federation of the Red Cross and Red Crescent's capabilities in Field Operations and Preventative Action
UK	International	Adaptation	SUPPORT TO CONSULTATIVE GROUP FOR INTERNATIONAL AGRICULTURAL RESEARCH (CGIAR)	2010-11		10,09	Grant	To increase the contribution of agriculture and natural resources to food security, growth, poverty reduction, and environmental sustainability by increasing the relevance and impact of international agriculture and natural resources research
UK	East and Central Africa	Adaptation	SUPPORT TO THE ASSOCIATION TO STRENGTHEN AGRICULTURE RESEARCH IN EAST AND CENTRAL AFRICA (ASARECA)	2010-11		0,68	Grant	To contribute to increased and sustainable productivity, value addition and competitiveness of the sub-regional agricultural system (The Association for Agricultural Research in East and Central Africa)

UK	International	Adaptation	COMBATING INFECTIOUS DISEASES OF LIVESTOCK (CIDLID) - TO HELP IMPROVE AGRICULTURAL PRODUCTION IN A CHANGING CLIMATE	2010-11		0,51	Grant	To support basic and strategic biological and biotechnological research in animal health that contributes to the achievement of the MDGs through greater understanding of how to combat diseases of domesticated livestock that affect the livelihoods of poor
UK	South Africa	Adaptation	SOUTH AFRICAN DEVELOPMENT COMMUNITY MULTI-COUNTRY AGRICULTURAL PRODUCTIVITY PROGRAMME (SADC/MAPP) PRE IMPLEMENTATION PHASE	2010-11		0,04	Grant	To contribute to the development of a multi-country agriculture productivity programme in Southern Africa
UK	Africa	Adaptation	AFRICAN AGRICULTURAL TECHNOLOGY FOUNDATION (AATF) PHASE 2 OF DFID FUNDING, 2010 – 2013	2010-11		0,32	Grant	To facilitate public-private partnerships for the transfer, development, production and deployment of agricultural technology. AATF works closely with African farmers, scientists, businesses, NGOs to identify needs of poor farmers and to match these needs
UK	International	Mitigation	POLICY INNOVATION SYSTEMS FOR CLEAN ENERGY SECURITY	2010-11		0,85	Grant	To advance evidence based learning on energy, delivery and sustainability to improve equity of access for poor people.

UK	International	Mitigation	DFID PARTICIPATION IN EUROPEAN RESEARCH AREA NETWORK (ERA-NET) TRANSNATIONAL CALL ON BIO ENERGY: AN OPPORTUNITY OR THREAT TO THE RURAL POOR	2010-11		0,06	Grant	DFID participation in European Research Area Network (ERA-NET) transnational call on bio energy: An opportunity or threat to the rural poor.
UK	International	All	HIGH-LEVEL DESIGN OF THE "CLEAN POOL FUND"	2010-11		0,17	Grant	Potential support to a pilot public-private fund (the "Climate Public Private Partnership", or "CP3") to catalyse private investment at scale, into low carbon infrastructure in Asia, to achieve significant carbon abatement as well as rural electrification
UK	International	All	OPTIONS FOR PILOTING CREDITING AND TRADING MECHANISMS	2010-11		0,34	Grant	To increase poor countries' access to, and benefit from, the Clean Development Mechanism and other market-based mechanisms
UK	International	REDD+	SUPPORT SERVICES FORESTRY	2010-11		0,15	Grant	Provide support to International Forest Policy Processes
UK	International	All	INTERNATIONAL CENTRE FOR TRADE AND SUSTAINABLE DEVELOPMENT - STRATEGIC FRAMEWORK AGREEMENT	2010-11		0,29	Grant	To foster constructive dialogues and strengthen knowledge communities on trade and sustainable development.
UK	International	All	LEARNING HUB FOR EVIDENCE-BASED POLICY MAKING ON CLIMATE CHANGE	2010-11		0,46	Grant	To build capacity to effectively support and guide national and sub-national adaptation and low carbon development.

UK	International	All	LOW CARBON GROWTH, ADAPTATION AND MITIGATION	2010-11		0,06	Grant	To support the development of low carbon growth workplans
UK	International	All	INTERNATIONAL INSTITUTE FOR SUSTAINABLE DEVELOPMENT - CLIMATE CHANGE	2010-11		0,08	Grant	To make available better information on the scope, value and impacts of fossil-fuel subsidies, on the environment, society, and the economy.
UK	International	All	CLIMATE AND DEVELOPMENT KNOWLEDGE NETWORK	2010-11		9,99	Grant	That developing countries have improved access to high quality research and information in designing climate change policies and programmes by 2015.
UK	International	All	CLIMATE SCIENCE RESEARCH	2010-11		1,37	Grant	To narrow the range of climate futures planners have to confront when designing resilient livelihood and development strategies for African regions/sub-regions. More specifically, the project will ‘produce improved knowledge and climate science capacity’

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EU Accountability Report 2011 on Financing for Development

Review of progress of the EU and its Member States

Accompanying document to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review

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Annex 5: Third Monitoring Report and Progress Review of the EU Fast Track Initiative on Division of Labour

Prepared by Sondra Wentzel, Urs Buercky, Gesellschaft fürInternationale Zusammenarbeit, and Philipp Knill, German Federal Ministry for Economic Cooperation and Development.

Special thanks to all country facilitators of the Fast Track Initiative on Division of Labour for their often very comprehensive answers to the questionnaire, to the participants of the EU Technical Seminar on Aid Effectiveness for their valuable comments and to Sibylle Tepper for steering the communication process of the survey.

1. Key Message

Since 2008, the EU Fast Track Initiative on Division of Labour and Complementarity (FTI DoL) which involves the European Commission and currently 14 Member States as facilitators has supported DoL processes in approximately 30 partner countries.

This 3rd Monitoring Survey as well as trends since 2008 show that especially in the 19 countries involved since the beginning, there has been encouraging progress.

There is widespread use and institutionalization of donor mappings as an aid management instrument, an upward trend in country-level agreement on sector definitions as an important precondition for DoL and solid use of lead donor arrangements that can generate more momentum for DoL. Perceived partner country commitment to DoL processes has also somewhat improved.

Considering the results of DoL processes, these are increasingly positive with regard to the quality of sector dialogue and, at a lower level, the rationalization of aid allocations. Finally, the responses show an increasing expectation of positive contributions to aid and development effectiveness.

Nevertheless, the DoL approach is demanding and takes time to yield measurable results. Also, some methodological issues still need to be resolved. Questions related to country ownership and donor commitment – i.e. interests and incentives - will remain permanent challenges. Finally, to show its full potential, the DoL approach should be better adapted to specific country conditions and integrated with other aspects of the aid effectiveness agenda. At EU level, ongoing discussions on Joint Programming provide a framework to deal with these challenges.

An emerging issue of relevance with regard to explain HLF 4 is the rapidly increasing importance of “new donors” and “new funding lines” reported from country level. This phenomenon adds to the complexity of the global aid and development architecture and thus presents new challenges for the DoL and broader aid effectiveness agendas.

2. Background

The EU Fast Track Initiative on Division of Labour and Complementarity (FTI DoL) aims to support a selected group of partner countries in the process of implementing In-Country Division of Labour (DoL) as a contribution to aid and development effectiveness. In the context of this initiative, since 2008 EU Member States and the European Commission as facilitating and supporting donors have been systematically cooperating with approximately 30 partner countries, using the principles of the May 2007 EU Code of Conduct on DoL as their main point of reference. Improved DoL is to increase the complementarity of donor contributions and the efficiency and effectiveness of aid delivery, thus contributing to improved development results.

DoL can be understood as an integral part of the harmonization agenda but should not be confused with donor coordination. Donor coordination is about dealing with the given situation of (too) many donors working in the same country and sector (i.e. fragmentation of donor contributions) but not changing this situation per se. DoL in contrast is about changing the situation by systematically reducing the number of donors in overcrowded sectors and increasing support for orphan sectors, making use of donors' comparative advantages in the process to ensure the complementarity of their contributions. Nevertheless, in most countries donor coordination and DoL happen at the same time and complement each other.

A first monitoring of the status quo of DoL implementation was conducted in December 2008 (responses from 22 partner countries), the second in October 2009 (responses from 28 partner countries). Results were widely shared and perceived as a valuable input for discussions on DoL at EU level and beyond, e.g. in the context of the OECD Working Party on Aid Effectiveness (WP-EFF), especially its Task Team on Division of Labour and Complementarity (TT DoL).

As was recommended in the 2009 FTI DoL Monitoring Report, in 2010, beyond ongoing in-country facilitation of DoL processes, five DoL country cases were presented and discussed at DG Meetings and Technical Seminars in Brussels. Also, FTI DoL and TT DoL co-organized two Regional Workshops on Country-Led DoL for Anglophone Africa in Uganda (Sept. 2010) and for Francophone Africa in Tunis (Nov. 2010) with participants among government, civil society and donor representatives from at total of 20 partner countries.[1] A workshop for Latin America will take place in Honduras in April 2011, the feasibility of one in Asia in the first half of 2011 is still being discussed.

Members of the FTI DoL agreed to continue the monitoring on a regular basis. This paper presents the findings of the third monitoring round which took place until February 2011, reporting on the situation in 2010 (see Annex 1 for an overview of the results). With a view towards contributing to ongoing discussions on how to insert DoL into the preparation process and the agenda of HLF 4 in Busan in late 2011, this paper also provides a broader progress review on the FTI DoL by assessing trends since the first monitoring in 2008.

1 *The workshop reports are available at: http://www.oecd.org/document/9/0,3746,en_2649_3236398_45464009_1_1_1_1,00.html*

This time, the questionnaire[2] was sent out to the 31 partner countries on the current FTI DoL list (see Table 1 and Annex 3).[3] Responses received from the facilitating donors in the following 30 partner countries[4] could be integrated in this report (numbers in brackets indicate how many times the country participated in the monitoring since 2008): Albania (2), Bangladesh (3), Benin (3) Bolivia (3), Burkina Faso (3), Burundi (3), Cameroon (3), Central African Republic (2), Ethiopia (3), Ghana (3), Haiti (1), Honduras (2), Kenya (2), Kyrgyz Republic (3), Laos (1), Madagascar (3), Malawi (2), Mali (3), Moldova (1), Mongolia (3), Mozambique (3), Rwanda (3), Senegal (2), Serbia (1), Sierra Leone (1), Tanzania (3), Uganda (3), Ukraine (3), Vietnam (3) and Zambia (3). Despite the rather tight deadline, in 11 countries (38%), donors and the partner country representatives answered jointly[5], in 20 countries (69%) was the answer coordinated with other donors (in 9 countries or 31%, both consultations happened); the remaining questionnaires were filled in only by the facilitating donors.

For the purpose of contextualizing the monitoring results, the countries covered by the FTI DoL are classified in Table 1 with regard to regions and country types; the table also shows the number of bilateral and multilateral donors reporting to the OECD-DAC per country as a first (though rather crude) indicator of fragmentation - the core problem the DoL approach seeks to address. The numbers vary considerably within the Low Income Country (LIC) group (from 19 to 35) but also in the Middle Income Country (MIC) group (from 21 to 32), whereas numbers are similar comparing the two groups. The table also marks the countries covered by presentations in Brussels at the meetings of the EU Directors General as well as those participating in the two Regional DoL Workshops in 2010.

The FTI monitoring list includes “core countries” of the Aid Effectiveness Agenda, most of which are African LICs and Least Developed Countries (LDCs). But even within this group there are considerable differences between Anglophone (including Mozambique) and Francophone countries, and again within each category, in terms of their capacities for aid coordination and management and their priorities within the broad aid effectiveness agenda. Beyond Africa, with few exceptions, aid effectiveness and DoL processes are much more recent, and the list includes more Lower Middle Income Countries (LMICs) and, in Europe, even Upper Middle Income Countries (UMICs) with a much stronger potential for country ownership in aid management, but also with different priorities and challenges.

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2 *A copy of the questionnaire is attached in Annex 2.*

3 *The FTI DoL List was attached to the Operational Framework on Aid Effectiveness (2009) (18239/10) http://www.ec.europa.eu/europeaid/how/ensure-aid-effectiveness/eu-approach_en.htm. This list is updated in Annex 3 of this document, as there have been some changes in the choice of countries and in the facilitator roles among EU donors. The FTI DoL List of the Operational Framework forms the basis for Table 1, naming those included in the present survey. In this and previous surveys, choice was made to include some countries in the monitoring that do not feature on the FTI DoL List, but have interesting processes to report on. In the previous surveys, a total of 32 partner countries (2008) and 36 countries (2009) were included. Besides European Commission, 14 Member States are currently involved in the FTI-DoL: BE, CZ, DE, DK, ES, FR, IE, IT, LUX, NL, PT, SE, SI and UK (see Annex 3). With the exception of Laos, Malawi, Mongolia and Uganda which are without facilitating donors, there are one or two facilitating and up to seven supporting EU donors per partner country covered in the 2011 FTI DoL monitoring.*

4 *Twenty-nine responses received until March 7, 2011 could be integrated into the quantitative analysis and graphs of this final report (information from the Central African Republic which arrived later was integrated qualitatively). These 29 responses represent 94% of the countries on the current FTI DoL List (69% in 2008, 78% in 2009). Responses vary considerably in the amount of additional comments and documents provided which facilitate understanding of the situation at country level.*

5 *These countries are: Albania, Bangladesh, Benin, Bolivia, Burkina Faso, Burundi, Senegal, Serbia, Sierra Leone, Ukraine and Vietnam (in the case of the Ukraine, the EU facilitator actually passed on the questionnaire filled in by the government with some comments). In several other countries, partner government responses were requested but not received in time.*

Table 21 - Partner Countries Addressed in the EU FTI Monitoring Survey 2011

Continent	Subcategories	Low Income Country	Middle Income Country	
			Lower Middle Income Country	Upper Middle Income Country
Africa	Anglophone	**Ethiopia (35)*+** Ghana (31)+ Kenya (36)+ **Malawi (24)+** **Rwanda (34)+** **Sierra Leone (26)+** **Tanzania (35)+** **Uganda (30)+** **Zambia (31)+**	---	---
	Lusophone	**Mozambique (35)+**	---	---
	Francophone	**Benin (26)+** **Burkina Faso (30)+** **Burundi (30)** **CAR (19)+** **Madagascar (25)+** **Mali (29)*+**	Cameroon (26)+ **Senegal (31)+**	---
Asia		**Bangladesh (28)** **Laos (28)** Kyrgyz Rep. (19)	Mongolia (24) Vietnam (32)*	---
Latin America		**Haiti (23)+**	Bolivia (29)* Honduras (27)	---
Europe		---	Moldova (22)* Ukraine (21)	Albania (27) FYROM (22) Serbia (30)
Total		20	8	3

Sources of country classifications:

World Bank 1/2011 (http://data.worldbank.org/about/country-classifications);

UN 1/2011 (http://www.unohrlls.org/en/ldc/related/59/)

Notes:

red: no response; ***bold:*** *Least Developed Country (LDC);*

(…) number in brackets: numbers of donors (OECD DAC 2011, based on 2009 CPA data);

**) country case presented at 2010 DG Meetings and/or Technical Seminars;*

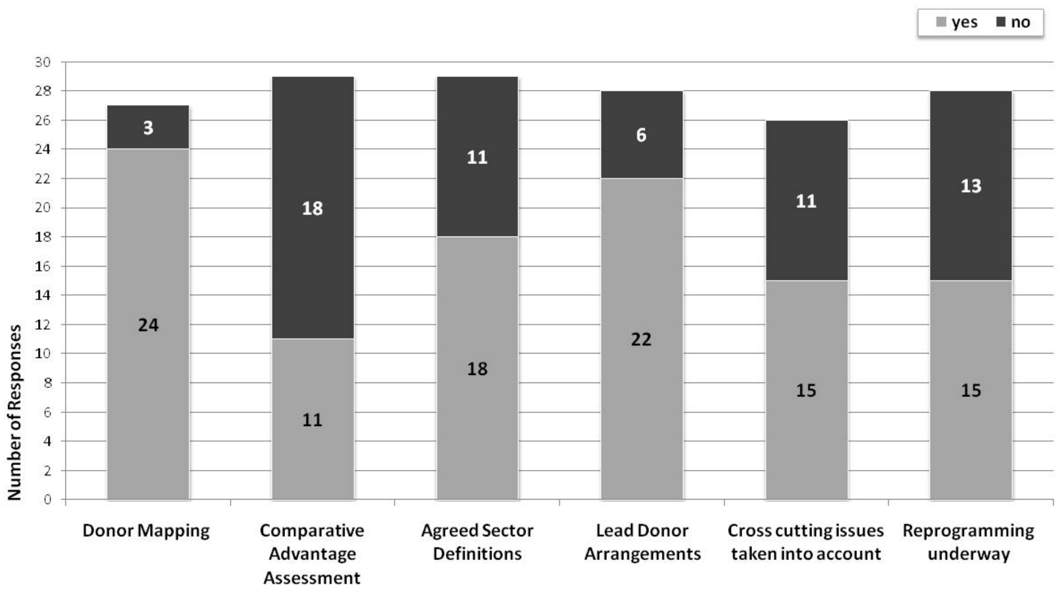
+) country participation in one of the two regional DoL workshops in Africa 2010 (by government and/or donor and/or civil society representatives).

3. Progress in Division of Labour Processes

As was already described in the previous monitoring reports, "ideal-type" DoL processes at partner country level go through three stages (independent of who takes the lead). First of all, an assessment of the status quo takes place e.g. through a mapping of donor presence at sector level. In a second step, partner governments articulate their preferences, donors assess their respective comparative advantages (individually and/or through a peer review), and both sides negotiate an agreement on DoL. Finally donors and partner countries implement an improved DoL regime by reprogramming aid at sector level or using delegated cooperation.

Figure 38 shows the current status of six major aspects of DoL implementation in 2010 (29 responses). As in the previous years, country situations vary considerably, depending e.g. on the length of involvement with the "DoL Agenda."[6] Recent political crises or natural disasters in several countries have also had their impact on aid management, including DoL processes.[7]

Figure 38 - Status of the DoL Process (2010)



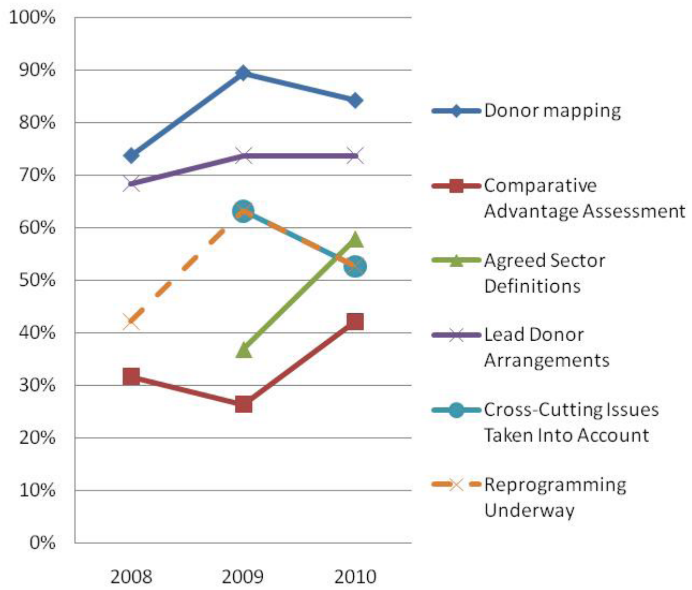
Donor mappings and lead donor arrangements continue to be the instruments of the DoL approach most widely used. Information from the questionnaires shows that many donor mappings have been updated and improved in recent years and that in some cases the instrument has become an integral part of aid management at country level. Examples are the ongoing development of the second Joint Assistance Strategy in Zambia (JASZ II) or the "G19" process in Mozambique in which all 19 General Budget Support donors are involved. Lead donor arrangements, usually in the context of Sector Working Groups, can take a variety of forms and degrees of formality but are generally described as useful. Other elements of the DoL approach - mutually agreed sector definitions and actual reprogramming, but also the integration of cross-cutting issues and comparative advantage assessments – continue to be less frequent.

6 *In 2011, Haiti, Laos, Moldova, Serbia and Sierra Leone were newcomers to the survey with so far limited DoL implementation to report.*

7 *For example, in Madagascar due to the application of Art. 96 of the Cotonou Agreement many development cooperation programs and activities were interrupted and it was impossible to continue the DoL process.*

Figure 39 shows the trends in DoL implementation since 2008 only for those 19 countries which participated in all three surveys.[8] Again, donor mappings and lead donor arrangements are the most frequently used instruments. In 2009, the absence of jointly agreed sector definitions had been identified as a frequent challenge for In-Country DoL processes. With regard to this aspect, there has been a significant improvement, whereas the frequency of all other elements of the DoL approach has fluctuated over time.

Figure 39 – Trends in the Status of DoL Processes



The frequency of comparative advantage assessments has picked up again after a slight decline in 2009. Comments in the questionnaires show that they are already institutionalized in Ghana or Mozambique but continue to be a challenge in many other countries. They often seem to happen rather informally. Cross-cutting issues like human rights, gender and environment were said to be systematically addressed in the context of lead donor arrangements in about two thirds of the countries in 2009 but now show a downward trend. However, these issues are sometimes also treated as separate sectors or by specialized working groups.

Reprogramming as a consequence of DoL processes shows a decline after a peak in 2009 but is still above 50%. Progress at least among EU donors is reported from Joint Assistance Strategy or other review processes e.g. in Ghana, Mozambique and Zambia. However, as was noted already in 2009, in several countries (even those mentioned above) reprogramming also continues to be the result of unilateral portfolio decisions at donor headquarters[9], and the coordination of exit strategies at country level remains a challenge. Delegated cooperation is reported from several countries, mainly in Anglophone Africa, but is still only incipient in most of Francophone Africa, Asia and Latin America.

8 *These countries are: Bangladesh, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Ethiopia, Ghana, Kyrgyz Republic, Madagascar, Mali, Mongolia, Mozambique, Rwanda, Tanzania, Uganda, Ukraine, Vietnam, and Zambia.*

9 *The response from Vietnam, for example, relates reprogramming to the fact that donors scale down their ODA in view of the country's recent acquisition of middle-income country (MIC) status.*

Nine responses (31%)[10] report Action Plans which were proposed in the November 2009 Council Conclusions[11] as an additional support for DoL processes. In the case of Ghana, the Action Plan states:

"To mitigate the risk of proliferation of processes and papers, this action plan is based on existing processes like the G-JAS review, the mapping and strengthening of Sector Working Groups and will be harmonised with the draft implementation plan for the Ghana Aid Policy expected to be presented at the CG meeting in September 2010. It follows a pragmatic approach with the aim of saving resources on all sides and identifying/formulating a set of significant and achievable targets."

The Mozambique Action Plan, while directed first of all at EU donors, is also embedded in the "G19" process. Some reports on DoL action plans actually refer to broader plans already developed outside of the FTI DoL (e.g. the Harmonization Action Plan in Albania, the Joint Cooperation Strategy in Bangladesh, or the EU Aid Effectiveness Roadmaps in Tanzania and Vietnam), and most of these responses do not consider the elaboration of separate DoL Action Plans advisable. In Zambia, a DoL action plan was drafted but the process discontinued because DoL would be well covered in the new JASZ. Similar comments come from a number of countries which responded negatively to the question since DoL is already an integral part of government-donor dialogue (e.g. Sierra Leone). Given this feedback, it seems advisable to leave it to facilitating donors at country level to decide and report if a special FTI DoL Action Plan can add value in the national aid management context.

Two questionnaires (Burkina Faso, Ghana) refer to an issue which is so far not explicitly addressed by the DoL approach: its relationship to the changing mix of aid modalities. The response from Burkina Faso argues that a donor providing Sector Budget Support to five sectors may have a better impact on aid effectiveness than one focusing on only three sectors but utilizing a project approach. Similarly, the response from Ghana compares the impact of sector concentration via PBA favorably to that via "small, traditional projects." This issue deserves more attention and also points to the need to better integrate DoL into the broader aid effectiveness agenda at country level.

Finally, feedback from the facilitators themselves on their experiences was as follows: considering only responses from those countries involved in the FTI DoL already before receiving the questionnaires12, in 2011, 50% (of 24) respondents were satisfied with the information they received from their headquarters (down from 63% of 24 respondents in 2009). In 2011, 58% felt well prepared for their role as DoL facilitators (also down from 63% in 2009), 21% (vs. 29% in 2009) explicitly did not.

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10 Albania, Bangladesh, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Tanzania and Vietnam.

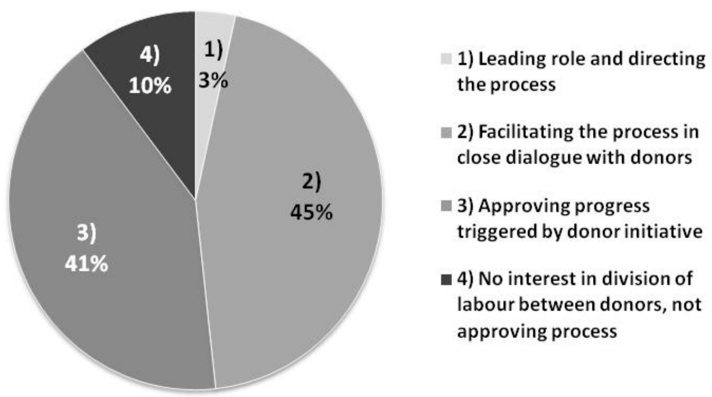
11 Annex I., A.3.f): "Building on existing work, and additional action in line with measures described above, develop, by 31 March 2010, a joint action plan and timeframe per FTI DoL country for the implementation of DoL. The plan is to be based on the Code of Conduct and the Toolkit for Division of Labour, also taking into account the International Good Practice Principles for Country-Led Division of Labour. The joint action plan should be coordinated with partner countries and other donors with a view to being integrated into Joint Assistance Strategies where these exist."

12 In 2011, responses included five countries new to the FTI DoL, in 2009, four (in 2008, no feedback was requested from facilitators).

4. Leadership and Promotion of DoL Processes

With ownership being the key principle of both the Paris Declaration (PD) and the Accra Agenda for Action (AAA), donors should strive for engaging in a way that supports partner countries' priorities and strengthens their leadership. As noted in the previous two reports, DoL still seems to be a process initiated and promoted mainly by donors, in most cases led by European Commission or Member States – despite considerable efforts to the contrary by EU facilitating and supporting donors and the regional workshop series on "Country-Led DoL." However, in comparison to previous years, many more countries are now not only approving DoL processes but are reported to be involved in facilitating them (see Figure 40).

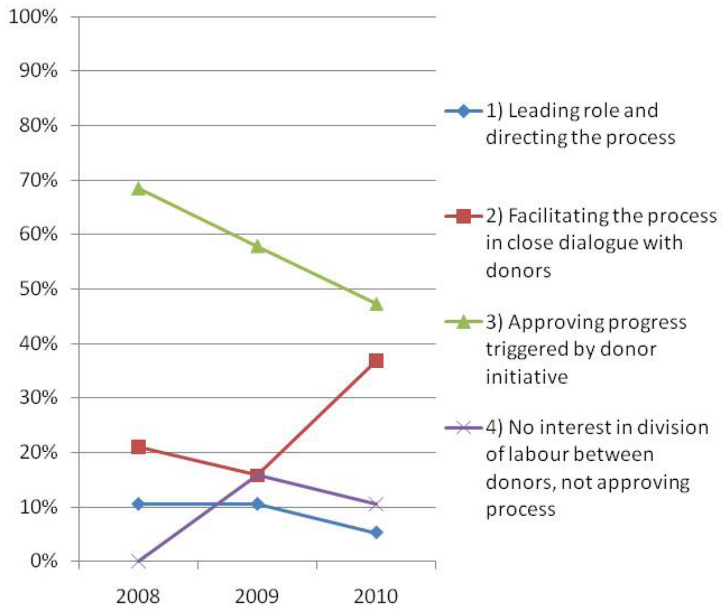
Figure 40 - Commitment of partner government (2010)



As Figure 41 shows (again based on a comparison of 19 countries over time), only one partner country – Rwanda – has continuously been in the lead of its DoL process which is an integral part of Rwanda's much broader and very assertive aid coordination and management. This experience provided a stimulating input for other Anglophone countries at the regional workshop in Uganda (see Footnote 1). Three other countries which were at some point classified as "in the lead" (Tanzania, Uganda, and Malawi) are now – more realistically, as their presentations at the same workshop showed - described as facilitating or approving DoL processes.

Indeed, given that improvements in DoL and complementarity as part of the broader harmonization agenda are first of all a donor responsibility, it may not be realistic to expect all partner countries to immediately – or ever - assume a leading role in DoL processes. Therefore, it is encouraging to see that the numbers in the category "facilitating role" have recently been increasing quite considerably. Zambia is the only country which has assumed a strong facilitating role for the last three years but continues to suffer from shortages in personnel that limit its leadership in aid management. An additional considerable but declining number of partner governments continue to approve DoL progress triggered by donors.

Figure 41 – Trends in Partner Country Commitment to DoL



The number of partner countries reported to have no interest at all in DoL remains low and fluctuates to some degree as a result of external events (political changes, natural disasters). Countries in fragile situations like Haiti or the Kyrgyz Republic are reported not to be in conditions to provide leadership to aid management in general, let alone in DoL, but the case of Sierra Leone shows that this situation can improve, although aid management in a post-conflict situation has its own challenges. The response from Burundi stresses that the country actually does not have enough donors to cover its financing needs, explaining why DoL is not a pressing concern; the response from the Central African Republic contains similar observations.[13] Similarly, the response from Serbia considers the DoL Agenda less relevant for this country which has a rapidly decreasing number of donors due to its upper middle-income country (UMIC) status.

Well-known reasons for weak ownership of partner governments like the fear of losing resources (especially among sector ministries) and low aid management capacities continue to be reported and need to be taken into consideration in every DoL process. Some responses also refer to some partner governments' different priorities in the context of the broader Aid Effectiveness Agenda[14], but also to other partner governments' frustration with the limited or mixed results of previous DoL or harmonization initiatives (e.g. Ethiopia, Kenya).

The inclusiveness of DoL processes with regard to EU and other ODA donors, and with a view towards eventually including also non-DAC donors and private actors like NGOs or foundations shows the following trends and challenges (see Table 22; data from 19 countries).

13 According to the most recent OECD DAC statistics (see Table 1), CAR indeed has "only" 19 donors, but Burundi has 30, the same number as Uganda. As was already stated in the previous report, further statistical work on aid fragmentation and proliferation should address the contradictions between numbers like these and local perceptions of fragmentation.

14 Such different priorities are e.g. ownership and also alignment for Uganda and Bolivia or the implications of the new middle-income country (MIC) status in Vietnam.

Table 22 – Trends in Donor Participation in DoL Processes

All ODA Donors Participating (in 2008, the question referred only to "all EU donors")	2008	2009	2011
Yes	79%	32%	37%
No	16%	68%	63%
No Data	5%	0%	0%

Participation of all ODA donors is slowly increasing, and while the participation of EU donors was no longer asked separately after an initial high value in 2008, the lists of participating donors in some of the questionnaires continue to demonstrate strong commitment by the EU donors. Other donors mentioned as participating in DoL processes are Switzerland (in 7 countries), Canada (5), Norway (4) and USAID (3). Much seems to depend on the way the DoL approach is introduced: the response from Bangladesh relates that DoL initially was "quite contentious" among non-EU donors who thought they would be required to submit to the EU Code of Conduct. The reports from Kenya and Mozambique, in contrast, stress the participation of all KJAS or "G19" donors (in the case of multilaterals in Mozambique, taking their "broad mandate" into consideration) in processes which started before the EU Code of Conduct (as they did in several other Anglophone African countries). Multilaterals are also reported to be participating in Burkina Faso and in the context of the Six Banks Initiative in Vietnam. Vertical funds are not specifically mentioned in any of the 2011 questionnaires.

Non-DAC donor participation in DoL processes in contrast is not yet happening, and even their participation in general donor coordination is still very incipient (with the apparent exception of Moldova and the Kyrgyz Republic). However, several reports stress the increasing importance of China and to a lesser degree other "new donors" (e.g. in Laos) and/or the rapid expansion of climate change financing (e.g. in Bolivia). From Ghana, Mozambique and Zambia, there are reports that discussions have already started on how to better involve these new actors at country level, starting from information exchange and coordination. In this context, the questionnaire from Sierra Leone recommends to also include NGOs whose presence is important in this post-conflict country. With a view towards HLF 4 and beyond, strategies to deal with the rapidly increasing complexity of the Global Aid and Development Architecture, both at the international and the country levels, certainly merit close attention.

5. Results of DoL Processes

As was already explained in the previous report, differentiating between the effects of donor coordination, DoL and other aid effectiveness activities is rather difficult. In addition, the results presented here are based on the perceptions of donor field and, in some cases, partner government staff, not on any objective measurement. Several of the responses from countries new to the FTI DoL monitoring also indicate that it is too early to even assess immediate, let alone long-term results of DoL processes. Therefore, the evidence in this part needs to be interpreted with caution.

Figure 42 - Impact of Division of Labour (2010)

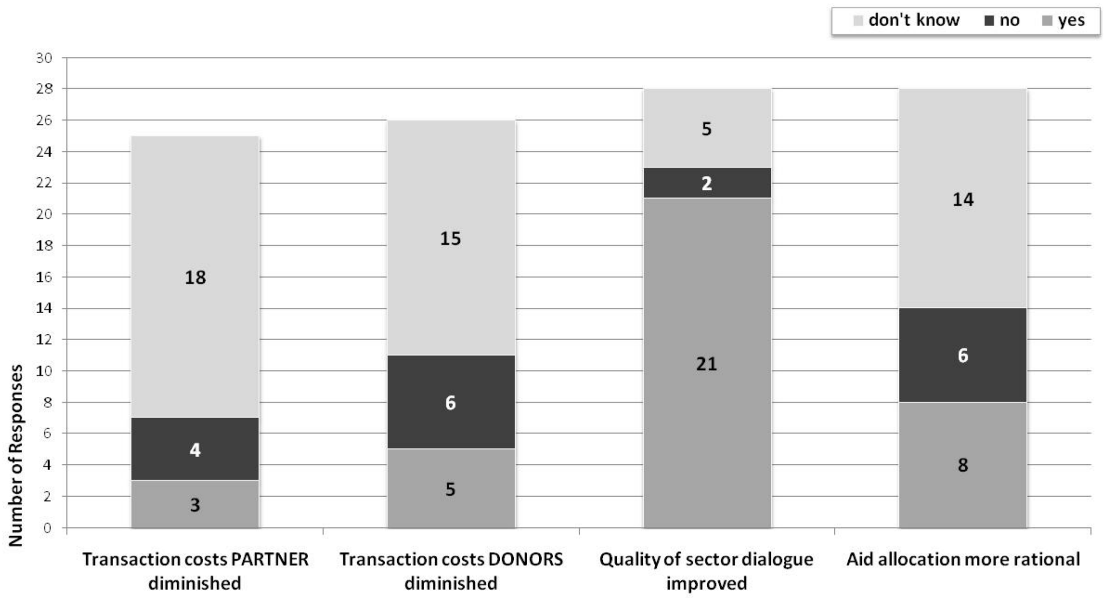
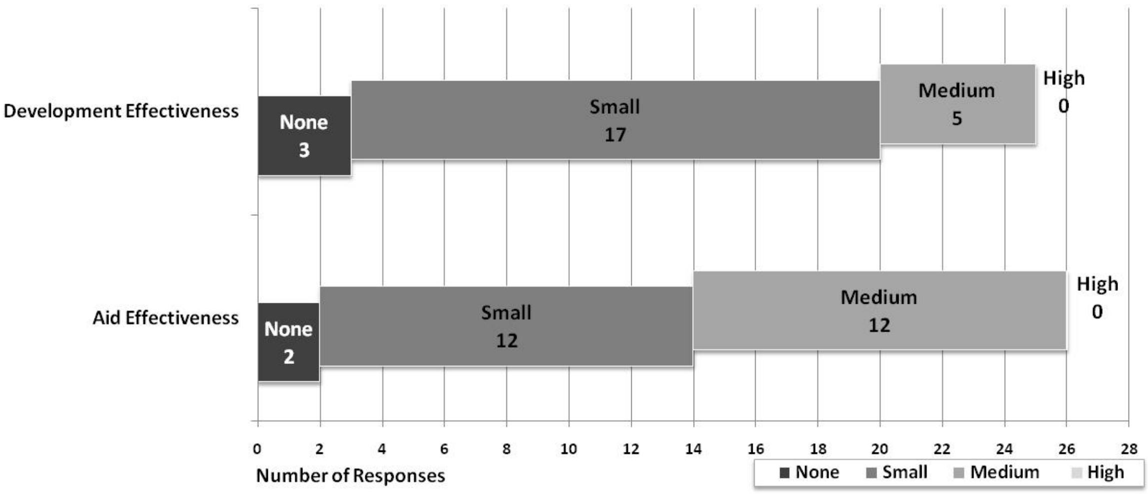


Figure 43 - Contribution to Aid and Development Effectiveness (2010)

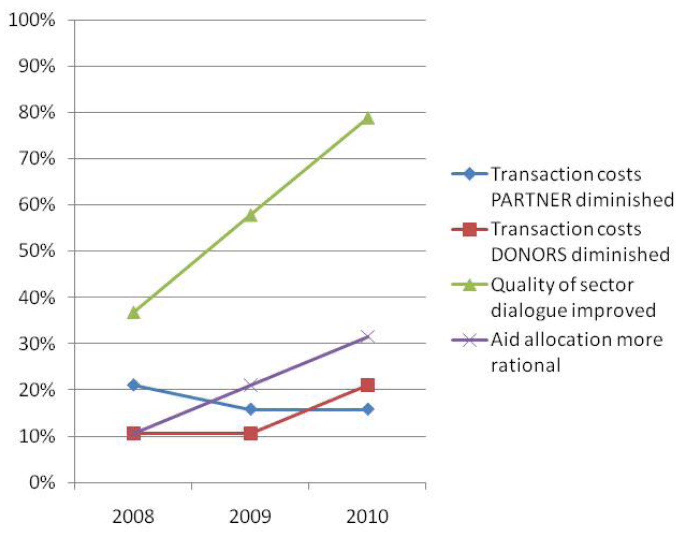


As in the last report, feedback regarding the quality of sector dialogue as a result of DoL processes is encouraging. With regard to the rationalization of aid allocation across sectors or the reduction of transaction costs, the uncertainty in responses is significant. More rationalized aid allocation is claimed in more than a quarter of the countries, but decreased transaction costs are reported from only few countries.

Noticeable or at least anticipated impacts of DoL on aid and development effectiveness continue to be moderate, but far less responses are identifying no contribution at all in comparison to 2009. While a considerable number of responses see a “medium” contribution to aid effectiveness, most see ”small” contributions of DoL to development effectiveness. Some reasons given refer to the early stage of DoL (e.g. in Benin, Ethiopia, Madagascar, Rwanda, Sierra Leone, Vietnam), other responses show more general skepticism, e.g. that from Ghana which sees no clear linkage between DoL and MDGs or from Zambia on any plausible impact of DoL on development effectiveness in the sense of “broad based employment and poverty reduction.”

With regard to these more immediate results of DoL processes, it is again interesting to take a look at the trends emerging out of the three surveys (see Graph 7, again for 19 countries). Among the more immediate results of DoL processes, the positive trend with regard to the improvement of sector dialogue is confirmed as are, at a much lower level, improvements in the rationalization of aid allocation. With regard to the reduction of transaction costs, one of the most important ways in which DoL approaches are expected to contribute to aid effectiveness, only 16% of the respondents see improvements for partner countries (a decline since 2008), and only 21% for donors (an increase since 2008). The responses show that there is increasing insecurity about these issues and also about the rationalization of aid allocation, pointing at the need to provide better definitions and measurements for these two important concepts.

Figure 44 - Trends in Impact of Division of Labour



Finally, with regard to the perception or rather expectation of “higher level impacts” on aid and development effectiveness (inquired about only since 2009), the overall trend since 2009 is more optimistic, i.e. towards a “medium” contribution to aid effectiveness and a “small” contribution to development effectiveness (see Table 23).

Table 23 - Trends in Contribution to Aid and Development Effectiveness

Results	Year	2009	2011
Aid Effectiveness	None	21%	11%
	Small	47%	37%
	Medium	32%	47%
	High	0%	0%
	No data	0%	5%
Development Effectiveness	None	32%	11%
	Small	47%	63%
	Medium	21%	16%
	High	0%	0%
	No data	0%	11%

6. Obstacles and Enabling Factors for Division of Labour

Based on responses in the first two monitoring surveys, the 2011 questionnaire provided a number of options to allow for a quantification of responses.

6.1. Obstacles

Most of the obstacles mentioned in the 2008 and 2009 monitoring reports remain relevant (see Table 24). Limited partner country ownership (66% of responses), but also the reluctance by donors to leave attractive sectors (55%) continue to be the major obstacles in In-Country DoL processes. Both issues, as was already discussed in the previous reports, have to do with interests, incentives and in the end political will on partner country and donor side. Partner country ownership was already dealt with above. With regard to limited donor commitment to DoL processes, responses also refer to the problem of conflicting messages received from donor headquarters, e.g. with regard to European Commission's vertical sectoral funding lines or bilateral donors' changing sectoral priorities which complicate efforts by field staff to support DoL at country level. This problem was also highlighted at the Regional Workshops on DoL in Kampala and Tunis in 2010.

Table 24 - Major Obstacles in DoL Processes (2010)

	No. of responses (total: 29)
Limited partner country ownership	19
Reluctance by donors to leave attractive sectors	16
Lacking clarity of donor roles	8
Legal and administrative barriers	8
Limited capacities on donor side	9
Growing number of parallel aid effectiveness initiatives	6
Others	8

In comparison to the two more political obstacles above, limited donor capacities (e.g. with regard to DoL instruments or simply available time) are mentioned by 31% of the respondents, lacking clarity of donor roles and legal and administrative barriers by 28%, and the growing number of parallel aid effectiveness activities by 21%. The first three are more technical or administrative problems that can be addressed in the preparation and implementation of DoL processes. The last issue, however, is an unintended consequence of the broader aid effectiveness agenda which certainly merits attention since it points towards an overload of well-intended activities at country level.

6.2. Enabling factors

As in the previous reports, engagement of EU Member States and European Commission is generally perceived as a major enabling factor for DoL (55% of the responses). The will of development partners to implement the Paris Declaration and the Accra Agenda for Action as well as the growing awareness of partner governments regarding the significance of strong aid management structures are also mentioned by almost half the respondents (45% each). Targeted technical support for DoL processes, e.g. through the European Commission's "floaters" or organized at country level, is reported as an enabling factor from six countries (21%).

Table 25 - Enabling Factors for DoL Processes (2010)

	No. of responses (total: 29)
Strong engagement by EU Members and Commission	16
General will of development partners to implement PD and AAA	13
Growing awareness of partner government for the need of strong aid management structures	13
Targeted TA-support through FTI DoL or other initiatives	6
Others	3

7. Conclusions

This 3rd FTI DoL Monitoring Survey and the review of trends show **improvements since 2008** in DoL implementation and **encouraging results in some important areas.**

There is widespread use and institutionalization of **donor mappings** as an aid management instrument, an upward trend in country-level **agreement on sector definitions** as an important precondition for DoL and solid use of **lead donor arrangements** that can generate more momentum for DoL.

Perceived **partner country commitment** to DoL processes has also somewhat improved.

Considering the results of DoL processes, these are increasingly positive with regard to the **quality of sector dialogue** and, at a lower level, the **rationalization of aid allocations**; however, the attribution of these results to DoL processes seems to be questionable in some cases. Finally, the responses point to an increasing expectation of positive contributions to **aid and development effectiveness**.

When looking at the **obstacles for the implementation of DoL**, it is clear that the challenge of ensuring sufficient political will to implement DoL remains: limited country ownership and the reluctance of donors to leave attractive sectors continue to be rated as important obstacles. The fact that more than 20% of the responses consider the number of parallel aid effectiveness activities at country level as an obstacle for implementation processes also warrants attention.

Enabling factors for DoL continue to be the EU engagement and a shared will to implement the PD and AAA. The growing awareness of partner governments to improve aid management structures is also considered important.

Reprogramming takes time and any results in terms of aid and development effectiveness will only be noticeable at country level and in OECD DAC statistics with some delay, so that no overall evaluation of DoL as an approach or the FTI is possible at this point. Nevertheless, the three FTI DoL monitoring surveys as well as other sources of evidence (e.g. PD Evaluation country studies, presentations and discussions at Regional Workshops) point at a number of **persistent challenges** of the DoL approach.

Methodology: Central concepts of the DoL approach like "comparative advantages" and "transaction costs" are attractive for policy makers since they seem to convey "common sense principles." However, they continue to escape clear definition and measurement, making it difficult for partner countries and donor field staff to apply them in DoL processes. And while sector definitions are in the process of being agreed-upon at country level, tracing progress on the global level will need further efforts to map these definitions to those used by OECD DAC.

Country ownership and role of donors: DoL as part of the broader harmonization agenda is first of all a donor responsibility, and the EU Code of Conduct is an attempt to ensure "good donorship." On the other hand, without broad country ownership for national development processes and, in this context, for the management of aid and other contributions, little progress can be expected. Currently, only the Rwandan government shows strong leadership for DoL, in the context of its assertive aid coordination and management strategy.

This, however, should not be an excuse for donors not to do their own "homework." Insufficient and/or inconsistent fulfillment of basic DoL and other aid effectiveness commitments among donors, even many EU Member States, may be a much more serious obstacle for DoL processes than the lack of country ownership. For example, most ongoing partner country concentration processes continue to be unilateral, with only limited and often ex-post information of partner countries and other donors. Also the choice of sectors, even though negotiated with the partner government and consulted with other donors, is often influenced by nationally predefined global sector spending targets.

With a view towards HLF 4, it might help if donors became more transparent about their interests and the political processes in their own countries with regard to aid allocation and other aid effectiveness commitments. In the EU context, the ongoing discussions on Joint Programming provide a framework for advancing with regard to these issues.

Context: Table 21 showed the diversity of countries included in the FTI DoL, including the numbers of donors present as a first indicator of fragmentation. There seems to be a need to further crosscheck statistical fragmentation analyses since what matters for country level aid effectiveness and DoL processes are *perceptions* of fragmentation (i.e. felt aid management burdens – the evaluation of which will in turn be influenced by perceived opportunities due to donor diversity) and *capacities* to deal with it.

As is in principle acknowledged in DoL policy documents but apparently rather difficult to implement, DoL should not be applied as a blueprint to this diversity of circumstances. Many FTI DoL facilitators stress that there is a need to understand each country's context, development priorities and aid management strategy and to have sufficient flexibility to insert relevant principles and elements of the DoL approach into ongoing local processes (which may already go beyond the EU donors) instead of adding new layers of bureaucracy.

As a consequence, one important priority should be to continue the decentralization of decision making on aid effectiveness priorities and the avoidance of "vertical" sector targets or funding lines. As was discussed during the Regional Workshops, the latter may require a change in decision making in donor capitals which often still focus more on the input of resources than intended results.

A final “context issue” is the rapidly increasing importance of “new donors” and “new funding lines.” Even though their contribution to development is most welcome, these actors further complicate the Global Aid and Development Architecture. They add to the number of donors at the country level and are increasingly seen and used as an alternative to “traditional donors” but do not adhere to many aid effectiveness principles. This topic is already on the agenda for HLF 4, and experiences made in the context of the FTI DoL can be an important contribution to these discussions.

Annex 5.2. Overview Table of Monitoring Results, February 2011

Partner Country	Dev. Strategy	Donor Mapping	Comp. Adv. Assessment	Sector definitions	Lead Donor Arrangements	Reprogramming	Action plan	Comm. partner government?	Participation all donors?	Transaction costs partner reduced?	Transaction costs donor reduced?	Quality of sector dialogue improved?	Aid across sectors rationalised	Contribution Aid Effectiveness?	Contribution Dev. Effectiveness?	Lead facil. prepared?	Satisfied with HQ communication?
Albania	yes	yes	yes	yes	yes	yes	yes	Facilitating	no	don't know	don't know	don't know	don't know	small	small	yes	yes
Bangladesh	yes	yes	no	yes	no	no	yes	Approving	yes	don't know	no	yes	don't know	none	none	no	yes
Benin	yes	yes	yes	yes	yes	yes	no	Approving	no	no	no	yes	no	small	small	yes	0
Bolivia	yes	yes	no	no	no	yes	no	Approving	no	don't know	don't know	yes	don't know	medium	small	yes	no
Burkina Faso	yes	yes	yes	no	yes	no	yes	Facilitating	no	don't know	yes	yes	yes	medium	medium	no	yes
Burundi	yes	no	no	yes	yes	yes	no	Approving	no	don't know	no	don't know	don't know	small	small	no	0
Cameroun	yes	yes	no	no	yes	no	no	Approving	yes	0	0	yes	yes	medium	small	yes	yes
CAR	no	no	no	no	no	no	no	No interest	no	no	no	no	no	small	small	no	yes
Ethiopia	yes	yes	yes	no	yes	no	yes	Approving	no	0	don't know	yes	yes	small	medium	no	yes
Ghana	yes	yes	no	yes	yes	yes	yes	Approving	yes	don't know	don't know	yes	don't know	medium	small	yes	yes
Haiti	yes	0	no	yes	yes	yes	no	No interest	no	don't know	don't know	don't know	don't know	small	small	no	
Honduras	yes	yes	no	no	yes	0	no	Facilitating	no	0	don't know	yes	don't know	small	none	0	0
Kenya	yes	yes	no	yes	yes	yes	no	Facilitating	no	don't know	don't know	0	no	medium	medium	yes	yes
Kyrgyz Rep.	yes	no	no	no	no	no	no	No interest	no	don't know	don't know	yes	don't know	none	none	no	no
Laos	yes	yes	no	no	no	no	no	Approving	no	no	no	yes	no	medium	medium	no	yes
Madagascar	yes	yes	no	no	yes	no	no	Facilitating	no	no	no	yes	don't know	medium	small	no	yes
Malawi	yes	yes	no	yes	yes	no	no	Approving	no	0	0	yes	0	small	small	yes	no
Mali	yes	yes	yes	no	0	yes	yes	Approving	no	don't know	don't know	don't know	don't know	0	0	0	0
Moldova	yes	yes	yes	yes	yes	yes	no	Facilitating	yes	don't know	no	yes	yes	medium	small	0	yes
Mongolia	yes	0	no	yes	no	no	no	Facilitating	no	no	no	no	no	small	small	0	0
Mozambique	no	yes	yes	no	yes	yes	yes	No interest	yes	no	no	yes	don't know	small	small	yes	yes
Rwanda	yes	yes	yes	yes	yes	yes	no	Leading role	yes	don't know	don't know	don't know	don't know	small	small	yes	yes
Senegal	yes	yes	yes	no	no	no	no	Facilitating	no	don't know	don't know	no	no	small	small	no	no
Serbia	no	no	no	yes	yes	no	no	Approving	no	don't know	yes	yes	no	0	0	no	0
Sierra Leone	yes	yes	no	yes	yes	yes	no	Facilitating	yes	no	don't know	yes	yes	0	0	no	yes
Tansania	yes	yes	no	yes	yes	no	yes	Facilitating	yes	yes	yes	yes	yes	medium	small	yes	yes
Uganda	yes	yes	yes	yes	yes	yes	no	Facilitating	yes	yes	yes	yes	no	medium	small	no	no
Ukraine	yes	yes	no	yes	yes	yes	no	Facilitating	no	don't know	don't know	yes	yes	medium	0	yes	yes
Vietnam	yes	yes	no	yes	yes	no	yes	Approving	no	don't know	yes	yes	don't know	small	small	no	yes
Zambia	yes	yes	yes	yes	yes	yes	no	Facilitating	no	yes	0	yes	yes	medium	medium	yes	yes

Annex 5.3.

Country-Level Questionnaire on the Implementation of Division of Labour 3rd Monitoring of the EU Fast Track Initiative on Division of Labour – December 2010

To be completed by the EU facilitating donor of the EU Fast Track Initiative on Division of Labour in coordination with partner country representatives, EU and non-EU donors present in the partner country.

Headquarters will already have received a draft version of this questionnaire for their information as an annex to the annual Monterrey Questionnaire (now renamed “EU Development Accountability and Monitoring Questionnaire”). The results of this year’s FTI DoL monitoring will be annexed to the overall Monterrey Report that will be published in spring 2011.

Country:	Date:
EU facilitating donor:	Name of the facilitating donor representative: E-mail address of the facilitating donor representative:
Partner country institution and representative responsible:	
Responses approved by partner country:	Yes ☐ No ☐
Responses coordinated with other donors:	Yes ☐ No ☐
1. Status of the process:	
1.a. Is there a generally accepted national development strategy / plan and / or joint assistance strategies which form or could form the basis for decisions on division of labour?	Yes ☐ No ☐ If yes, please provide title and validity
1.b. Has a donor mapping taken place? (please attach relevant documents or internet link if available)	Yes ☐ No ☐ If yes, when?
1.c. Have comparative advantages been identified in a systematic assessment?	Yes ☐ No ☐
1.d. Is there an agreed definition of sectors / cooperation areas between the partner country government and donors as a basis for division of labour?	Yes ☐ No ☐
1.e. Are lead donor arrangements established? (please attach relevant documents or internet links if available)	Yes ☐ No ☐
Are cross cutting issues (e.g. human rights, gender, environment) addressed in these lead donor arrangements (e.g. by agreeing on specific lead donors or integrating these issues explicitly into other sectors/areas)?	Yes ☐ No ☐
1.f. Is reprogramming underway (do donors concentrate their aid in focal sectors or give higher priority to orphan sectors and in turn move out of other sectors or use the modality of delegated cooperation)? (please attach relevant documents or internet links if available)	Yes ☐ No ☐
Comments on 1.a, b, c, d, e and f:	

1.g. What has the partner country government and the donor community undertaken to promote the implementation of division of labour? Have you elaborated an action plan on division of labour as proposed in the council conclusions of 18th Nov 2009 (http://register.consilium.europa.eu/pdf/en/09/st15/st15912.en09.pdf)? If yes, please attach current version.	Yes ☐ No ☐
If no, do you intend to elaborate an action plan?	Yes ☐ No ☐

2. Participation in the division of labour process:	
2.a. Commitment by the partner country (government and parliament) *(i) Leading role and directing the process:* *(ii) Facilitating the process in close dialogue with donors:* *(iii) Approving progress triggered by donor initiative:* *(iv) No interest in division of labour between donors, not approving progress:*	☐ ☐ ☐ ☐
2.b. Participation by donors *Do all ODA donors in the partner country participate in the division of labour process?* *Please name the donors with strong commitment for division of labour:* *Do non-DAC donors / private donors / foundations participate in the process? Please specify.*	Yes ☐ No ☐
Comments on 2.a and b. If applicable: What are the reasons for weak commitment from donor or partner country side?	
3. Towards measuring impact of division of labour processes: If there is no clear evidence on the issues please give an educated guess	
3.a. Have transaction costs diminished through division of labour?	
(i) For the partner country:	Yes ☐ No ☐ Don't know ☐ Educated guess:
(ii)For the donors:	Yes ☐ No ☐ Don't know ☐ Educated guess:
3.b. Has the quality of sector policy dialogue improved?	Yes ☐ No ☐ Don't know ☐ Educated guess:
3.c. Is aid allocation across sectors more rational (less orphan and/or over-crowded sectors, needs and priorities by the partner country are more adequately addressed)?	Yes ☐ No ☐ Don't know ☐ Educated guess:
3.d. Considering all changes promoted and supported by the division of labour process (see questions 3a-d and possibly others), how would you evaluate its contribution to A more relevant, effective and efficient aid system in the partner country (Aid Effectiveness)? MDG-achievement/poverty reduction in and sustainable development of the partner country (Development Effectiveness)? Comments:	i None ☐ Small ☐ Medium ☐ High ☐ ii None ☐ Small ☐ Medium ☐ High ☐
Justify your answers on 3:	

4.a. What have been the major obstacles in the process so far and which obstacles do you envisage in the future? 0) None 1) Limited partner country ownership 2) Reluctance by donors to leave attractive sectors 3) Lacking clarity of donor roles 4) Limited capacities on donor side 5) Legal and administrative barriers 6) Growing number of parallel aid effectiveness initiatives 7) Others	☐ ☐ ☐ ☐ ☐ ☐ ☐
4.b. What have been the enabling factors so far? 0) None 1) Strong engagement by EU Members and Commission 2) General will of development partners to implement PD and AAA 3) Targeted TA-support through FTI DoL or other initiatives 4) Growing awareness of partner government for the need of strong aid management structures 5) Others	☐ ☐ ☐ ☐ ☐
4.c. Any other comment:	
5. For lead facilitators only	
5.a. Do you feel well prepared for your role as lead facilitator of the EU Fast Track Initiative on Division of Labour?	Yes ☐ No ☐ Comments:
5.b. Are you satisfied with the communication by your HQ in regard to the EU Fast Track Initiative on Division of Labour?	Yes ☐ No ☐ Comments:
6. Suggestions to improve the questionnaire	

Please return the completed questionnaire to the Coordinators of the Fast Track Initiative at EU level. by 31 January 2011:

Please do not forget to attach relevant documents on the division of labour process in your country if available, e.g. donor mapping, table on lead donor arrangements and/or sectoral involvement of donors.

European Commission (DG Development),

And

Germany (BMZ, Ministry for Economic Cooperation and Development)

Thank you for your participation!

Annex 5.4.

FTI List as in Operational Framework 2009, updated February 2011

EU donor country	Lead Facilitator in:	Supporting Facilitator in:
BE	Burundi	-
CZ	-	Moldova, Mongolia
DE	Burkina Faso, Ghana, Sierra Leone (co-lead with IE), Zambia	Cameroon, Mozambique, Tanzania, Uganda
DK	Benin, Bolivia (co-lead with ES), Kenya	Bangladesh, Burkina Faso, Ghana, Mozambique, Tanzania,
FR	Cameroon, Central African Republic, Madagascar, Mali (co-lead with NL),	Burkina Faso, Ghana, Mozambique, Senegal, Vietnam
IE	Sierra Leone (co-lead with DE)	Ethiopia, Mozambique, Uganda, Tanzania, Vietnam,
IT	Albania	Bolivia, Ethiopia, Kenya, Mozambique, Senegal
LUX	-	Burkina Faso,
NL	Bangladesh (co-lead with EC), Mali (co-lead with FR), Mozambique	Benin, Bolivia, Burkina Faso, Burundi, Ghana, Mozambique, Nicaragua, Senegal, Tanzania, Uganda, Zambia
ES	Bolivia (co-lead with DK), Haiti	-
PT	-	Mozambique
SE	Serbia, Ukraine, Moldova	Bangladesh
SI	FYROM	-
UK	Kyrgyz Republic, Rwanda	Ethiopia, Kenya, Moldova, Sierra Leone
EC	Bangladesh (co-lead with NL), Ethiopia, Tanzania, Vietnam, Rwanda, Senegal	Benin, Bolivia, Burundi, Central African Republic, Ghana, Haiti, Laos, Malawi, Mali, Mozambique, Zambia

Notes:

- *Nicaragua and Cambodia have been taken off the list until the local situation changes. They will still be included in the communication of the Network of the Fast Track Initiative.*
- *Some changes in lead responsibilities (Moldova, Rwanda, and Senegal).*

EUROPEAN COMMISSION

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CORRIGENDUM
Annule et remplace le SEC(2011) 503 final

COMMISSION STAFF WORKING PAPER

EU Accountability Report 2011 on Financing for Development
Review of progress of the EU and its Member States

Accompanying document to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS
Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review
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{SEC(2011) 502 final}
{SEC(2011) 504 final}
{SEC(2011) 505 final}

Contents

Annex 6: Aid for Trade Monitoring Report 2011

1. Main messages

The outcome of this year's AfT monitoring exercise demonstrates that both the EU and its Member States are substantially advancing in implementing the EU AfT Strategy. The results point to a strengthening of EU engagement in AfT, both in terms of volume commitments as well as on enhancing the impact of AfT delivery on the ground:

The EU combined annual AfT reached EUR 10.5 billion in 2009, maintaining the all-time high registered the year before and a substantial increase was reported for EU TRA, bringing the collective amount to nearly EUR 3 billion, well above the target to spend (as from 2010) EUR 2 billion per year on TRA.

Reports from the EU Delegations and Member States Embassies point to moderate improvement in the processes that underpin both the volumes and the effectiveness of AfT, such as; addressing trade in the partner-donor policy dialogue; improved coordination to develop and implement trade strategies; availability of trade needs assessments; joint operations and harmonisation; and the inclusion of strategic economic regional integration priorities in national development plans.

In order to sustain this advance of the EU AfT agenda and to further strengthen its impact on the world's poorest, enhanced endeavours by the EU and Member States are essential in the following key areas:

- Enhancing AfT support to the LDCs by increasing attention to the capacity of LDCs to formulate and implement trade development strategies in support of inclusive growth and to further capitalise on the potential of the Enhanced Integrated Framework in this respect;
- Improve the effectiveness of AfT identified at country level, including by making better use of trade needs assessments, enhancing the effectiveness of platforms intended to support the development of trade related strategies; and acting on opportunities for increasing joint operations;
- Step up support for regional integration, building further on existing initiatives such as the EU Aid for Trade packages for the ACP countries and increasing attention to regional issues in assistance provided at the national level; and

Support partner countries' own monitoring of results and impact of Aid for Trade and the progress of their trade development strategies

2. The rationale of Aid for Trade

Increased participation in world trade has the potential to be an engine for growth and poverty reduction in developing countries by generating revenues and employment, lowering prices on essential goods and promoting technology transfer and increased productivity. Market opening and strengthened international trade rules provide new opportunities, but are not on their own sufficient to generate trade, especially in the poorest countries. Many countries face internal “behind the border” constraints such as a lack of productive capacity, , excessive red tape and inability to meet standards in high value export markets - all of which impact negatively on the competitiveness of developing country exports and undermine the potential benefits of increased imports. Trade-related development assistance- known as Aid for Trade (AfT) - targets these “supply-side” constraints. It also strengthens countries’ capacity to negotiate and implement trade agreements to reap the most benefit from increasing trading opportunities.

EU and EU Member States adopted a joint AfT Strategy on 15 October 2007 that aims at supporting all developing countries, particularly the Least Developed Countries (LDCs), to better integrate into the world trading system and to use trade more effectively in promoting the overarching objective of eradicating poverty in the context of sustainable development.

The strategy embraces the full AfT agenda, as identified by the 2006 WTO AfT Taskforce **(Box 1)**.

Box 1: The WTO Aid for Trade Initiative and its AfT categories

Aid for Trade entered the WTO agenda with the Doha Development Round. In 2005, several donors, including the EU and its Member States, made commitments to increase their trade-related support. In December 2005, the WTO Ministerial Conference in Hong Kong set up a Task Force to 'operationalise Aid for Trade'.

In its 2006 recommendations, this Task Force stated that 'Projects and programmes should be considered as Aid for Trade if these activities have been identified as trade-related development priorities in the recipient country's national development strategies'. It specified six groups of activities that it considered to constitute Aid for Trade. Categories 1, 2 and 6 correspond to 'classical' 'trade-related assistance' (TRA). TRA and the remaining categories are usually referred to together as 'the wider Aid for Trade agenda'. Examples of support provided in these AfT areas are given below.

To increase transparency, the OECD/DAC, who collects the data, has sought to streamline reporting on the AfT categories identified by the Task Force. In particular, it has endeavoured to link each AfT category to one or more specific codes in the general Creditor Reporting System, to which donors report on all their ODA.

Trade-Related Assistance (TRA)

Category 1 — Trade policy and regulations: trade policy and planning, trade facilitation, regional trade agreements, multilateral trade negotiations, multi-sector wholesale/retail trade and trade promotion. Includes training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interests and identify trade-offs, dispute issues, and institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards.

Category 2 — Trade development: includes all support aimed at stimulating trade by domestic firms and encourage investment in trade-oriented industries, such as trade-related business development and activities aimed at improving the business climate, privatisation, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism. This Category is the trade-related subset of Category 4 (which includes all building productive capacity of a trade-related and non-trade-related nature - see below).

Category 6 — Other trade-related needs: Refers to programmes supporting trade in sectors not comprised in the other five categories, such as vocational training or public sector policy programmes. Is also used to report on larger cross-sectoral programmes with important subcomponents in the other AfT categories. This is useful, as the CRS methodology requires the use of one single CRS code per reported programme, an approximation which limits in some cases the ability of the CRS to capture TRA. (for further details see Annex 5)

Wider Aid for Trade agenda: TRA plus further categories:

Category 3 — Trade-related infrastructure: physical infrastructure including transport and storage, communications, and energy generation and supply.

Category 4 — Building productive capacity: Includes business development and activities aimed at improving the business climate, privatisation, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism. Includes trade- and non-trade-related capacity building.

Category 5 — Trade-related adjustment: This code was created by OECD/DAC at the end of 2007. It covers contributions to the government budget to assist with the implementation of recipients' own trade reforms and adjustments to trade policy measures taken by other countries; and assistance to manage balance of payments shortfalls due to changes in the world trading environment.

Every year since the adoption of the EU AfT Strategy, the Commission prepares a comprehensive monitoring report in order to assess progress in implementing the commitments taken on by the EU and its Member States as regards sustaining high volume and increasing results and effectiveness.

Box 2: Key sources of data for the report

This year's monitoring report is based largely on three sources of data:

- The OECD/DAC Creditor Reporting System (CRS), to which most EU Member States (15 out of 27) provide quantitative data on their Official Development Assistance (ODA);
- The responses to an EU questionnaire provided by 89 EU Delegations in Developing Countries. In 61 cases, the responses were prepared jointly with EU Member States providing bilateral Aid for Trade in the partner country in question;
- EU Member States' responses to the "Monterrey questionnaire" on which the EU Accountability Report 2011 on Financing for Development is based;
- OECD/WTO AfT questionnaire for EU Member States.

This is done in close coordination with the AfT reporting that is carried out by the WTO and the OECD, in the context of the monitoring of global AfT (Box 2). This year's report is the fourth EU monitoring report and is, in contrast to last year's self-standing Commission Staff Working Document, integrated in the EU Accountability Report 2011 on Financing for Development. It should be noted that the methodology of reporting on TRA is complex and has changed over time (Box 3).

Box 3: Reporting TRA remains complex

The change in methodology from the Doha Trade-Capacity-Building Database to CRS in 2007 and the new definitions create some limitations in the comparisons of figures over time. The amounts captured in the former database as "Trade Policy and Regulation" (cat. 1) and "Trade development" (cat. 2) are nowadays split into three categories, namely categories 1 and 2 and 6 "Other trade-related needs". Due to the definitions of codes in the CRS, it is not possible to continue counting some activities as TPR or TD, since they have different CRS purpose codes and so they are captured in category 6.

It is therefore not possible to compare figures post-2006 directly with previous years, but it would be correct to compare the evolution of the Trade-related assistance (categories 1, 2 and 6) globally, whereas TRI and BPC numbers can be compared individually. As regards total Aid for Trade, figures prior to 2007 do not include Category 5 and 6, which at the time did not exist. Therefore AfT comparisons before and after 2007 need to be taken with caution.

How is TRA and Aid for Trade counted before and after 2007?

Until 2006

TRA = Category 1 (TPR) + Category 2 (TD) (note that Category 6 did not exist at the time)

Source: Doha Database (ad hoc reporting by donors)

Aid for Trade = Category 1 (TPR) + Category 3 (TRI) + Category 4 (BPC) (note that Category 5 and 6 did not exist at the time, limiting the possibility of comparing figures pre-2007 with those used from 2007)

Source: OECD/CRS (regular reporting by OECD members)

From 2007

TRA = Cat 1 (TPR) + Cat 2 (TD) + Cat 6 (Other Trade-Related Needs)

Source: OECD CRS + ad hoc questionnaire for Category 6

3. EU and its Member States strategic efforts

This year's report is set in the aftermath of the economic crisis, in a climate generally concerned with economic recovery and growth. The past year has seen the pursuit of multilateral negotiations as well as the advancement of bilateral trade negotiations in several regions. Together with the continued negotiations of EU ACP economic partnership agreements these two processes help to generate interest in trade related policies, trade development strategies, and Aid for Trade. Two important international conferences are also in the making with important links to the AfT agenda: the Fourth UN LDC Conference and the Busan Aid Effectiveness conference. The G20 is establishing itself on the international arena and is manifesting a will to engage in making trade work for low income countries, both through trade and aid and cooperation measures. These factors, multiplied via partner countries' own direct interest in the same issues converge towards a continued high EU and Member States engagement in the Aid for Trade agenda.

Whilst the EU AfT strategy is a joint strategy to which EU Member States have signed up, several Member States have also adopted specific AfT strategies in line with their national development policies as shown in previous years' reports. This year Member States have undertaken further strategic AfT efforts, both to strengthen national AfT policies and implement AfT strategies.

Sixteen Member States[1] and the EU responded to the OECD/WTO AfT questionnaire which is intended to acquire information on the progress by individual donor countries with a particular focus on outcomes of AfT strategies and programmes. This year's responses demonstrated that **Member States and the EU generally continue their engagement** without significantly altering their strategy. Yet, six Member States adjusted their national AfT strategy since 2008 (DK, LU, ES, FR, UK, FI), enhancing the focus on a range of areas, such as regional integration' and 'economic growth' and with enhanced engagement with the private sector reported by DK, FI and the UK. In parallel, six Member States, (SE, NL, IT, DE, FI) foresee further changes in their strategies in the near future. Although the specific future thematic focus is not sufficiently clear yet in these cases, AfT clearly remains a priority in overall Member States Development policies as well as for the EU.

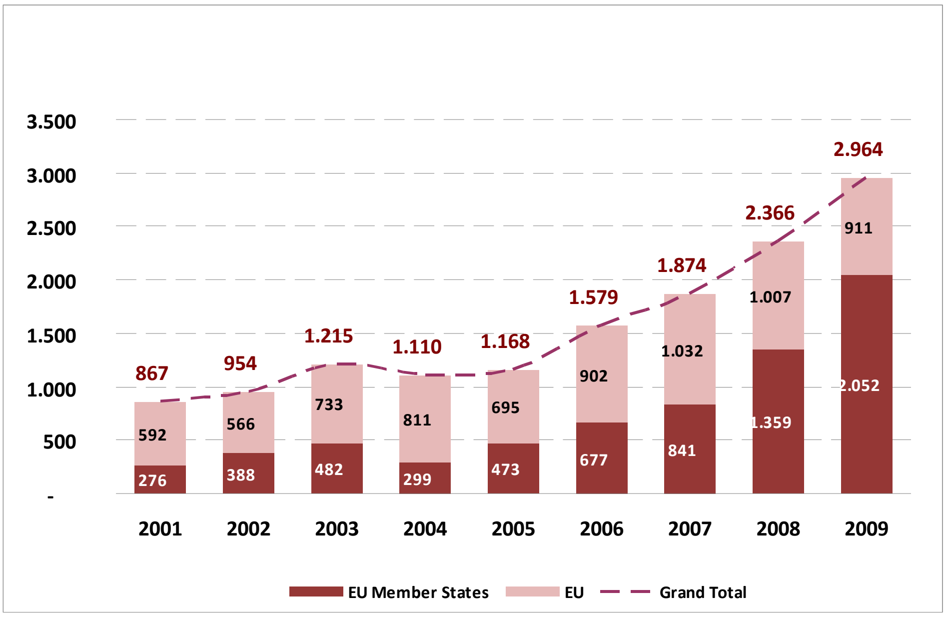
1 *BE, CZ, DE, DK, ES, FI, FR, HU, IE, IT, LI, LU, NL, PT, SE, UK*

4. Trade Related Assistance (TRA): EU and Member States make progress

Trade-Related Assistance comprises of three categories as set out in **Box 1**: 'trade policy and regulation'; 'trade development' and 'other trade related needs'. By the end of 2005, the EU made specific financial commitments in relation to these two areas, pledging to strive to increase its collective expenditures on them to EUR 2 billion per year from 2010 – EUR 1 billion by the EU and EUR 1 billion in bilateral aid from the Member States. Last year's monitoring report showed that the EU and Member States already met their EUR 2 billion target for TRA in 2008. In 2009, **the EU as a whole continued to increase its TRA commitments substantially, reaching almost EUR 3 billion, compared to EUR 2.4 in 2008.**

The **figure 1** below illustrates the substantial overall increase from 2001 onwards, with a relatively moderate increase for the 2001–2005 period. It is clear that the substantial increase over the 2005-2009 period can be mainly attributed to commitments coming from Member States, which increased from EUR 0.47 billion in 2005 to EUR 2 billion in 2009. Compared to 2008, TRA allocated by EU Member States increased by 50% in 2009 – an annual increase of EUR 0.693 billion.

Figure 1 – Trade Related Assistance (EU and EU Member States, EUR billion)



Source: OECD CRS Database, Doha Development Database, Monterrey Questionnaire 2011

Table 1 shows that the level of individual TRA Member State commitments, while increasing, varied substantially from year to year since 2001. It also demonstrates that only a few Member States make up the lion share of overall commitments: **Four Member States make up 76% of total commitments in TRA provided by Member States in 2009:** Germany (34%), the UK (17%), Spain (15%) and Belgium (10%).

Table 1 Level of individual TRA Member State commitments

(EUR million)	2001	2002	2003	2004	2005	2006	2007	2008	2009
Austria	2	1	0	2	8	5	14	24	18
Belgium	11	8	52	46	28	52	33	58	204
Bulgaria	-	-	-	-	-	0	0	0	0
Cyprus	-	-	-	-	-	-	-	-	-
Czech Rep.	0	-	-	-	0	0	0	0	0
Denmark	13	5	35	4	28	48	48	73	97
Estonia	-	-	-	-	-	0	0	0	-
Finland	3	6	9	0	15	33	2	51	91
France	31	129	100	65	83	106	215	16	84
Germany	91	81	89	64	81	31	238	680	700
Greece	4	6	2	1	0	4	6	4	5
Hungary	0	-	0	-	-	-	-	-	-
Ireland	0	0	0	0	0	5	8	16	0
Italy	7	9	1	8	4	6	15	29	38
Latvia	-	-	-	-	-	0	0	0	0
Lithuania	-	-	-	-	-	0	0	0	0
Luxembourg	-	0	0	0	0	0	0	0	-
Malta	-	-	-	-	-	-	-	-	-
Netherlands	43	67	128	61	81	196	126	62	73
Poland	-	-	-	-	-	-	-	0	-
Portugal	1	15	2	1	2	1	0	2	4
Romania	-	-	-	-	-	-	0	0	-
Slovakia	-	-	-	-	-	-	-	-	-
Slovenia	-	-	-	-	-	1	1	2	0
Spain	1	1	3	2	7	57	73	212	315
Sweden	8	5	18	9	46	25	29	36	75
United Kingdom	59	54	41	36	90	106	32	92	347
EU Member States	276	388	482	299	473	677	841	1 359	2 052
EU	592	566	733	811	695	902	1 032	1 007	911
Grand Total	**867**	**954**	**1 215**	**1 110**	**1 168**	**1 579**	**1 874**	**2 366**	**2 964**

Source: OECD CRS Database, Doha Development Database, Monterrey Questionnaire 2011, EU

Table 2 distinguishes the TRA breakdown by categories and shows that the strong 2008/2009 increase of Member States commitments can be explained by a strong increase of TRA category 2 “Trade development” which represents close to 80% of total Member States TRA commitments.

As far as the EU is concerned, TRA commitments slightly declined, reaching EUR 0.91 billion in 2009. In contrast to Member States commitments, the EU TRA commitments since 2001 have been three-quarters for TD and one quarter for TPR, although they were much more evenly split in 2008 and 2009 (one third for each category).

Table 2 Trade Related Assistance by Category: 2001-2009 (EUR million)

EU	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. TPR	26	122	191	98	123	328	212	238	316
2. TD	566	444	543	713	572	575	570	317	263
6. Other	-	-	-	-	-	-	250	452	332
Total	592	566	733	811	695	902	1 032	1 007	911

EU Member States	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. TPR	42	72	45	48	106	157	130	220	293
2. TD	233	316	437	252	367	518	709	1 058	1 615
6. Other	-	-	-	-	-	-	-	79	143
Total	275	388	482	299	473	675	840	1 357	2 052

EU + EU Member States	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. TPR	68	194	236	146	229	485	343	458	609
2. TD	799	760	979	964	938	1 093	1 279	1 375	1 878
6. Other	-	-	-	-	-	-	250	530	476
Total	867	954	1 215	1 110	1 168	1 578	1 872	2 364	2 963

Sources: OECD CRS, Doha Development Database, Monterrey Questionnaire 2011 (for Cat.6), EU

Trade Development (TD) makes up the bulk of the combined EU and Member States TRA commitments since 2001 (80% on average between 2001 and 2009) and has more than doubled since 2001.

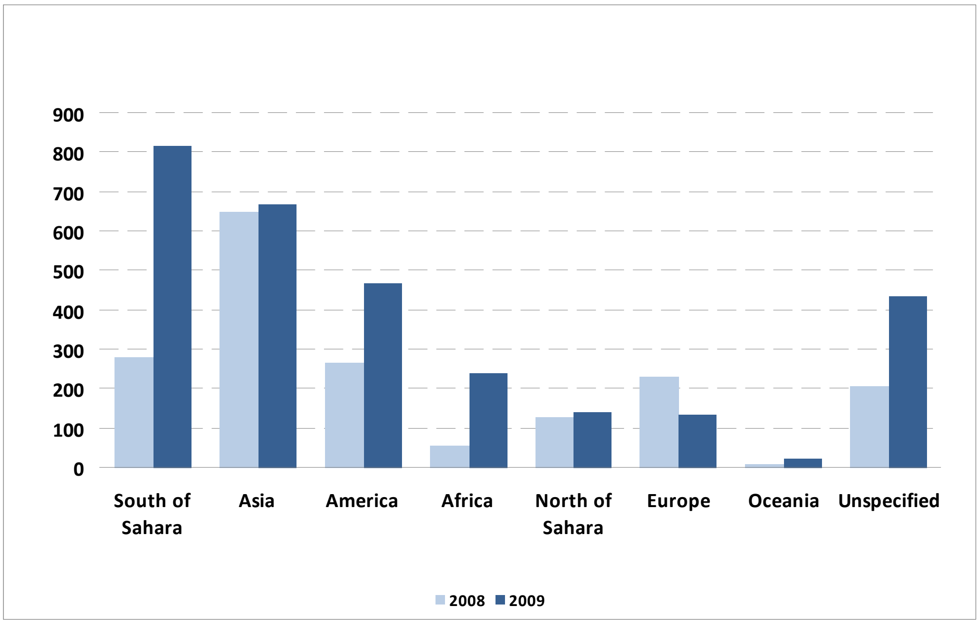
Trade Policy and Regulations (TPR) also increased, from EUR 458 million in 2008 to EUR 609 million in 2009 (+33%). Other Trade Related needs (Category 6) amounted to EUR 476 million in 2009, with contributions from three Member States (IT, NL, ES and the UK); commitments in this category 6 represented only 16% of total TRA in 2009.

4.1. Strong increase of TRA commitments towards Africa

EU and Member States TRA volumes towards Africa have increased substantially compared to 2008, having overtaken Asia as the region receiving the largest share of EU TRA as shown in **Figure 2.** EU commitments in 2009 towards Africa reached EUR 1.1 billion, representing 40% of all TRA (compared 25% in 2008).

Asia received the second largest share of TRA (EUR 0.67 billion), followed by Latin America (EUR 0.47 billion), Europe (EUR 0.14 billion) and Oceania (EUR 0.02 billion). A large amount (EUR 0.43 billion) is classified as "unspecified" and includes programmes with a regional and global coverage. Further details are given in Annex 5 which shows the top 20 receiving countries and regions of EU and Member States TRA. The annex demonstrates increasing TRA commitments in regional programmes on the African continent (EUR 577 million) and bilateral programmes in India (EUR167 million) and China (EUR 142 million). Other significant recipient countries with 2009 TRA commitments exceeding EUR 50 million are Bangladesh, Ghana, Peru and Tunisia. More detailed information for each 'EU configured' region[2], broken down by TRA category and at country level is provided in Annex 5.

Figure 2 Trade Related Assistance by OECD Region
(bilateral & regional programmes, EU + EU Member States, in EUR million)



Source: OECD CRS

2 *EU regional configurations vs OECD regional configurations*

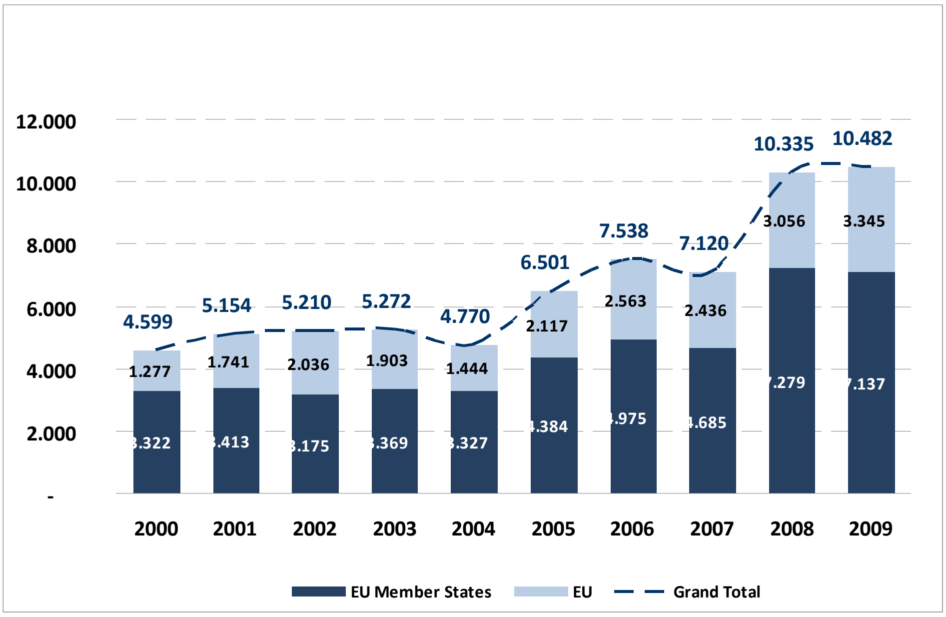
5. Total 'wider' Aid for Trade: sustaining high levels

The AfT concept has widened over the years to include more general support for infrastructure and productive sectors, whereas the original scope of AfT did not stretch far beyond TRA, i.e. supporting beneficiaries to formulate and implement trade policies.

Last year's report indicated an all-time high of total EU and Member States Aid for Trade commitments in 2008; the latest data for 2009 **(Figure 3)** show that this high level was not an isolated event: The **commitments increased slightly (+1.4%) in 2009 and reached a total of almost EUR 10.5 billion - EUR 7.1 billion from EU Member States and EUR 3.3 billion from the EU (Figure 16)**.

When looking at the trend over several years by comparing the total AfT 2007 – 2009 average with the 2004-2006 average, total AfT increased from EUR 6.270 billion to EUR 9.286 billion (+48%).

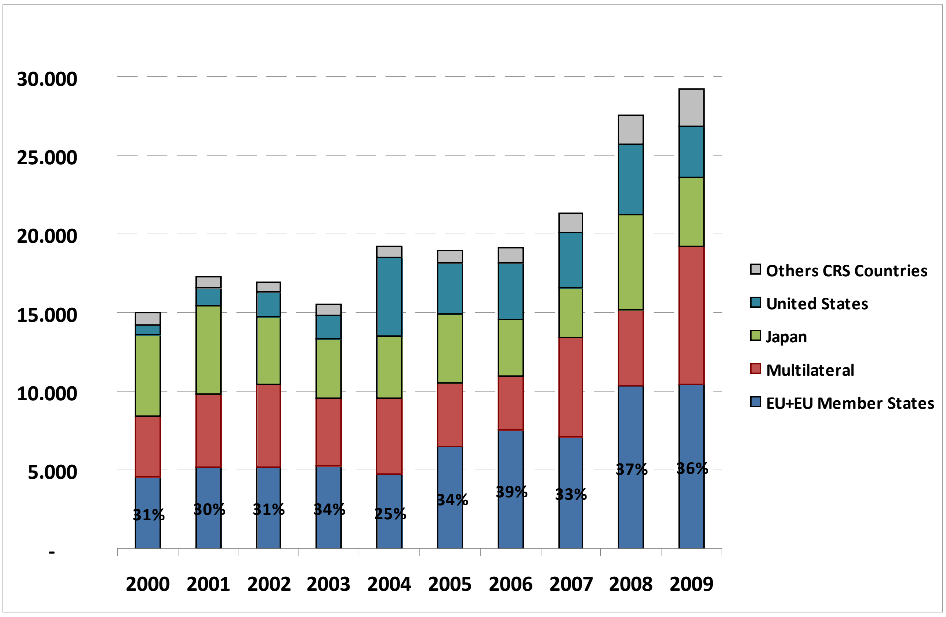
Figure 3 Aid for Trade (EU and EU Member Staes, in EUR billion)



Source: OECD CRS Database, Doha Development Database, Monterrey Questionnaire 2011

The EU and its Member States accounted for about 37% of AfT from the world's major bilateral and multilateral donors in 2008-2009 and is **together the world's largest provider of AfT** as shown in **Figure 4.** This is a substantial increase compared to 2004-2005, when their share was 30% of the total. The EU on its own is after Japan the world largest donor of AfT, representing 11.4% of the world's total.

Figure 4 Aid for Trade by all major donors in EUR billion

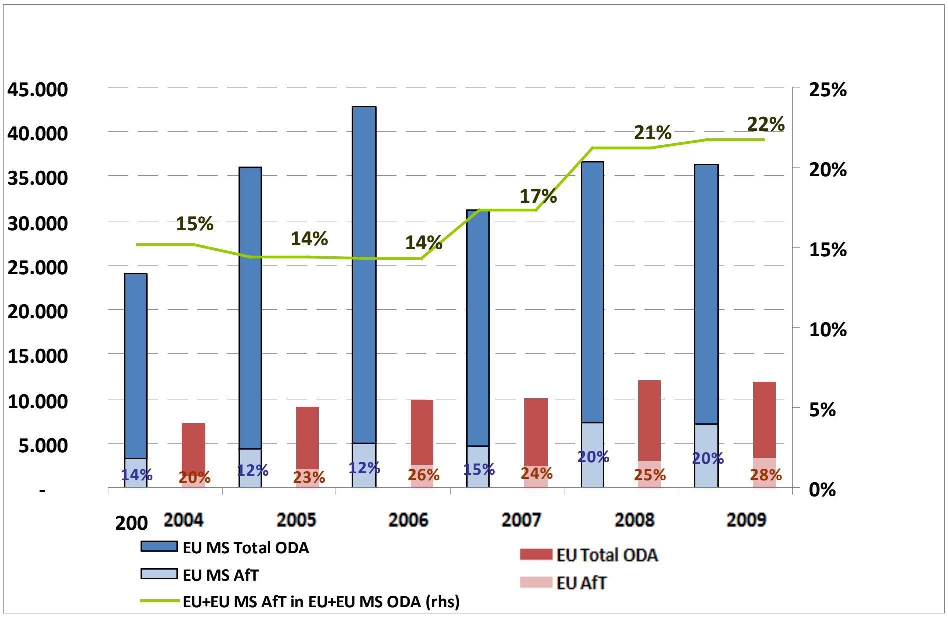


Source: OECD CRS, Monterrey Questionnaire, EU

5.1. EU AfT share in total ODA substantial and stable

Providing AfT remains a priority in EU development support. EU and Member States AfT, as a share of total EU and EU Member States ODA, was at its lowest in 2006 (14%) **(Figure 5)**. Since then, the share of AfT in total ODA has been regularly increasing, and in 2009, it accounted for 22% of total aid, above the previous peak recorded in 2001. When examining the EU and Member States share of AfT in ODA separately, **the increasing share of EU AfT as part of overall EU ODA becomes evident**, reaching 28% in 2009 after a stable increase since 2007. Data for EU Member States show a lower AfT share (20%), albeit significantly higher than the period before 2008.

Figure 5 Aid for Trade in Total ODA (EU and EU Member States, in EUR billion

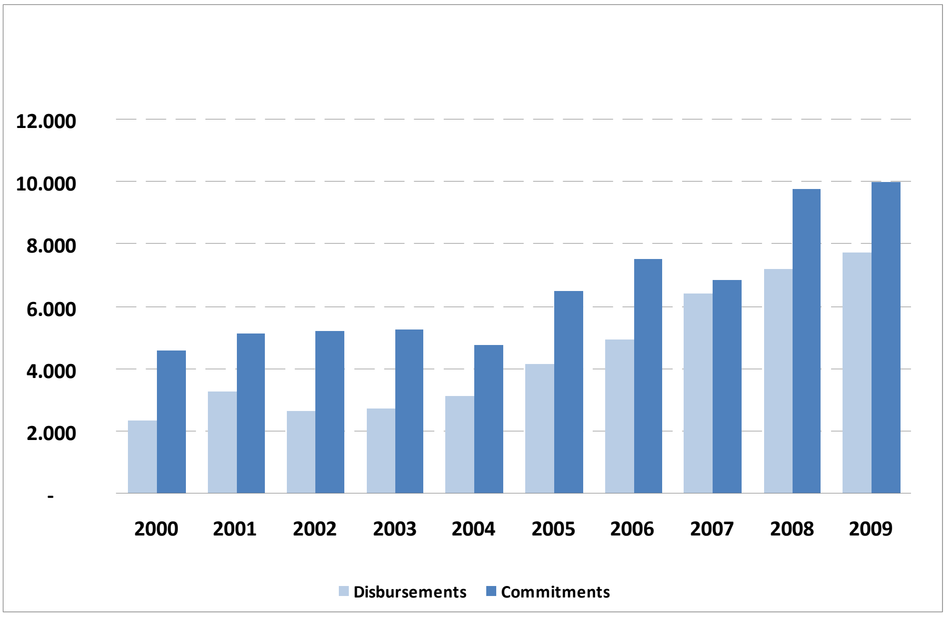


Source: OECD CRS, Monterrey Questionnaire, EU

5.2. Wider Aid for Trade: commitments translating into disbursements

This report mainly looks at commitments, since AfT reporting at global level in multilateral fora is primarily done in commitments, as well as AfT pledges made in the WTO context. However, one of the reasons for the change to using the OECD CRS is that it also provides data on AfT disbursements. **Figure 6** compares combined EU and Member States AfT volumes measured as commitments and disbursements. It shows that EU AfT disbursements have increased steadily since 2003. Since disbursements include expenditure for on-going programmes committed in previous years, it can be misleading to compare commitments and disbursements for a given year. However, as was the case in last year's data, the level of disbursements in 2008 and 2009 is comparable to the amount committed in the previous two years (2006 and 2007). This suggests that, as is usual, commitments are being translated into actual disbursements with a slight lag.

Figure 6 – Aid for Trade Disbursements & Commitments (EU +Member States, EUR billions)

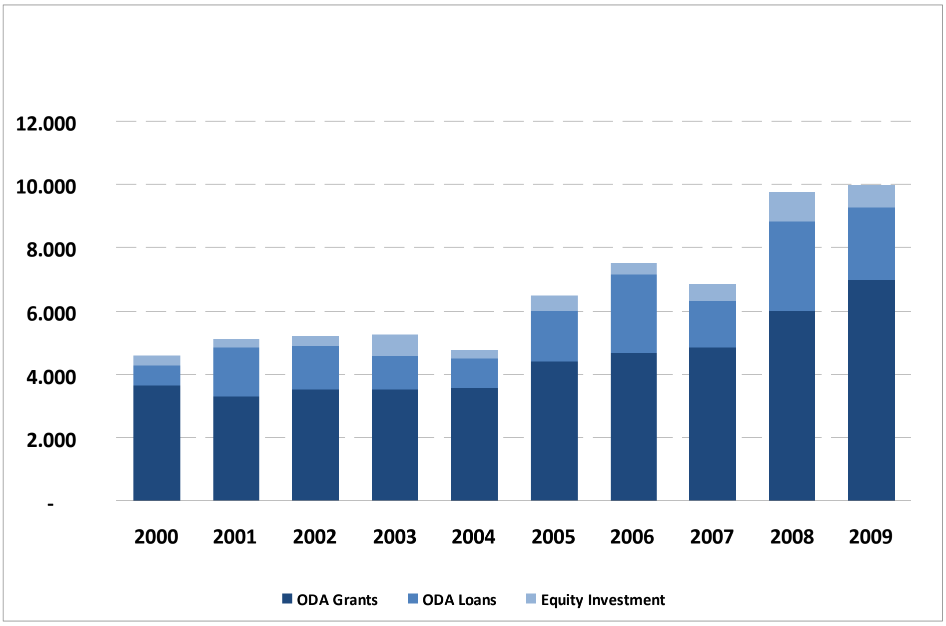


Source: OECD CRS

5.3. Wider Aid for Trade: mainly grants

ODA grants represent the largest part of AfT provided by EU and EU Member States (70% in 2009), followed by ODA loans (23%) and Equity investments (7%) **(Figure 7)**. In addition, ODA grants increased in 2009 (EUR 7.0 billion against EUR 6.0 billion in 2008) at the expense of ODA loans (minus EUR 0.5 billion).

Figure 7 – Aid for Trade by type of flow (EU+Member States, EUR billions)



Source: OECD CRS

5.4. AfT by Member States; levels stabilised

Interestingly in 2009, while EU AfT commitments almost maintained its increasing trend, albeit at a slower pace (+25% in 2008 compared to +9.5% in 2009), AfT from Member States practically stabilised (after having increased by 50% in 2008). This slowdown is largely the result of lower commitments in 2009 by FR and DE, as shown in **Table 3**. Yet they remain the largest Member States donors of AfT; together with the UK accounting for more than 60% of total AfT from EU Member States.

Table 3 Amounts of AfT by Country: 2000-2009

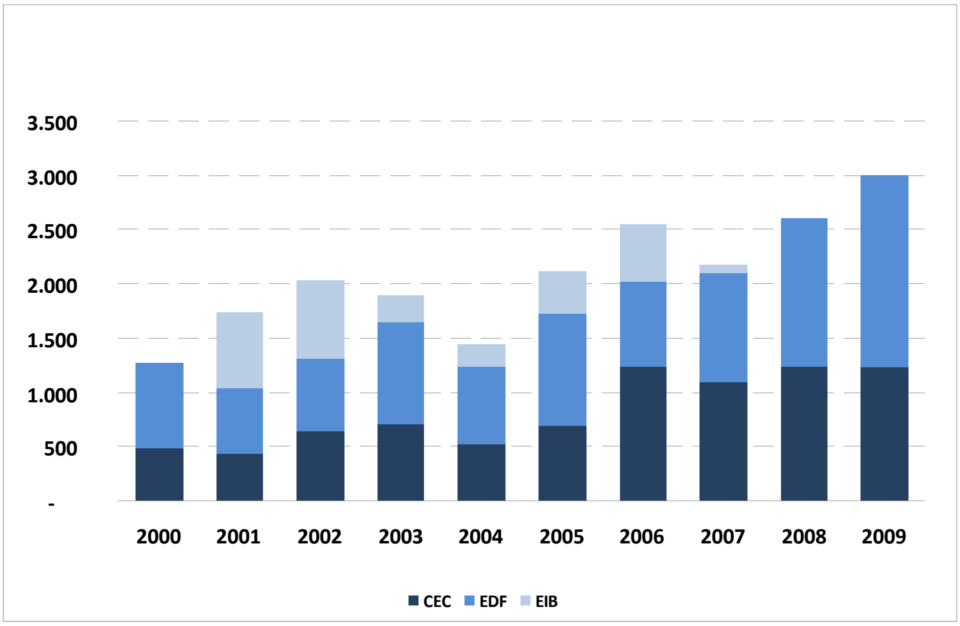
(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Austria	18	15	63	21	17	27	26	44	51	58
Belgium	86	114	186	135	178	155	156	209	221	389
Bulgaria							0	0	0	0
Cyprus							-	-	-	
Czech Rep.							3	3	0	0
Denmark	495	81	206	188	367	410	189	255	173	251
Estonia							0	0	0	
Finland	29	31	41	38	43	100	64	84	135	256
France	301	635	329	466	527	755	744	1 017	1 738	1 090
Germany	613	962	816	776	889	1 138	1 495	1 213	2 036	1 889
Greece			6	4	12	14	22	11	10	13
Hungary							-	-	-	
Ireland	18	19	19	22	26	20	29	30	52	44
Italy	152	105	164	187	70	310	239	111	186	202
Latvia							0	0	0	0
Lithuania							0	0	1	0
Luxembourg		3	2	15	14	11	12	27	28	22
Malta							-	-	-	
Netherlands	221	343	463	303	461	384	686	510	466	515
Poland							-	-	0	
Portugal	23	30	17	8	41	61	7	47	13	66
Romania							-	0	0	
Slovakia							-	-	-	
Slovenia							1	1	2	0
Spain	225	253	306	366	247	135	561	474	701	757
Sweden	143	192	135	170	150	200	259	267	225	247
United Kingdom	998	631	422	670	286	665	480	380	1 240	1 335
EU MS	3 322	3 413	3 175	3 369	3 327	4 384	4 975	4 685	7 279	7 137
EU	1 277	1 741	2 036	1 903	1 444	2 117	2 563	2 436	3 056	3 345
Grand Total	**4 599**	**5 154**	**5 210**	**5 272**	**4 770**	**6 501**	**7 538**	**7 120**	**10335**	**10 482**

Source: OECD CRS Database, Doha Development Database, Monterrey Questionnaire 2011, EU

More detailed information on the AfT development in each Member States is presented in the EU Member States Donor Profiles in Annex 7, which also contains the breakdown by AfT category. Specific details on major EU and Member States' AfT project commitments exceeding EUR 50 million are provided in Annex 3.

In terms of the financial sources that the EU has at its disposal, the European Development Fund (EDF) contributed the largest amount of EU AfT in 2009, (EUR 1.8 billion in 2009, or 59% of the total EU AfT), followed closely by the EU budget (CEC) with EUR 1.2 billion (41% of the total EU AfT) **(Figure 8)**. It should be noted however, that this report does not include 2008 and 2009 amounts of ODA projects funded through the "own sources" of the European Investment Bank. A discussion is still ongoing between OECD and European Commission on the relevance of including certain types of loans as ODA.

Figure 8 Aid for Trade by EU source (EUR billion)



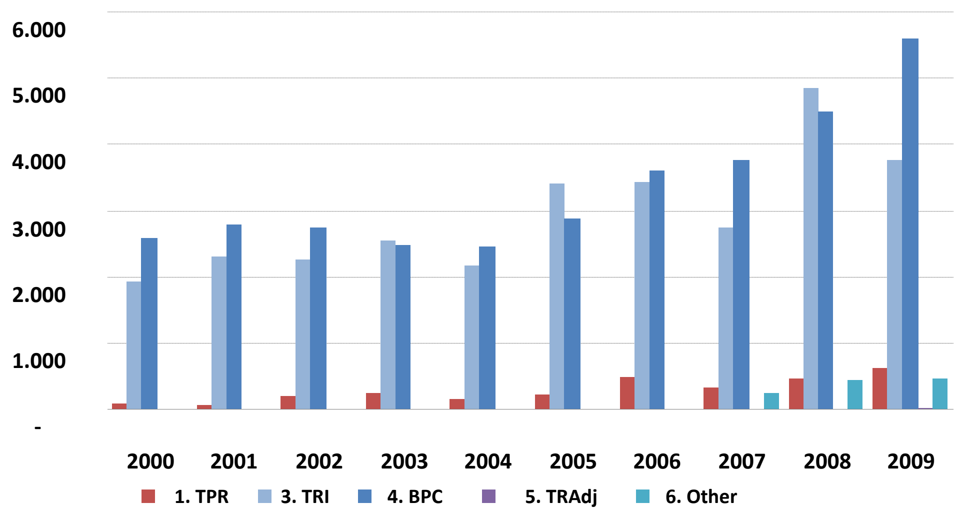
Source: OECD CRS

5.5. Aid for Trade by category; considerable increase in Building Productive Capacity

Figure 9 illustrates the trend for total EU and Member States' AfT for each AfT category. **Commitments for building productive capacity (BPC in the Figure) have increased considerably in recent years**, and reached a record high of EUR 5.6 billion in 2009, representing 56% of total AfT. This covers support to agriculture, fisheries, banking, business industry etc. The second biggest category—trade-related infrastructure (TRI), which covers transport, storage, communication and energy—has followed a much more fluctuating path; commitments decreased from EUR 4.9 billion in 2008 to EUR 3.8 billion in 2009, after having increased by 76% in 2008. This can be explained by the fact this category covers large infrastructure projects for which substantial commitments are made on an irregular basis.

Due to the nature of the support – institution building, technical assistance, training etc, commitments for trade policy and regulations (TPR) are on a much smaller scale (6% of total AfT in 2009). They increased by about 33% in each of 2008 and 2009, a clear indication of the continued attention to EU And Member States' support to the capacity of developing countries to formulate and implement trade policy. Activities in the trade-related adjustment (TRAdj) category have only been reported for ACP countries, and in limited amounts (in 2009 the total for this category was EUR 11.3 million), because the relevant sector code was added to the CRS only in 2008. As a consequence, TRAdj commitments are not shown in the graph. Most programmes under category 6 'other trade-related assistance' are in EU Neighbourhood countries and Europe as in these regions programmes more often cover areas that go beyond the sectors covered by Aid for Trade. They can be part of broader government advice or public reform projects in several sectors and as such reported as "Multi-sector Aid". A total of 67 projects were included in this category in 2009 representing a total amount of 333 million Euros.

Figure 9 Aid for Trade by Category (EU + EU Member States, in EUR billion)



Source: OECD CRS, EU

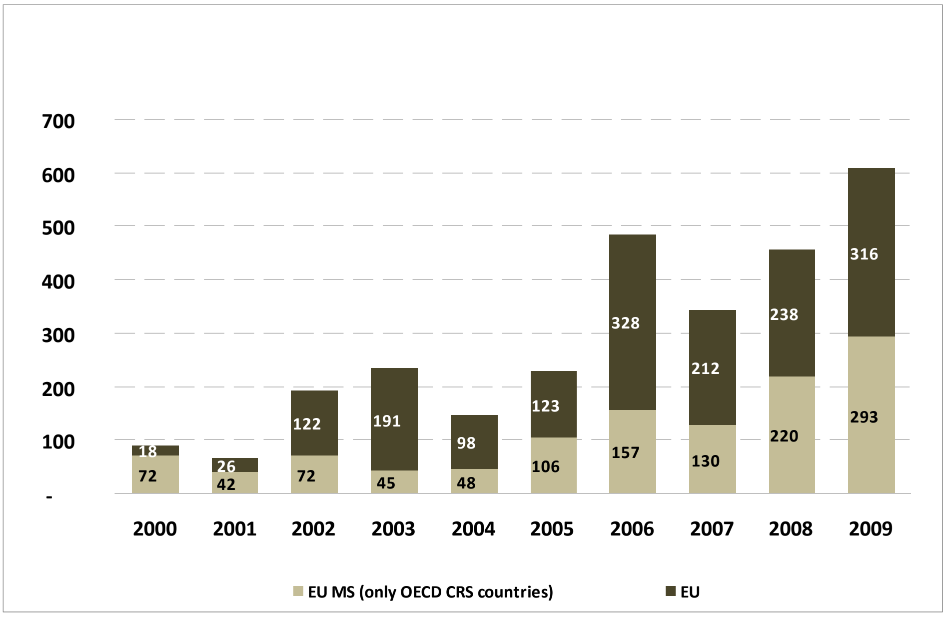
A total of 67 projects were included under Category 6 in 2009 representing a total amount of 333 million Euros **(Box 4)**.

Box 4: Reporting on categories 5 and 6

Many of the programmes under the Other Trade-related Assistance category were reported as “Multi-sector Aid” (EUR 253 million), mainly in countries covered by the EU’s enlargement policy and European Neighbourhood Policy as they are part of broader government advice or public reform projects in several sectors. The main reason is that the programmes more often cover more areas than the sectors covered by Aid for Trade in these regions and are therefore reported as “Multi- sector Aid”. In 2009, 20 Category 6 programmes were reported as “Multi-sector Aid”, of which 16 in the Neighbourhood or Europe. Examples are the Integrated Border Management project in the former Yugoslav Republic of Macedonia (EUR 3.5 million) and the Support to the implementation of the Action Plan programme in Jordan (EUR 20 million), which includes specific trade components such as capacity building for the improvement of the customs services and simplification and modernisation of customs procedures. Annex 6 provides the overall list of programmes under Category 6 for the year 2009.

The following charts show the trend in Member States and EU contributions for the three main AfT categories. Trade Policy and Regulations has been increasing since 2007 for both EU and EU Member States, with a simultaneous growth of 33% in 2009 (Figure 10). In 2009, TPR represented a more important category in total AfT for the EU than for EU Member States countries (10% against 4%).

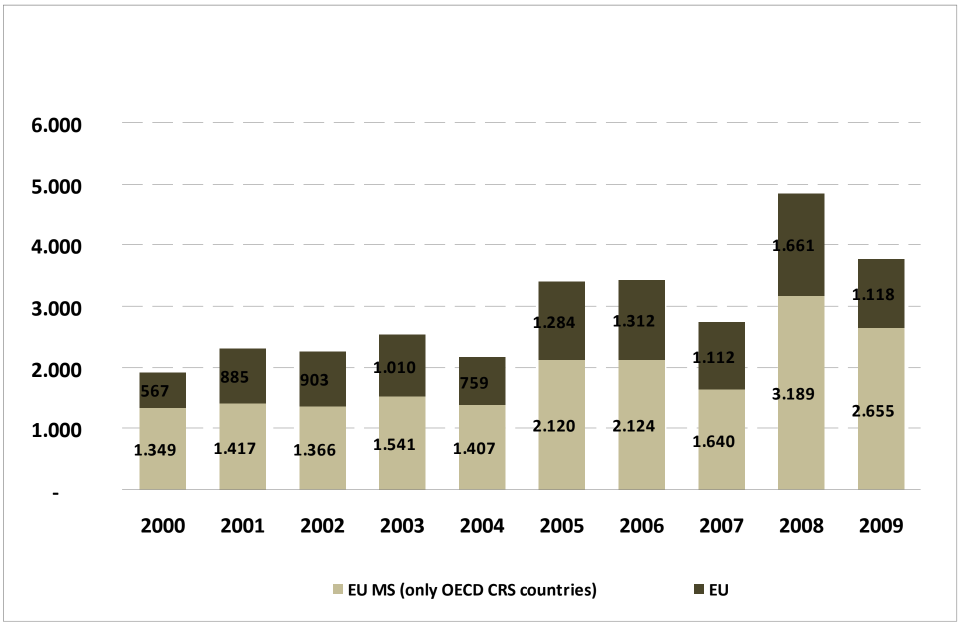
Figure 10 Support to Trade policy and Regulations (EU + EU Member States, in EUR million)



Source: OECD CRS, EU

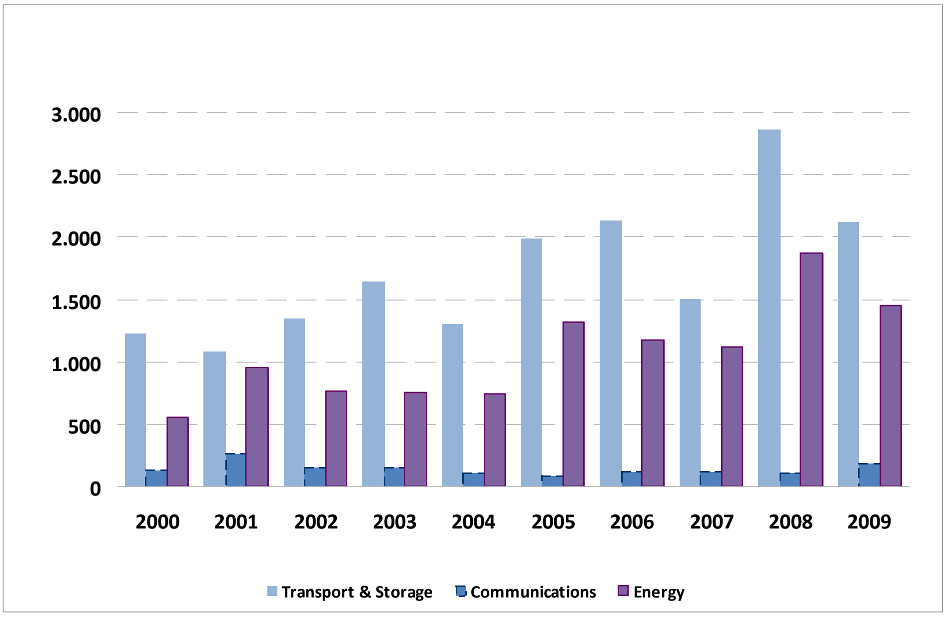
Overall EU and Member States commitments in the area of Trade Related Infrastructure (TRI) decreased from EUR 4.9 billion in 2008 to EUR 3.8 billion in 2009 (minus 22%) **(Figure 11)**. This decline can be attributed to both the EU (-33%) and its Member States, albeit to a lesser extent (minus 17%). Yet, TRI remains important, representing respectively 37% of EU and 38% of Member States' AfT. Figure 12 shows that transport & storage is the largest sub-category for the last decade followed by Energy.

Figure 11 Support to Trade-related Infrastructure (EU + EU Member States, in EUR billion)



Source: OECD CRS, EU

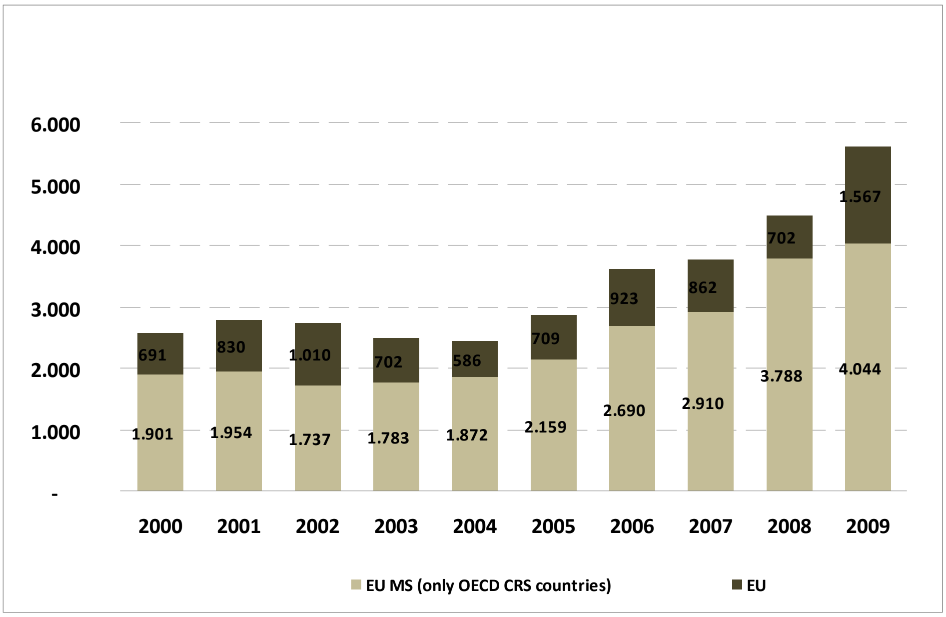
Figure 12 Aid for Trade by sector in Trade Related Infrastructure (EU+Member States EUR billion)



Source: OECD CRS, EU

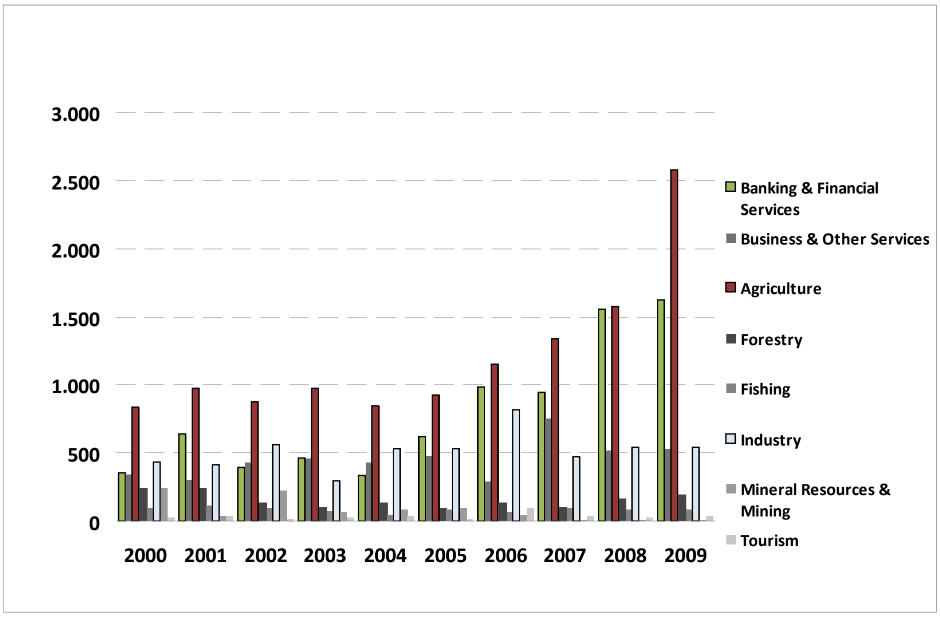
Building Productive Capacity (BPC) is the largest AfT category both for EU (52%) and Member States (58%). Commitments are significantly larger for Member States (EUR 4 billion in 2009) than for the EU (EUR 1.6 billion in 2009) **(Figure 13)**. The BPC commitments from the EU more than doubled between 2008 and 2009, whereas Member States BPC commitments increased by 7% in the same period. **Figure 14** shows that agriculture has consistently been the largest sub-sector, with a substantial increase in 2009, Banking & Financial is the second largest sub-sector, growing almost to par with Agriculture in 2008.

Figure 13 Support to Building productive capacity (EU + EU Member States EUR billion)



Source: OECD CRS

Figure 14 Aid for Trade by Sector in Cat 4 BPC (EU + EU Member States, in EUR billion)



Source: OECD CRS

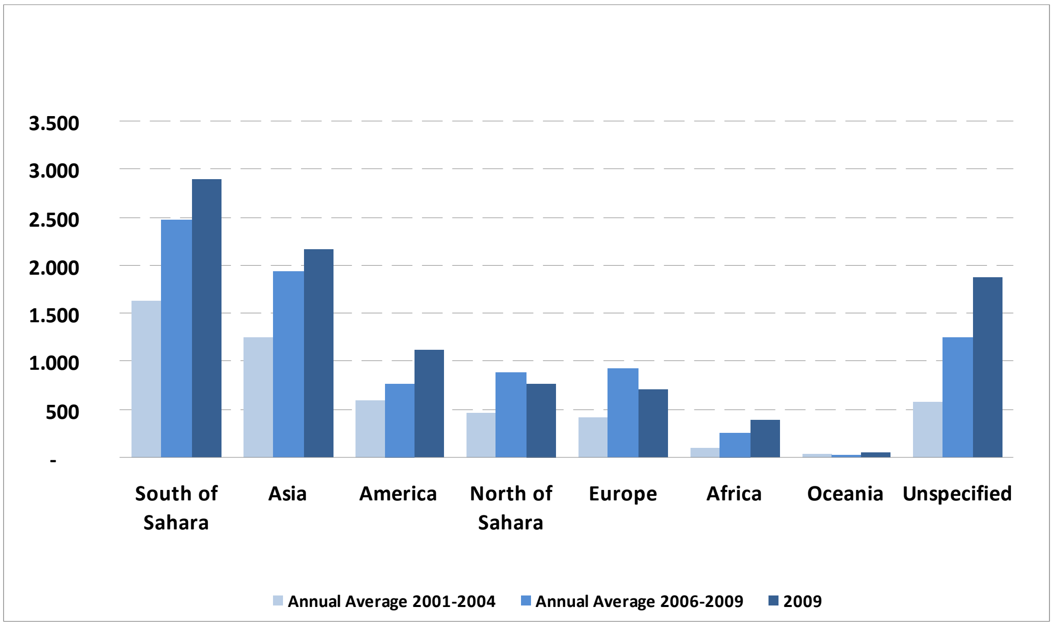
5.6. Wider Aid for Trade geographical distribution

Efforts under the EU AfT strategy cover all developing country regions, as reflected in the **Figure 15**. Compared to the 2000-2004 average, 2009 EU AfT commitments increased for all regions. Comparing with the 2005-2009 average, 2009 commitments only decreased for Europe and North of Sahara (between 2008 and 2009 from EUR 1.3 billion to EUR 0.7 billion in Europe and from EUR 1.5 billion to EUR 0.8 billion in North of Sahara.

Africa accounted for the largest share of AfT from the EU and its Member States; commitments amounted to EUR 4.1 billion corresponding to 41% of total AfT in 2009. Last year's report indicated that the relative share of Sub-Saharan Africa was decreasing to the benefit of North Africa. However, the 2009 data demonstrates a reverse trend with almost stable commitments in North of Sahara and substantial increases in Sub-Saharan Africa. The South of Sahara region received by far the largest amounts of AfT of all regions.

Asia received the second largest share of AfT (22% of total in 2009), followed by America (11%), Europe (7%) and Oceania (1%). As for TRA, the AfT classified as 'unspecified' (which includes programmes with global coverage) increased substantially in recent years and reached almost EUR 1.9 billion in 2009 representing 19% of total TRA. This is mainly due to three large global commitments to the EU Food Facility which were reported as geographically "unspecified" (global coverage).

Figure 15 Aid for Trade by OECD Region (bilateral & regional programmes EU + EU Member States EUR billion)



Source: OECD CRS

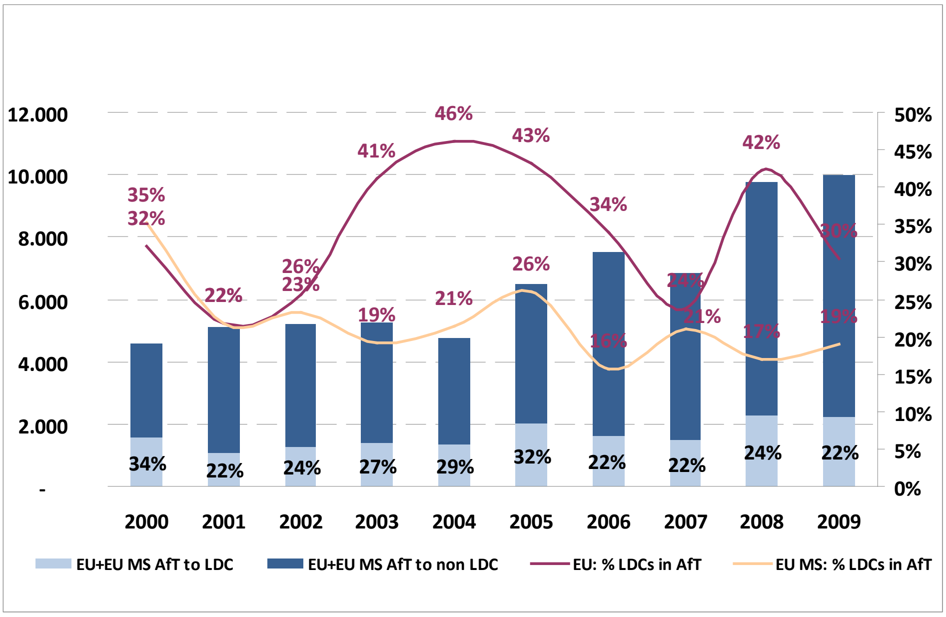
Detailed information on the distribution by sub-regions, recipient countries and AfT categories is given in Annexes 1. Annex 4 lists AfT commitments by the top 20 receiving partner countries, which include Morocco (EUR 438 million), India (EUR 425 million), China (EUR 359 million), Afghanistan (EUR 273 million), Kenya (EUR 255 million) and Uganda (EUR 217 million). Regional programmes represent 14% of total EU and Member States AfT in 2009, led by "South of Sahara, regional" (EUR 423 million) and "Africa, regional" (EUR 391 million).

5.7. Aid for Trade to LDCs – stable share of total

Special attention to the situation of LDCs is merited ahead of this year's conference on Least Developed Countries (LDC IV). Moreover, the EU Strategy on AfT explicitly refers to supporting LDCs to better integrate into the rules-based world trading system and to more effectively use trade in promoting the overarching objective of eradication of poverty in the context of sustainable development. This section is about the EU quantitative commitments made towards LDCs, whereas chapter 8.4 will address in detail the challenges of AfT delivery in LDCs.

The share of AfT to LDCs as percentage of total AfT from EU and EU Member States remained relatively stable at 22% in 2009, down from 24% in 2008, as shown in Figure 16. LDCs accounted for EUR 2.3 billion in 2009, compared to EUR 7.8 billion to non-LDCs. Interestingly, the figure also demonstrates that the LDC share of EU AfT (30% in 2009) has been continuously higher than the LDC share of Member States AfT (19% in 2009), despite a decreasing LDC share of EU AfT as compared to 2008.

Figure 16 EU Aid for Trade to LDCs EU + EU Member States EUR billion



Source: OECD CRS

6. Increasing TRA and Aid for Trade to the ACP– particularly through regional programmes in Sub-Saharan Africa

ACP countries receive specific attention in the EU AfT strategy, including in relation to their ongoing regional integration efforts. The assessment of progress in implementing the AfT agenda for this group is therefore a key issue in each EU AfT report. This section includes data on both TRA and the wider AfT to ACP countries. **2009 showed a very important increase in both AfT and TRA to ACP countries**. Total EU TRA commitments reached EUR 1.16 billion, almost triple the 2008 level. The ACP share of total recipient countries increased 17 percentage points to 40% of the total. There was a particularly strong increase in regional programmes from both the EU as well as Member States which were up six fold compared to 2008, almost entirely allocated to Africa.

As regards wider AfT, commitments to ACP countries increased 18% in 2009, reaching a new all-time high of EUR 3.6 billion **(Figure 17)**. The ACP share of total AfT delivered by the EU and its Member States increased four percentage points to 36% in 2009. Again, the overall increase can mainly be attributed to increasing commitments in regional programmes (more than doubling from EUR 0.4 billion in 2008 to EUR 0.9 billion in 2009), while commitments to bilateral programmes remained stable (EUR 2.7 billion).

Table 4 sets out the total EU TRA commitments to ACP countries which accounts for EUR 1.16 billion in 2009. **The EU commitments to ACP increased substantially in 2009, both in absolute figures (+ EUR 740 million) as well as in share of total recipient countries (+17% percentage points).** This strong increase can be seen in bilateral commitments, but even more so in regional programmes, from both the EU as well as Member States, which were up six fold when compared with 2008, almost entirely allocated to Africa.

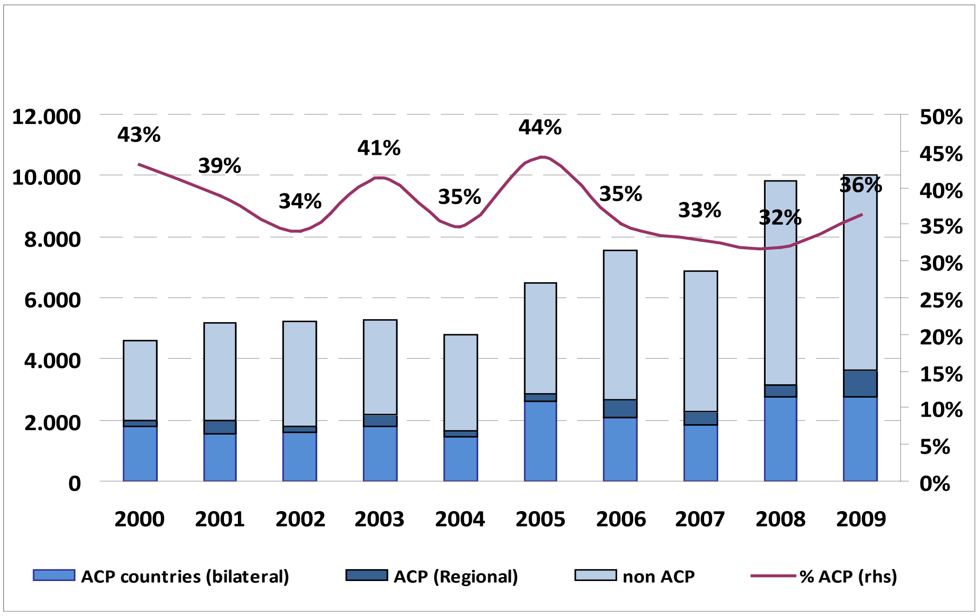
Table 4 Trade Related Assistance dedicated to ACP countries

EU+EU Member States (million)	2008	2009
ACP countries (bilateral)	333	570
ACP (Regional)	86	590
- ACP (Africa, Regional)	57	240
- ACP (N&C America, Regional)	5	37
- ACP (Oceania, Regional)	0	16
- ACP (South of Sahara, Regional)	24	297
Total ACP	419	1 159
Non ACP	1 414	1 772
TOTAL	**1 833**	**2 932**
% ACP	23%	40%

Source: OECD CRS

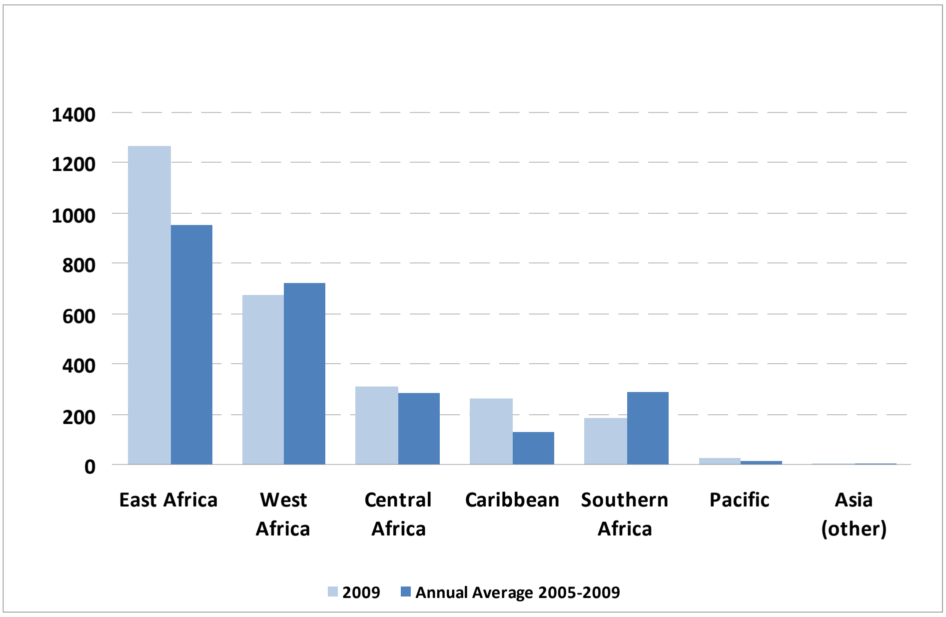
As regards wider AfT, the 2009 data for ACP countries point to a strong increase compared to 2008 of 16%, reaching a new all-time high of EUR 3.6 billion. In turn, the ACP share of total AfT delivered by the EU and its Member States increased to 36% in 2009 **(Figure 17)**. As AfT commitments to ACP bilateral programmes remained stable (EUR 2.7 billion), the overall increase can mainly be attributed to the increasing commitments in regional programmes as noted above for TRA. Commitments in wider AfT regional programmes more than doubled, from EUR 0.4 billion in 2008 to EUR 0.9 billion in 2009.

Figure 17 – Aid for Trade ACP Countries (EU+Member States EUR billions)



Source: OECD CRS

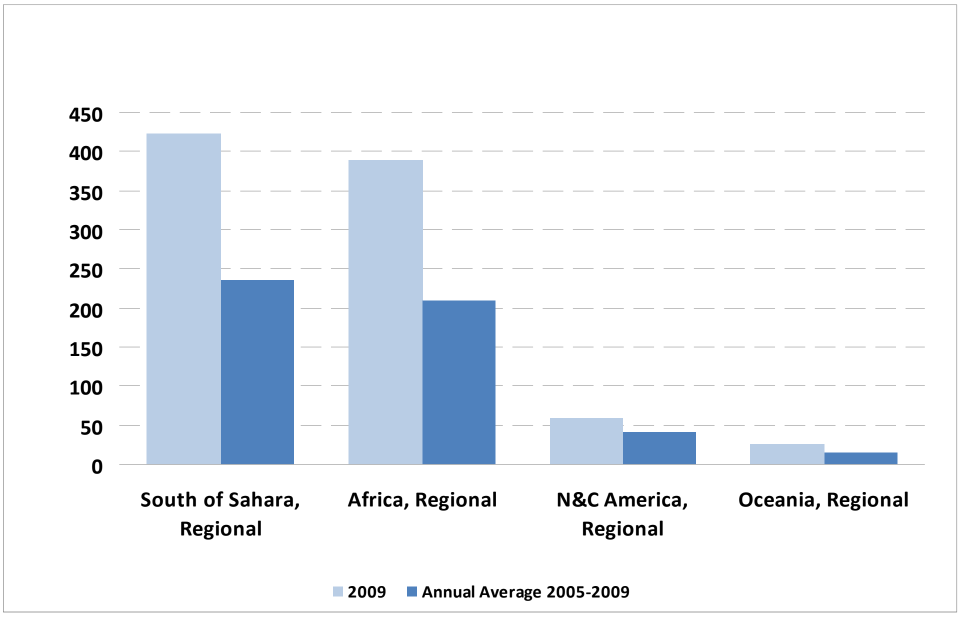
Figure 18 Aid for Trade to ACP Countries by Region
(bilateral programmes EU + Member States EUR millions)



Source: OECD CRS

Figure 18 shows that the increase in EU and Member States commitments through bilateral programmes is particularly relevant in East Africa and the Caribbean and to a lesser extent in Central Africa. The increase in regional allocations is already demonstrated in previous sections. **Figure 19** illustrates that these very substantial increases are mainly taking place in regional programmes classified under 'South of Sahara' and 'Africa', which both represent 90% of regional programmes in the ACP. Detailed information on the distribution by ACP sub-regions and AfT categories are given in the Annexes.

Figure 19 – Aid for Trade to ACP Countries by Region
(regional programmes, EU + Member States , EUR millions)



Source: OECD CRS

7. Effective delivery of Aid for Trade

As in last year's monitoring exercise the European Commission submitted a questionnaire to EU Delegations and invited them to provide a reply jointly with EU Member States present in the country and active in sectors covered by AfT. In addition to collecting important feedback from the field on how the AfT agenda is progressing at country and regional level, this exercise also helped catalyse and facilitate a discussion on AfT matters in the partner country in question.

This year's Field questionnaire aimed at deepening the understanding of a series of key issues that emerged from last year's analysis, namely the indications that:

- As regards Aid effectiveness, great potential for more joint EU and EU Member States work on AfT in the partner countries was signalled (a doubling appeared possible).
- In the majority of countries where the EU and Member States deliver AfT comprehensive trade needs assessments had been carried out recently, but there were still countries where EU and Member States appeared to provide AfT in the absence of such analysis.
- The share of EU and Member States ODA that LDCs allocate to AfT was smaller than is the case for developing countries on the whole, and has not increased much over the past three years, despite the apparent trade related needs of these countries.
- Regional integration was increasingly seen as a priority at headquarter levels, but in many partner countries there appeared to be much room for strengthening the support to these processes.

EU delegations and EU Member States' embassies in 89 partner countries across the developing world completed the Field questionnaire – up from 77 responses last year. **50 of the respondents are based in the ACP States, 17 in Asia, 12 in Latin America and 10 in the Neighbourhood country group.** 36 of the total responses came from field offices in LDCs. Most Member States significantly involved in AfT in the partner countries provided input to the questionnaire (almost 70% of cases).

75% of last year's respondents participated in this year's exercise as well. Of those who did not, three are in Africa, three in Latin America, two in Oceania, one in Asia and one in Neighbourhood regions. 22 new countries from Africa, Latin America, Asia, the Caribbean and the Neighbourhood group were covered by the exercise this year. The feedback received from the questionnaire has been cross-checked with the EU Member States and the EU headquarters' responses to the WTO/OECD AfT questionnaire, used by the OECD to collect information ahead of the third WTO Global AfT Review 2011. In most cases there is quite good correlation between the field reports and the headquarter assessments.

As a point of caution, it should be noted that several of the WTO/OECD questions explore whether there has been progress on various issues since 2008. A negative response to that question need not necessarily indicate that the present situation is bad - it could simply mean that the state of affairs was good already in 2008.

7.1. Ownership

Improvement in addressing trade in the EU donor – partner policy dialogue

AfT volumes depend largely on the extent to which partner countries mainstream trade related issues into their development strategies, in turn dependent on their capacity to formulate trade development strategies. One measure of the demand, or potential demand, for aid for trade is the degree to which donors and partners address trade related issues in their policy dialogue. This section explores how the nature of policy dialogue has changed since 2008.

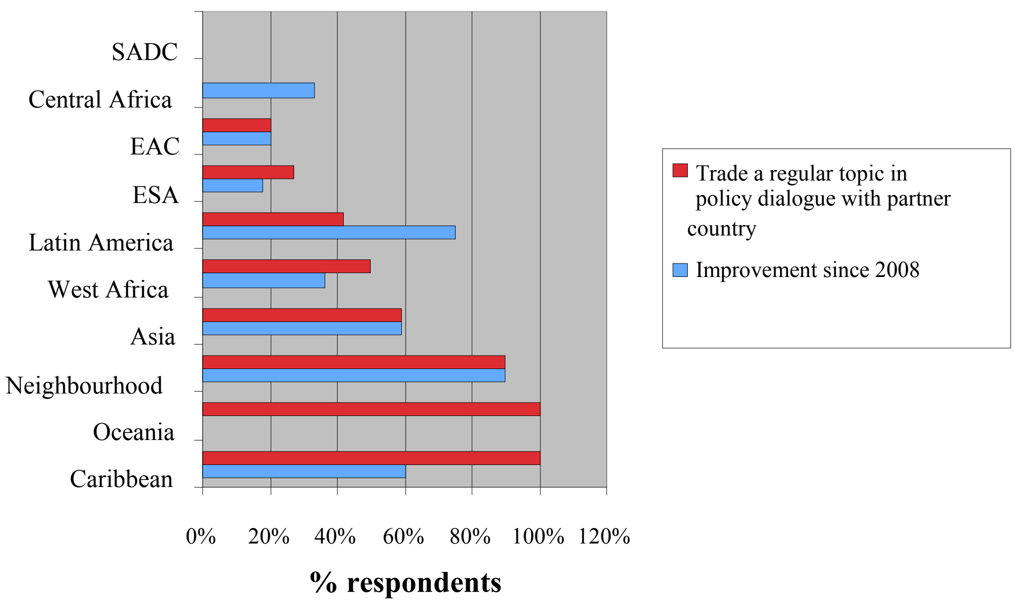
In 44 out of 89 partner countries, EU Delegations and Member States representations report that trade is a regular topic in their policy dialogue with the partner country. This accounts for almost 50%, which is a considerable improvement compared to the 33% of positive responses to last year's questionnaire. However, in 37 partner countries trade is a topic of policy dialogue only to a limited extent, and in eight cases not at all.

The Member States responses to the OECD/WTO questionnaire confirm these findings - half of the EU Member States report significant to moderate improvements since 2008. Perhaps not surprisingly, **trade appears as a more regular topic in policy dialogues between donors and regional communities** (reported by eight Member States) as compared to the policy dialogue between donor and partner countries (reported by five Member States).

The Caribbean, Oceania, Neighbourhood and Asia stand out in the inclusion of trade as a topic in the donor-partner policy dialogue **(Figure 20)**. Several regions in Africa appear to lag behind.

In 9% of partner countries, EU donors indicated that civil society was always included in the dialogue. In 40% of cases, civil society was sometimes included in the policy dialogue. This corresponds to the EU and Member States responses to the OECD questionnaire. Similarly, nine Member States out of 16, and the EU, report that private sector is sometimes involved in the policy dialogue (eight in relation to policy dialogue with the regional communities). Two Member States report that the private sector is always involved in their dialogue with partners.

Figure 20 - Dialogue on Aid for Trade



Increasing partner country demand for AfT

Compared to 2008, an **increasing demand for AfT is reported in about 50% of partner countries.** Of these 8% report a significant increase. The Member States responses to the OECD questionnaire support these in-country findings and also report on increasing demand for specific regional integration programmes. Five donors (FR, UK, SE, DE, BE) attribute this increasing demand to the ongoing EPA negotiations.

A particularly strong increase of AfT demand is indicated for neighbourhood countries (70%). Explanations given for this increase relate to the partners' WTO agenda (Ukraine accession, accession process Lebanon, Yemen, defining Trade policy Palestinian authority), launch of EU-Ukraine FTA negotiations, financial crisis impact' on trade (Kyrgyzstan) and increasing emphasis on the need for increased market access to the EU (Pakistan following the floods' impact on the textile export sector).

In other regions, in addition to such external factors, EU actions are also cited as leading to a higher prioritization of trade in the partners' development agenda. For example, high level bilateral contacts in area of Trade in the context of ASEAN-EU dialogue (EU Trade commissioner visit to region) are said to have contributed to the increasing demand for AfT by the Philippines.

Actions at operation level can further stimulate trade being taken up in the policy dialogue with the country. In Laos, for example, an ongoing EU funded development programme is said to have facilitated a regular policy dialogue on trade with the government. Internal donor resources also play a role in limiting or improving dialogue on trade with the partner country, as in Malaysia where the EU delegation has a full-time trade officer since late 2009 to coordinate dialogue with the partner.

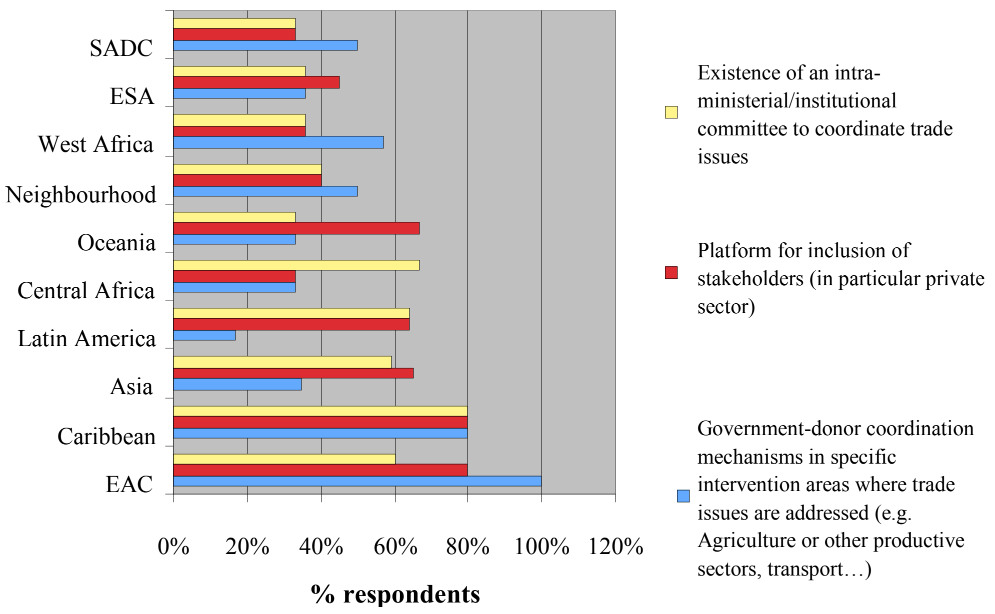
It is interesting to note that the Field responses do not actually support the notion that there would be a clear link between the inclusion of trade issues in the policy dialogue and demand for Aid for Trade. On the contrary, there appears to be rather little correlation between these two elements and more in-depth analysis appears necessary to understand fully the interlinkages.

Coordination processes to develop and implement trade strategy in place in small majority

Effective and sustainable delivery of trade-related support requires effective ownership by partner countries. This is another reason why trade policy and trade development strategies needs to be embedded in the partner's own development strategies.

One measure of effective ownership can be the existence of national coordination processes to develop and implement trade strategies. With regard to this, **almost half of the EU Field responses report that the partner country has effective national coordination processes in place to develop and implement an integrated trade strategy (Figure 21)**. 47% refer to the active existence of an intra-ministerial/institutional committee to coordinate trade issues. 50% of partner countries are said to have active platforms in place for the inclusion of stakeholders in the process (in particular the private sector). And in 45% of partner countries covered, EU donors report on the active existence of government-donor coordination mechanisms in specific intervention areas (such as agriculture or other productive sectors, transport etc) where trade issues are addressed. The other half of the countries are said either not to have such coordination processes, or to have them formally but not use them actively.

Figure 21 National coordination processes



Responses received from Field offices point to a many challenges that need to be addressed in order to enhance the **effectiveness of such coordination processes.** Passiveness and fragmentation of the private sector is cited as an obstacle to the functionality of a platform for inclusion of private sector. In other cases the processes, although existing formally, are not always operating fully, face difficulties in leading to concrete decisions and follow-up actions or are confronted with challenges enforcing decisions made. Reasons are generally related to lack of capacity, understaffing and difficulty in organized private sector representation due to different interests among the private sector players.

Box 5 Trade Related Assistance success story in Vietnam

The EU co-financed Multilateral Trade Assistance Project III (MUTRAP) in Vietnam supports the capacity of the Ministry of Industry and Trade to deliver on its core policy making responsibilities in the areas of trade and competition policy. The involvement of a wide range of stakeholders such as the private sector, universities/research institutes, as well as line ministries has been crucial for the success of the project. Other factors that contributed to effective delivery include the strong alignment to the country's strategies and plans, strong ownership by the partner government and in-built flexibility which permitted to adapt the project to a rapidly changing trade environment. In short, the project has accompanied Vietnam in its vision to fully integrate in the global trading and economic system. Vietnam is now an important player in defining trade policy at regional level and it fully participated in all multilateral trade fora.

Slight improvement in trade needs assessment but findings not always reflected in trade strategy

Effective AfT needs to be based on a sound country trade strategy, based in turn on a comprehensive trade needs assessment (TNA). The strategy needs to be mainstreamed into the national development plan, and followed by the formulation of more detailed action plans in specific sectors where priorities and resources needed (to achieve the expected results) are clearly defined, and preferably translated into the country expenditure framework. Last year's field replies show that in practice this is not always the context in which the EU and its Member States provide AfT. In fact, one third of the replies to last year's questionnaire highlighted a lack of country ownership in the sense of a sound country trade strategy based on a comprehensive TNA.

This year's exercise showed that in half of the partner countries a comprehensive trade needs assessment has been undertaken in the last 5 years (or partially in 17% of partner countries). This is a modest improvement compared to situation signalled in the 2008 responses, but still seems to imply that in at least one third of partner countries EU and its Member States are providing AfT on the basis of an out of date or non-existent trade needs assessment. However, going one step further it appears that **even if a recent comprehensive trade needs assessment is available, findings are only fully reflected in the trade strategy** of the country in about 60% of the cases.

Two regions stand out in the number of TNA undertaken in the last 5 years: EAC (80%) and West Africa (71%). However, only in 40% and 30% of cases are TNA findings said to be reflected in the partner' trade strategy.

Key challenges reported in this domain include questionable quality of the TNA and large time lapse between carrying out the assessment and issuing the report resulting in out of date recommendations. The absence of a coherent and sufficiently thorough trade strategy in which to reflect TNA findings is reported to be a difficulty in a number of countries, even though the TNA findings may feed the creation of a trade strategy. On a positive note, several partner countries are currently in the process of developing a trade strategy in which TNA findings are likely to be fed in.

In follow up to last year's findings that much of EU aid for trade appeared to be provided in the absence of an up-to-date trade needs assessment, this year's questionnaire explored further what alternative methods were used to define AfT priorities where a comprehensive trade needs assessment is not available. One field office indicated that the design of the EU-funded export development project was based on a specific request of government and a consensus between government and private sector on priority needs. It takes also account of the broad development goals outlined in the partner country's national development plan, and the specific experience of EU support to private sector development and exports under a project implemented from 2004-2009. Another field office would then rely on consultation of sector groups covering private sector and regional integration, as well as consultation of relevant ministries. Yet others referred to the existence of clear public policies on trade, commerce and competitiveness. And others reported relying on specific country reports in individual trade related areas (such as SPS). Some indicated that the older needs assessment was not questioned. Yet others reported having engaged in very substantial consultation processes with groups of public and private stakeholders - the latter was cited for several countries for which official consultations platforms as discussed above were not active.

Even though it is in all likelihood possible to pin down country priorities through other means that a written trade needs assessment, this year's responses seem to indicate that effectiveness and efficiency could be much increased through support for a more systematic tackling of trade issues in many partner countries, through strengthened support for institutionalised national consultation processes and regular updating of trade needs assessments around which donors and other stakeholder could align their support

7.2. Joint AfT operations and harmonisation moderate progress

Last year's replies highlighted important potential for more joint work on AfT programming and delivery. No joint assistance programmes were reported in more than two thirds of countries, but 71% of respondents said there is potential for more joint work. The report suggested that "there is room for at least doubling the number of countries in which EU joint AfT activities take place". It also showed that in 2008 alone, the number of new EU and EU Member States AfT projects was significantly high in many countries (for instance, more than 200 new AfT projects were registered for India, Vietnam, China, Peru, Bolivia, Tanzania, Mozambique, Morocco, Brazil, Nicaragua respectively). This section aims at understanding in more detail recent trends and possible actions that could be taken to improve on joint work, at least between the EU and EU Member States.

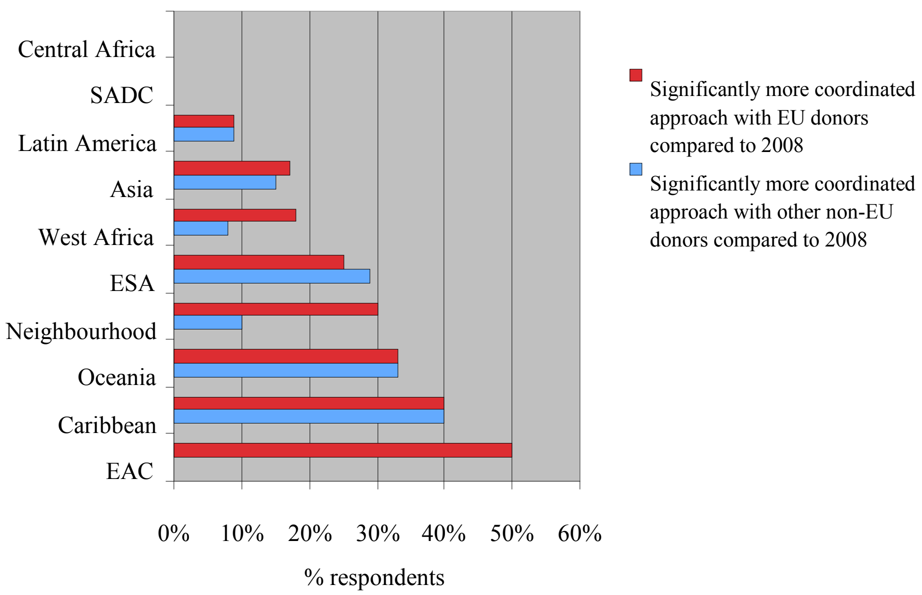
This year's field responses indicate that **in 21% of partner countries, EU donors significantly improved their donor coordination compared to 2008** (in terms of joint needs assessments, joint implementation, joint monitoring/evaluation etc). Moderate improvement is reported by 43% of respondents. Coordination with other non-EU donors also improved, but somewhat less - 14% reported a significant improvement and 43% a moderate one.

The responses to the OECD questionnaire support this finding - nine out of 16 Member States indicate that harmonisation of AfT strategies between Member States have been progressing at a moderate pace. No Member State characterized the overall improvement as 'significant' – so their "aggregate" response "hide" the important progress experienced by some field offices.

As regards the particular areas which have seen improved harmonisation, Member States most often referred to co-financing and joint implementation (nine and eight Member States, respectively) and to a lesser extent to joint needs assessment. An area in which a coordinated joint approach is less frequent appears to be monitoring and evaluation.

Figure 22 shows that improved EU donor coordination, compared to 2008, is particularly reported in EAC, Caribbean, Oceania and Neighbourhood partner countries.

Figure 22 - Joint operations and harmonisation



The main constraints reported for realising joint operations include: The absence of a clear and effective partner counterpart (at the national or regional level) leading the agenda and holding donors to account. Differences in procedures (different programming cycles) and strategic approaches of the EU, its Member States and other donors is emphasised as an important obstacle for enhanced joint operations (Barbados/OECS, Guyana, Tunisia). The EU delegation in Jamaica highlighted that the fact that the majority of Member States have trade projects at regional level poses difficulties for national level donor coordination.

Nevertheless, EU Delegations and Member States representations also reported several good examples to improve joint work on AfT:

- The establishment of a thematic group on agriculture will enhance the harmonization of donors (EU and non-European) in the Moroccan agricultural strategy "Plan Maroc Vert".

- Owing to regular meetings of present EU donors' Heads of Cooperation and numerous formal and informal technical meetings taking place between the 6 EU donors in Burundi (EU, NL, BE, UK, DE, FR), intra-EU coordination is effective.
- The EU delegation in Azerbaijan reported that now that the legal framework for joint cooperation exists (e.g. Memo of Understanding between GTZ and the EU), there is no formal constraint other than the good will of both parties and demand-driven requests from the partner side. Several donor coordination meetings with EU Member States, non EU donors and other development partners (loans providers) are planned in 2011.

Box 6 A joint donor public private partnership in Côte d'Ivoire

The project Market-oriented Promotion of Certified Sustainable Cocoa Production (PPDC) in Côte d'Ivoire was designed as public-private partnership between the German Development Cooperation, US Agency for International Development (USAID) and private partners Kraft Foods and the cocoa trader Armajaro. The main objective of the project was to improve the living conditions of cocoa farmers through the production of sustainable 'Rainforest Alliance Certified' cocoa. The public-private partnership secured that cocoa production followed the direction needed by the market. In addition, market access could be assured beforehand, given the commitment made by the private partners to purchase output, provided it was of the required quality. This gave farmers the security to invest their time and money in improved production technology. Due to the project's positive results, its model is subsequently applied in Ecuador (Rainforest Alliance certification) and in Ghana, Côte d'Ivoire, and Nigeria (Certification Capacity Enhancement).

7.3. Regional dimension of Aid for Trade

Support for regional integration has been a cornerstone of EU development cooperation for decades. The regional level is therefore important for the delivery of AfT, in particular for regions deeply engaged in regional integration efforts. This is fully recognised in the EU AfT strategy which underlines the EU's commitment to applying aid effectiveness principles at regional level by supporting regional partners' capacity to own and lead AfT, coordinating programming, pursuing more streamlined delivery modes and enhancing cooperation with other donors.

However, certain difficulties need to be overcome; lack of articulated demand for regional AfT; lack of coherence between national and regional priorities; lack of credible lending authorities at regional level; lack of effective coordination at regional level; difficulties in monitoring and evaluating at regional level; and lack of credible mutual accountability mechanisms at regional level. Despite these stumbling blocks, there is an increasing interest in support for regional integration as part of the EU Aid for Trade agenda.

The EU support to regional integration has traditionally largely been focussed on the regional integration organisations, such as CARICOM, SADC, ECOWAS etc. In past years there has however been a realisation of the necessity to support regional integration also through activities at the national level, and build capacity of national actors to pursue the regional integration efforts effectively. In line with this, this year's field questionnaire sought to identify the degree to which regional integration was an element of the national aid for trade agenda.

As a result, the field responses indicate that in 54% of partner countries **EU donors supported (of which 40% partially) the partner country in strengthening the inclusion of strategic economic regional integration priorities in the national development plan or trade strategy**. 64% of responses report that this is an improvement compared to 2008 - (54% reported some improvement against 10% considerable improvement).

When grouping the responses by sub-region, a strongly diverging picture emerges, again. EU donors appear particularly to have supported the inclusion of regional economic integration in national development plans or trade strategies in EAC and the Caribbean (60%) and to a somewhat lesser extent in Latin America and Neighbourhood (50%) **(Figure 23)**. In the first two regions this is reported as some or considerable improvement since 2008.

In the case of the Caribbean, EU donors have focused their attention on regional integration in the framework of the Economic Partnership Agreement (EPA) implementation. The EU directed commitments mainly through the EDF Regional Indicative Programme aiming to link up to a roadmap developed by CARIFORUM. This roadmap aims to specify the strategic orientations and priorities of the regional policy agenda to which Caribbean members have been involved to secure a higher ownership of regional activities at national level. Other regional priorities supported by EU donors at national level include the CSME (CARICOM single market and economy in Haiti, and the EU private sector development programme PSDP in Jamaica.

The EU support for regional integration also has a strong EPA component in EAC, where, contrary to the Caribbean, the EPA is still to be concluded. EU support to regional integration in EAC partners may be provided following the finalisation of the Development matrix prepared by the EAC countries in the framework of the EPA negotiations

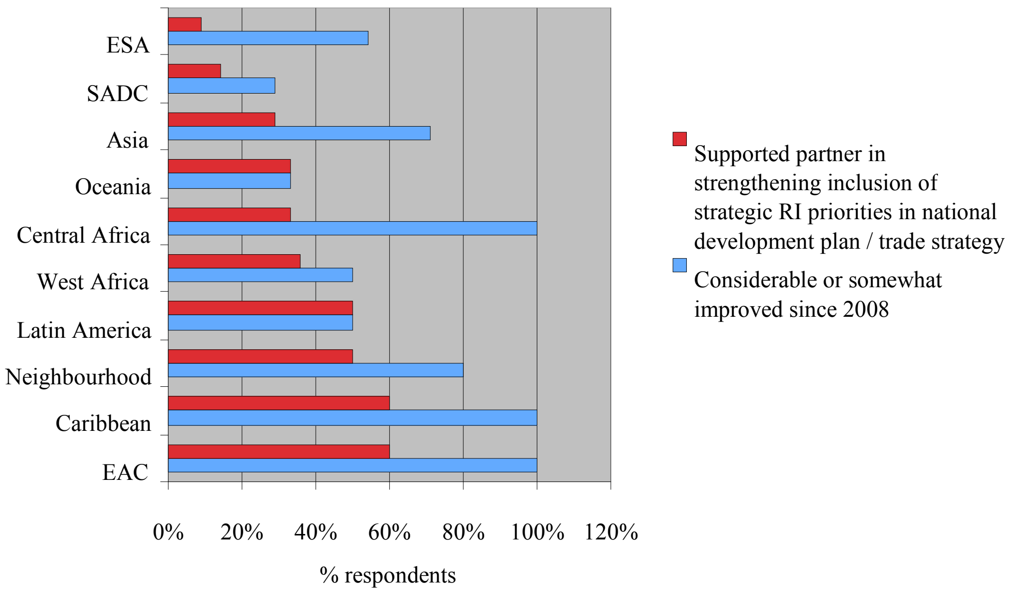
EU donors also referred to the Trade Mark East Africa Programme which is a regional aid delivery mechanism to provide a platform for scaling-up of AfT to East Africa and supported by several EU Member States donors. The programme has among others supported the Ugandan Ministry of EAC affairs to promote regional economic integration in the national development plan.

Note-worthy is the relatively low score of other African regions where donors are supporting regional integration initiatives at national level, such as ESA, SADC, Central and West Africa. Although regional integration is more advanced in some regions than in other, this would however not fully explain the diverging responses from the EU field offices.

Supporting regional integration at national level is however accompanied by numerous challenges as reported from EU donors in SADC and ESA partners:

- In Botswana, trade is not part of the EU donor - partner government dialogue.
- The absence of a national Trade Strategy, as is the case in Swaziland, impedes EU donors to support regional economic integration priorities.
- For one country, respondents from EU field offices reported very little genuine regional concern from the partner in the policy dialogue with donors and indicated that having a constructive dialogue in itself is already a challenge.
- In the case of the EU Delegation in Madagascar, raising awareness in defining a clear strategy for regional integration remains a priority. However, following the difficult political situation EU cooperation is currently suspended. When cooperation with Madagascar will resume, the regional component and the implementation of regional AfT packages will be among the priorities, as Madagascar multiple RECs membership (COMESA, SADC, IOC) does not yet allow for benefiting from regional markets as trade within the region is still marginal.
- Malawi is an encouraging example, where EU Technical Assistance (e.g. legal experts) is helping to ensure that national frameworks can meet regional and international standards; and supporting regional dialogue.

Figure 23 - Regional dimension of Aid for Trade



From the donor side an important limiting factor is that conditions attracting additional funds from other donors, including EU Member States that have bilateral development programmes, are often not met, in particular for reasons of lack of capacity of the recipient countries and regions to prioritise their needs and objectives within well structured and realistic strategies. While in Western Africa, the PAPED (the EPA Development Programme) is an attempt to overcome this obstacle, the effective donor responses for West Africa so far indicate that support has been given to the partner to strengthen the inclusion of strategic economic regional integration priorities in the national development plans or trade strategies only in 8% of cases.

EU donors present in West Africa also reported on what they see as key priorities that need to be addressed at national level in order to help economic regional integration to advance.

Various priorities are mentioned, but some general priorities applicable to the region can be observed:

- Improvement and reinforcement of trade related infrastructure, as well as facilitation of movements of goods and people (simplification of customs formalities etc.) are recognized as critical to facilitate the movement of people and goods across the borders and make regional integration a more tangible objective for most West African partners (Burkina Faso, Sierra Leone, Ghana, Liberia, Mali and Nigeria).
- The need to fight corruption in order to advance the regional integration agenda is reported.
- Reports from Ghana consider the diversification and increase of production capacities and intra-regional trade development and facilitation of access to international markets, as key regional priorities that are to be reflected in the national plan.
- Donor responses from Benin and Sierra Leone emphasize the importance of raising awareness of partner government officials and politicians about ECOWAS' political objectives and implementation of its legislation in fields as (finance, trade, food safety, competition, services and transport).

Strengthen political dialogue on economic development and regional trade in general (Burkina Faso) and raising awareness of the potential for trade in the region (Liberia) are also reported as key priority to address at national level. Political will from the partner side is essential

EU donors are actively supporting regional integration also at regional level, through the dialogue with the Regional Economic Communities. Throughout the programming process the EU has pointed to a need to strengthen trade related programmes.

- Regional economic integration, in particular in the field of trade related areas, is one of DE focal points of co-operation with the SADC Secretariat.
- The UK/DFID TradeMark Southern Africa agenda is comprehensive (trade, infrastructure, trade related) and feeds directly into the Tripartite agenda (EAC, SADC, COMESA).

Box 7 A regional approach of the Caribbean Trade and Private Sector Development programme

The EU funded Caribbean Trade and Private Sector Development Programme CTPSD – Caribbean Export Component aims to strengthen the capacity of Caribbean Export to provide export development and investment support services both directly through activities for the benefit of firms in the Caribbean region which are currently involved in export or have export potential, and indirectly via public or private Business Support Organisations. EU support is channelled via regional organisations, in order to take better advantage of economies of scale in the provision of services for increased export capacity, building regional knowledge and networks. Whilst the regional character of the programme was part of its strength, it also entailed some challenges, such as tailoring the regional call for proposals to country specificities (language issues for instance).

8. LDCs and EU AfT

The 2010 EU AfT monitoring report noted that in LDCs, a smaller share of overall EU ODA is allocated to AfT than is the case for developing countries in general. The reasons for this were explored with the EU field offices in this year's data collection exercise[3].

Trade related policy dialogue in LDCs

13 of the 37 LDC donor respondents (35%) reported that Trade issues were a regular element of **policy dialogue** in their partner countries. 18 (49%) said that it was so only to a limited extent. 6 said that trade was not part of the dialogue at all. The other respondents had not noted any important changes, except for in one case where it had worsened. These responses are at least partially consistent with the findings of last year's report, where 60% (17 out of 31) of EU donors in LDCs indicated that the EU and its Member States regularly address the issue of AfT in their policy dialogue with key state and non-state actors.

Interestingly, in 12 countries (32%), the policy dialogue was considered to have improved on as compared to the situation in 2008. This should be compare with the 'total sample' for which 45 % had noted an improvement. As the baseline situation was better in the total sample, this would suggest that despite progress, **LDCs are <u>not</u> catching up with the other developing countries on this front.**

Comments relating to the reasons for changes or lack of changes in the LDC policy dialogue related often to either progress or stagnation in multilateral, regional or bilateral trade negotiations – when these were advancing, trade was, logically, of greater importance in the policy dialogue. Other reasons cited was that several countries were in a crisis or post crisis situation, leading to a generally scaled down dialogue or a focus on basic constitutional and socio-economic issues. In some cases, catalytic effects of international meetings were cited, or workshops organised in the context of programmes such as the EU Trade.Com. In one country there had been the introduction of the Donor Group on Trade and Private Sector Development- a platform for coordinating the engagement of donors with the government in the area of trade and private sector development, but this had not yet had the time to reflect in intensified dialogue. One Delegation reported that in general, there is more policy dialogue on the wider aid for trade agenda then on Trade Related Assistance as such (2 first categories of AfT).

AfT demand in LDCs

As many as 19 joint responses (more than 50%) considered that demand for Aid for Trade had increased since 2008. 11 said it had not. Three said it had increased significantly. When comparing these responses with the general sample, there is no striking difference.

The reasons given for increased demand, relate to regional and multilateral trade negotiations affect demand for AfT positively or inclusion of trade and private sector into the national development strategy. The existence of a Trade Related Project was considered a good entry point for further dialogue and demand. The Enhanced Integrated Framework was mentioned in some instances as a positive contribution, through its help to clarify trade related needs.

National coordination mechanisms in LDCs

In 11 of the 37 LDCs (30%), EU field offices considered that there were national coordination mechanisms in place to coordinate a trade policy: (featuring inter-ministerial and inter-institutional coordination). A further 16 (43%) said that such mechanisms existed formally, but were not actively used. In 9 countries, such mechanisms

3 37 responses were received from EU Field offices in LDCs (i.e. 42% of the total, 31 from ACP, 6 from Asia). In 25 out of the cases, the response was prepared jointly by all the EU donors active in the country in question. In of the countries, EU and/or EU Member States have programmes that can be considered as falling under an AfT category (list examples). In 6 further cases, the EU only (i.e. no Member States) is providing AfT.

were said not to exist. This can be compared with the 2009 responses, when in 26 out of 31 cases, EU donors in LDCs considered that the partner country owned the process of trade and AfT policy formulation, although only six of these (21 %) 'considerably'. The questions were not asked in the same way as before, but at least do not seem to be contradicted with the findings of last year's report.

It should be noted that **LDCs responses indicate a lower degree of availability and use of trade policy coordination mechanisms in LDCs as compared to the total sample** (Here 50% indicate that such mechanisms are available and used, and another 27 % indicates that they are available but not used).

For some countries, the coordination may work well in one area (agriculture), and less well in others (industry and trade), due to sensitivities of the partner government. One response cited the lack of representative private sector structures as one problem. Yet another explained that whilst there are coordination mechanisms organised around related sectors or programmes, such as Agriculture, Reconstruction, infrastructure and land issues, energy, there is, however, no donor coordination group linked to the more narrowly defined trade issues, nor linked to the broader aid for trade agenda or the Enhanced Integrated Framework (EIF) Secretariat. Trade is sometimes addressed but the issues are not sufficiently linked to those strategies and vice versa. Other countries reported on attempts to build linkages between such existing groups, in order to better capture trade related support efforts. Some countries had Interministerial committees in context of EPA negotiations, WTO and Integrated Framework in place, with civil society participation to some extent. For several countries private sector coordination groups including government and donors were being in place. Other countries were referring to the EIF as something about to start and expressed hopes that this would help improve the platforms. There were also quite a number of reports on EIF not using fully its potential in this regard. One country reported of relatively sophisticated coordination processes which nevertheless did not result in concrete decisions and follow-up actions and considered that monitoring and pro-active coordination of A4T needed to improve.

Yet another country explained that there was no effective coordination process in place (e.g. absence of a comitology) as a result of a weak institutional framework and insufficient capacities in terms of trade knowledge and staff resources. Despite political willingness at ministerial level to push forward the trade policy dialogue, an effective policy formulation and dialogue remains a considerable challenge without a strong administration in place that can accompany the process at technical level. An on-going EU grants contract was providing a small contribution to improve this situation. Another response highlighted that coordination mechanisms existed but enforcement of decisions was difficult to pursue, but that this specific aspect would be addressed in an upcoming Competitiveness Strategy. Finally, it was also mentioned that a forum had existed, but that its effectiveness had been reduced recently in view of the fact that it was developed to support the previous political party in power.

Trade needs assessments in LDC

It was again explored whether the LDCs had carried out a **comprehensive trade needs assessment in the past 5 years**: There were 21 positive answers (57%), 14 negative (38%), and 2 said partially. This indicates if anything a potential worsening on earlier year when 22 out of 31 (79%) LDCs were said to have undertaken a comprehensive trade needs assessment in the last 5 years. The score is relatively comparable to the total sample, in which 44/89 (50 %) said they had, and 30/89 (34%) said they had not, and 15/89 (17%) said they had done so partially.

Out of those having indicated that a trade needs assessment had been carried out in the past five years, seven responded that findings had been incorporated fully in the national trade strategy; eight said that the country did not have a trade strategy; and seven said that that was partially the case.

All in all, this seems to indicate **a strong need to continue to work with LDCs on their strategic priorities in trade, closely linked to overall efforts to enhance inclusive growth.**

Within the total sample, 24 out of 44 (54%) said their needs assessment was incorporated, of another 14 (31%) it was so partially. 11 (of which eight LDCs) respondents said there was no trade strategy.

For those whose needs assessment was older than five years, the mode of operation would be to use other sources, ad hoc coordination with the government or other actors, using consultants for identification missions, or simply considering that the existing needs assessment, even if old, was still relevant. In other cases, support was aligned on the governments trade priorities directly (even if no needs assessment was available). Other approaches have been to encourage the government to update its needs assessment. Several appear to be awaiting the DTIS update. In one case, alignment on a regional strategy was cited.

EU donors in LDCs were also asked whether their host country in their opinion should increase attention to trade related issues. Out of the 37 respondents, 28 considered that the country should do so, seven further indicated that they should do so partially. Two said that they should not. They commented, respectively, that Trade was already an implicit and important policy objective; and that attention is already high. The same field offices also commented, however, that the policy objective could be better defined in a clear strategy; and that the commitments made under regional agendas rarely appeared in policy, and that trade procedures could be simplified cheaply and easily, thus somehow contradicting the statement that attention was sufficient

Main LDCs constraints to increasing attention to trade

In terms of main constraints to increasing attention to trade, 21 responses consider that this was the country's low capacity to identify needs and priorities. Eight said this was important, and six said it was less important or not important.

Eight responses considered that the most important or important was insufficient availability of donor resources; but 25 considered that this was not important or less important.

Low absorption capacity was considered the most important or an important constraint for 33 respondents. Two said it was less important or not important.

"Other more pressing priorities" were mentioned by 15 respondents as important, (no one said very important), but a whole 15 said that they were not sure about the answer to this question.

Taken together this indicates a need to focus more on the LDCs partner countries capacity to position trade issues in their development strategy to identify more clearly the trade related needs, and to place more attention to the issue of absorption capacity. Whilst the first issues is one linked to training, studies, institution building etc with relatively known "recipes", the second is more complex.

Finally, a series of questions were asked about the contribution of the Enhanced Integrated Framework, the special multi-donor programme in support of LDC trade capacity. Compared to the past year, eight respondents saw an increased contribution but another eight did not. 20 said it was too early to assess/they were not sure/ or it was not applicable.

One response indicated that relevant institutional framework (including National EIF Implementation Unit) was only slowly falling into place. Another indicated that there was very little information on the programme in the country, despite the fact that it had started in 2004. In one country, training for officials of the Trade Ministry and for private sector representatives was planned, but other activities had not yet been seen. For another country, there was a reported effort to revitalise the Enhance Integrated Framework, which would foresee the update of an old (2003) DTIS. This had however been delayed due to weaknesses of the involved consultant and due to the restructuring of the Ministry. In once country, the process should enter into its active phase early 2011, but was delayed due to the electoral process. Another response referred to an EIF project being approved in January 2010 but could not provide information about its implementation or impact.

In one country the Action matrix was considered vague and overloaded. In another, a programmes supported by Sweden in the area of rehabilitation of rural roads and investment climate reform was said to have substantially contributed to creating a more enabling environment in terms of regulatory and physical infrastructure, including in the area of trade facilitation, whereby trade capacities have been enhanced. In one country, implementation of EIF tier 1 project activities was yet to roll out in-country. One field response argued that the process was still too slow for the donor facilitator being able to perform well its role. For the moment, reviving the process was the priority. In yet another country the preparation for the Enhanced Integrated Framework tier I project was finished and the project proposal was submitted to the WTO committee for approval. In one country IF Window 2 project continued to be implemented during 2010 and were useful. A negative aspect, was that a lot of time was spent managing some smaller projects, at the expense of using the limited resources to get a trade sector program in place and use the several funding options already available in the country.

In one country, the EIF was reported as a work in progress. The DTIS had made an impact on actions in the trade sector, but had not yet effectively delivered. One country had received the first batch of Tier 1-funding half-way through 2010, but was still in the process of setting up the national implementation unit which is resourced through this funding. There was concern that EIF in this country would remain ineffective before the implementation unit is fully operational. In one country, there have been a few new projects that are going to be implemented and coordinated by the national EIF structure.

9. AfT monitoring & evaluation

In the context of the difficult economic crisis that Europe experienced and resulting austerity plans, there is a growing pressure for enhanced accountability as regards the results of development spending. This is particular valid for AfT where concrete output is less visible and difficult to measure as compared to some other aid sectors. Together with the OECD and WTO, the EU is placing increasing attention on the improvement of monitoring and evaluation of AfT. This issue was addressed with specific questions in the AfT survey to EU field offices, in order to receive feedback from the field on the main challenges, on good practice, and on the focus of future work on monitoring and evaluation.

Asked about the difficulties that donors encounter in assessing AfT programmes and projects, EU field offices considered the difficulty in obtaining in-country data as the most important challenge (69% of respondents). The difficulty in identification of quantifiable objectives for intervention was rated as another important hurdle (67%). To a slightly lesser extent the difficulty in defining suitable indicators is considered as an important challenge (57%).

A key aim of monitoring and evaluation is to feedback results into the government's trade development strategy for which specific process need to be in place. From the responses to the EU field office questionnaire it appears that this is not often the case. Only 3% of respondents report that this 'significantly' applies and 37% 'moderately'. This is clearly an area where further work is required.

Monitoring and evaluation was also addressed in the OECD questionnaires: Nine Member States responses indicate that AfT Monitoring has moderately improved.

As regards owning of the monitoring process, Member States reported that they use a combination of own monitoring, partner countries' monitoring processes and joint monitoring arrangements.

In the evaluation of AfT strategies, programmes and projects, Member States report a number of challenges they face in decreasing order of importance: 'Difficulty of assigning trade outcomes to the programme' considered by seven Member States as most important (DK, FR, SE, NL, DE, FI, BE), followed by 'difficulty in identifying quantifiable objectives' which is considered 'most important' by four Member States (IE, FR, FI, CZ).

On the relevance of monitoring AfT at the global level, replies from the OECD/WTO questionnaire showed that a strong majority (13 out of 16) of Member States consider this useful (LU, IE, FR, UK, NL, LI, IT, HU, DE, FI, CZ, BE, ES). Seven Member States report the main challenges in global monitoring as the collection of data, the development of indicators and attribution of results (IE, FR, UK, PT, NL, DE, FI). The broad definition of AfT is considered as problematic by three Member States (FR, DK, SE).

These elements confirm that whilst monitoring and evaluation remain an important element of the Aid for Trade initiative and of the implementation of the EU AfT strategy, there is a growing and stronger need for improved guidance and more focused work with donors and partner countries on mapping how Aid for Trade brings good or bad results, and how well the support by donors fits with the partner countries strategies. This work requires a more focused analysis, at country level, in the specific sub-sectors of AfT projects and programmes, with the objective of improved quality of design and result-oriented monitoring by including more systematically appropriate indicators and well defined intervention logics in AfT programmes.

Aid for Trade sub-annexes

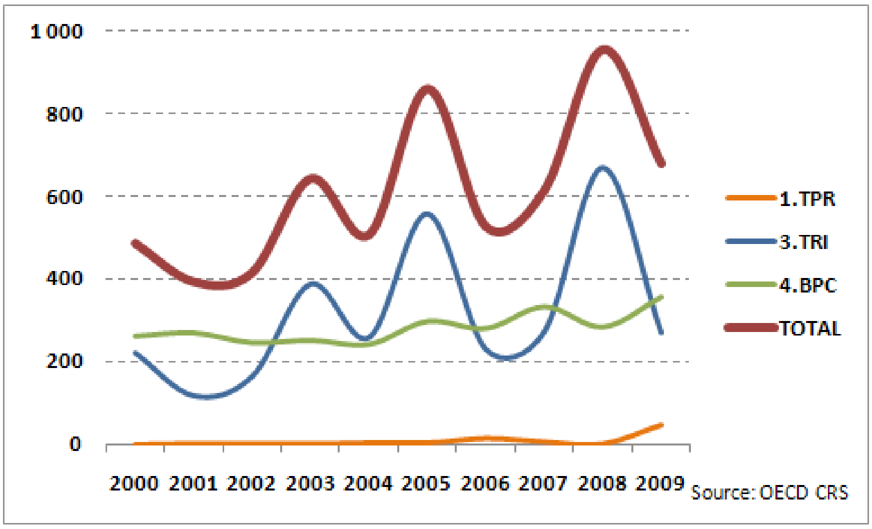
- Detailed sub-regional AfT breakdown
- Detailed sub-regional TRA breakdown
- List of 2009 EU + Member State Aid for Trade programmes > EUR 50 million
- 20 countries and regions receiving most of EU and Member States AfT in 2009
- 20 countries and regions receiving most of EU and Member States TRA in 2009
- Category 6 in EU AfT 2009, EUR thousands

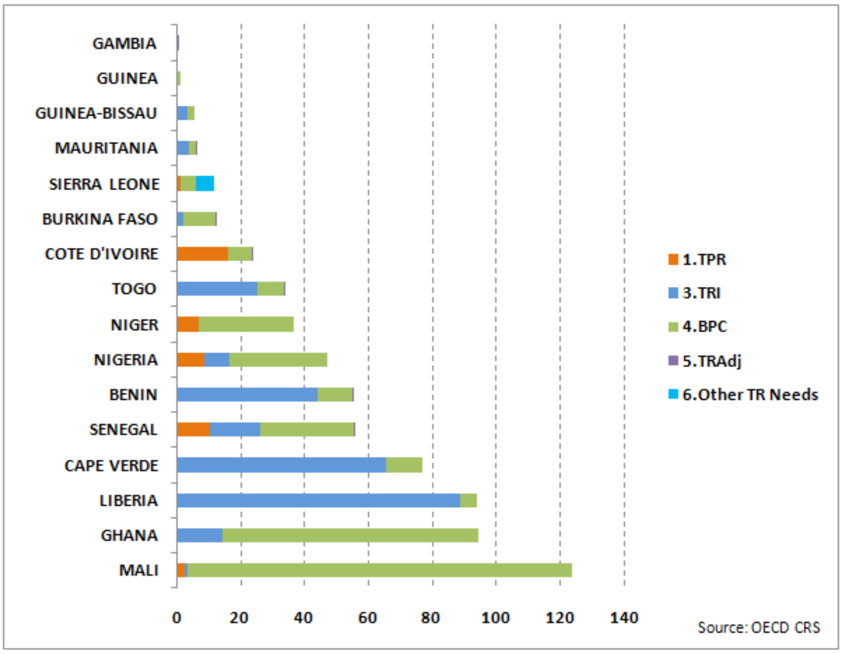
Detailed sub-regional AfT breakdown

West Africa

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.4	2.7	2.1	1.9	4.4	4.5	14.4	6.7	2.1	44.9
3.TRI	222.5	119.2	165.8	388.3	259.5	557.6	230.4	273.7	668.4	271.1
4.BPC	261.1	268.7	244.9	250.9	240.9	297.0	279.6	332.4	283.1	355.9
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6
TOTAL	**483.9**	**390.6**	**412.9**	**641.1**	**504.8**	**859.1**	**524.4**	**612.9**	**954.2**	**677.6**

Source: OECD CRS

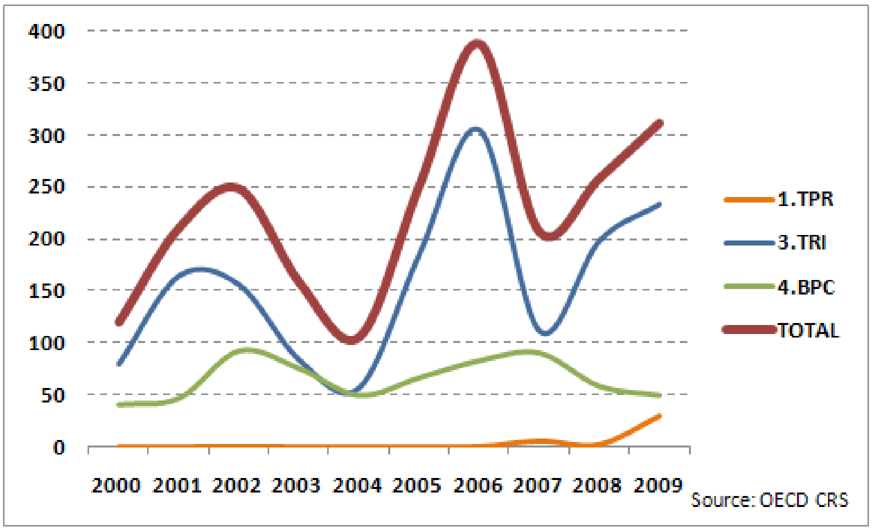


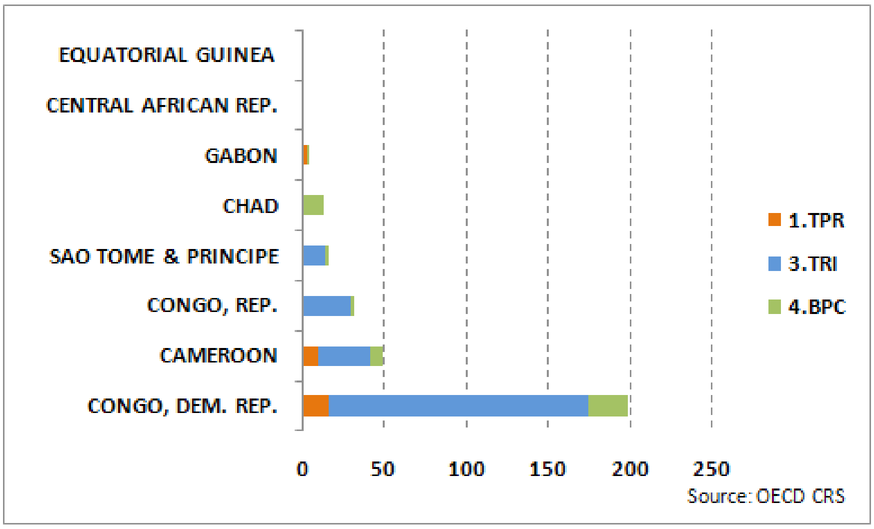


Central Africa

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.1	0.0	0.4	0.0	0.0	0.0	0.2	5.6	2.3	29.1
3.TRI	79.3	164.2	155.5	83.2	56.3	184.7	304.9	111.0	198.0	233.2
4.BPC	40.7	46.9	92.6	75.6	49.6	66.6	83.1	90.5	58.4	49.6
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**120.1**	**211.1**	**248.6**	**158.8**	**105.8**	**251.3**	**388.3**	**207.1**	**258.6**	**311.9**

Source: OECD CRS

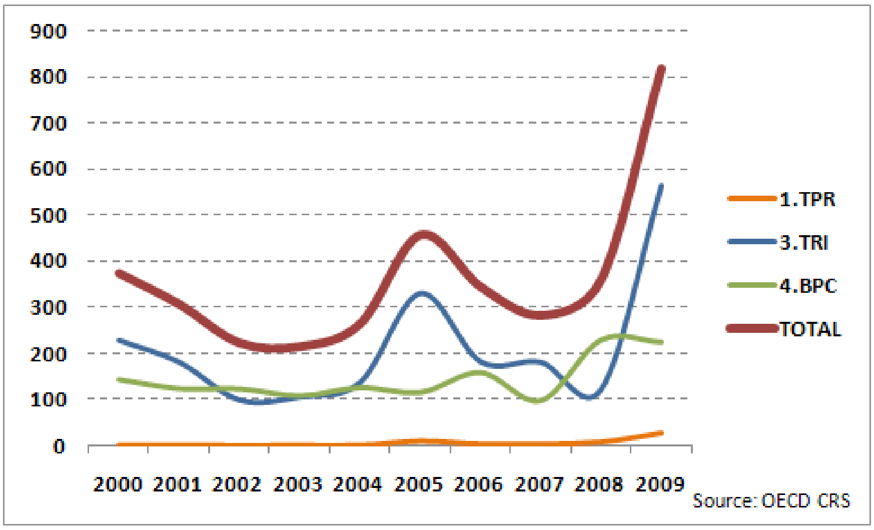


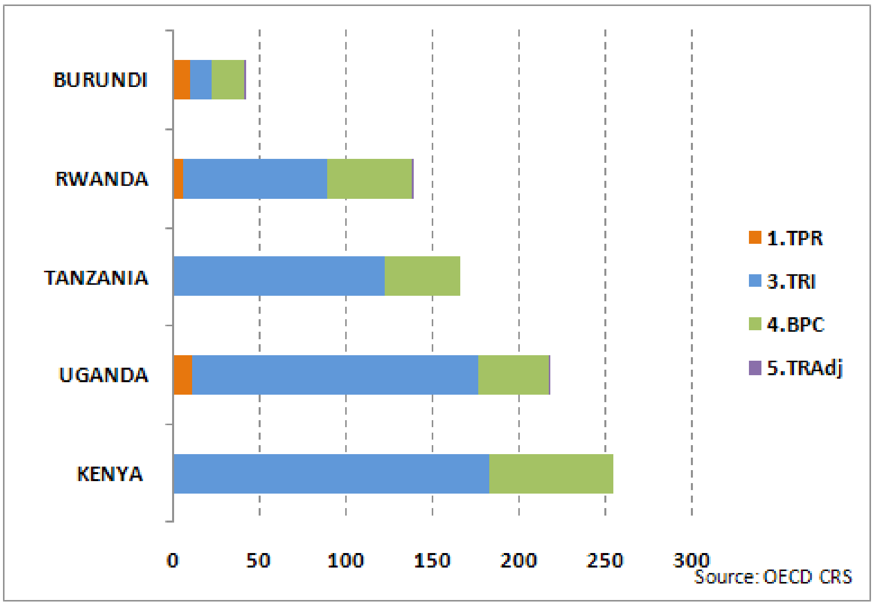


EAC (East African Community)

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	1.1	0.9	0.0	0.6	0.6	9.5	3.1	2.4	7.5	27.3
3.TRI	229.7	182.0	99.8	106.5	138.2	331.8	183.1	182.4	122.9	565.5
4.BPC	144.1	124.3	123.8	108.9	126.4	116.3	159.1	98.6	230.1	225.0
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**374.9**	**307.2**	**223.7**	**216.0**	**265.2**	**457.6**	**345.3**	**283.4**	**360.9**	**817.8**

Source: OECD CRS

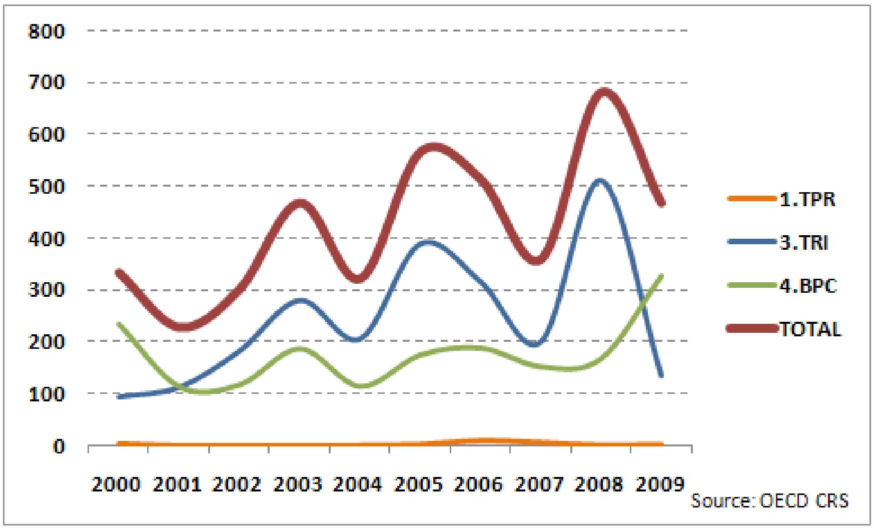


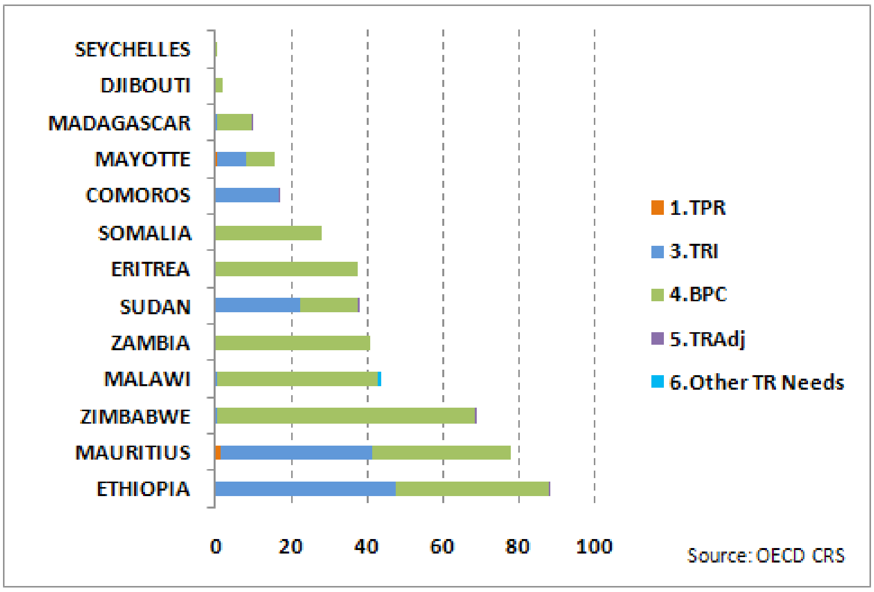


East Africa (excluding EAC)

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	3.6	0.2	0.5	0.5	0.6	2.3	8.8	5.4	1.0	2.3
3.TRI	94.8	113.6	183.4	280.3	206.3	388.9	316.0	200.6	510.4	135.8
4.BPC	234.0	112.4	116.7	186.4	113.3	174.6	188.0	151.7	167.3	327.7
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.3
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9
TOTAL	**332.4**	**226.3**	**300.6**	**467.2**	**320.2**	**565.7**	**512.9**	**357.7**	**680.9**	**467.0**

Source: OECD CRS

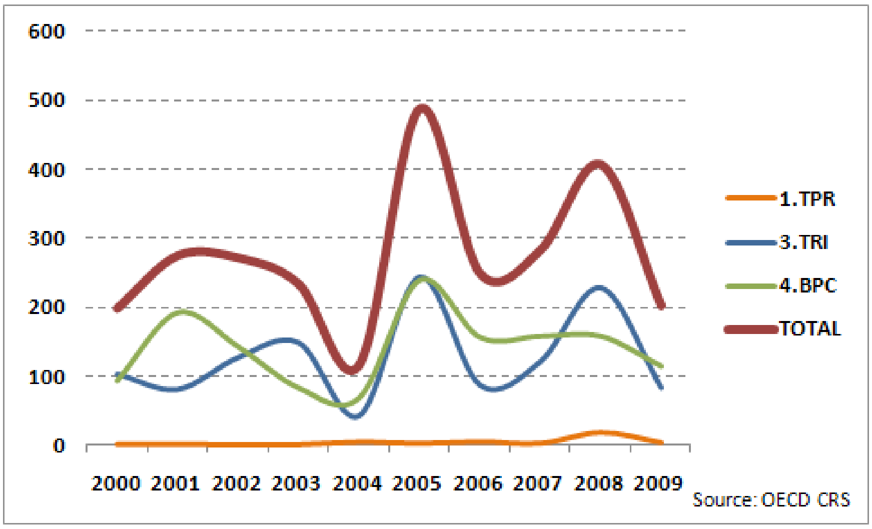


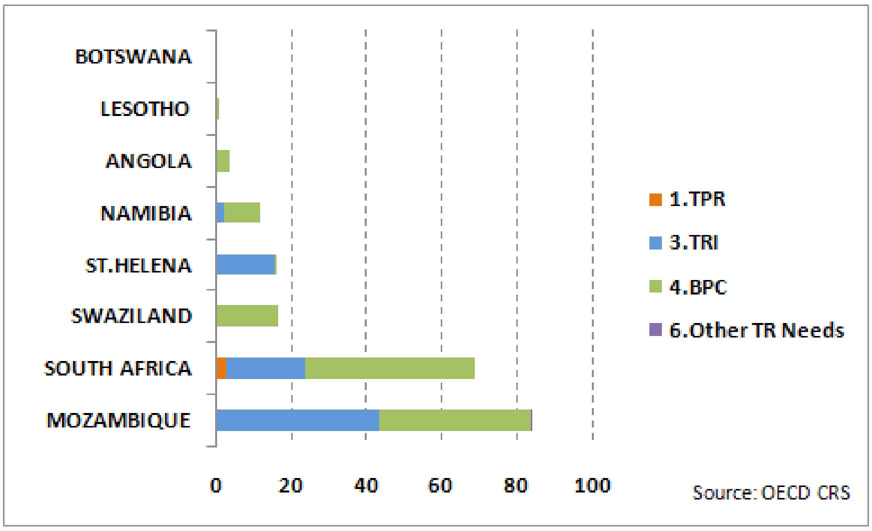


Southern Africa

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.5	0.4	0.1	0.2	3.9	1.8	4.3	1.9	18.3	3.0
3.TRI	102.4	80.4	127.1	148.7	41.7	244.6	86.7	121.2	228.8	82.8
4.BPC	94.4	193.1	143.6	84.0	69.3	240.1	157.2	158.8	158.9	115.4
5.TRAdj										
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**197.3**	**273.9**	**270.8**	**232.8**	**114.9**	**486.5**	**248.2**	**282.0**	**405.9**	**201.2**

Source: OECD CRS

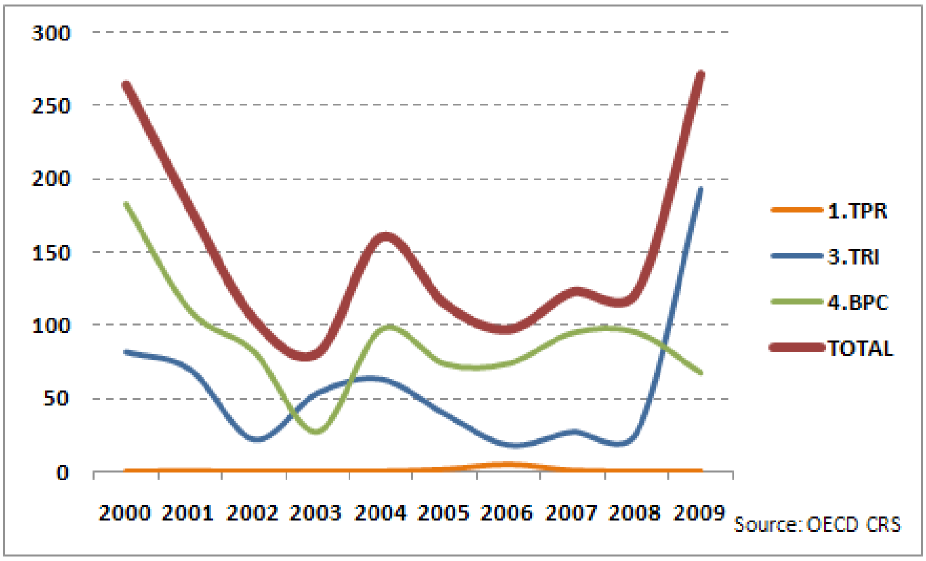


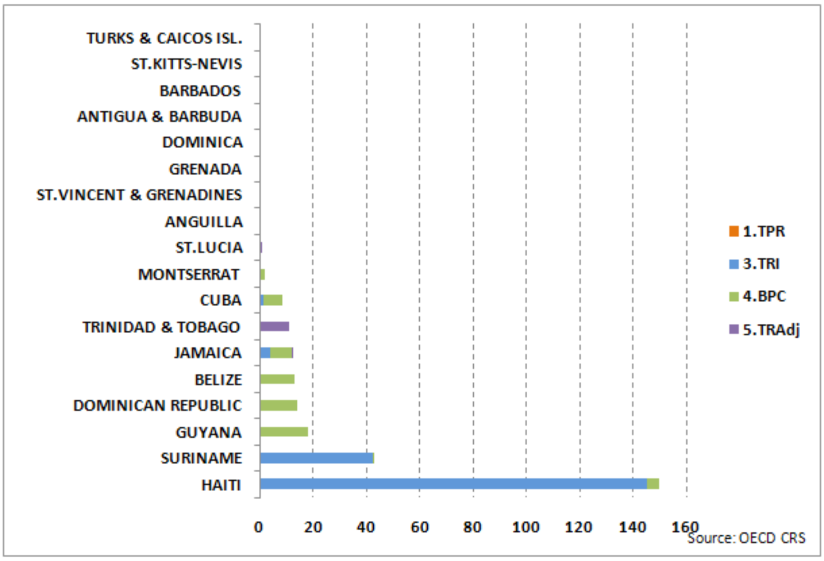


Caribbean

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.1	0.3	0.0	0.0	0.1	1.6	5.0	0.8	0.1	0.1
3.TRI	81.5	69.6	21.6	53.5	62.9	38.9	17.6	26.9	26.7	193.2
4.BPC	182.8	110.0	82.0	26.9	97.2	73.3	73.9	94.8	94.9	67.3
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	10.9
6.Other TR Needs										
TOTAL	**264.4**	**179.8**	**103.6**	**80.4**	**160.1**	**113.7**	**96.5**	**122.4**	**122.4**	**271.6**

Source: OECD CRS

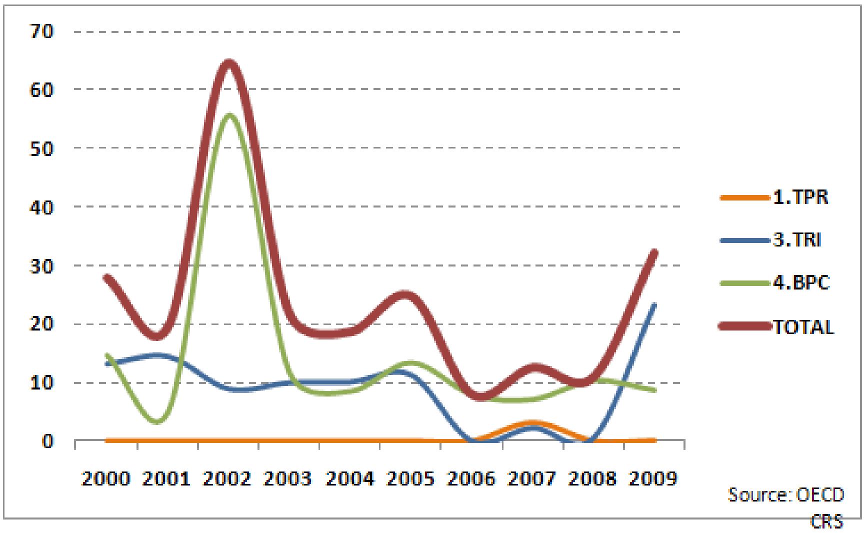


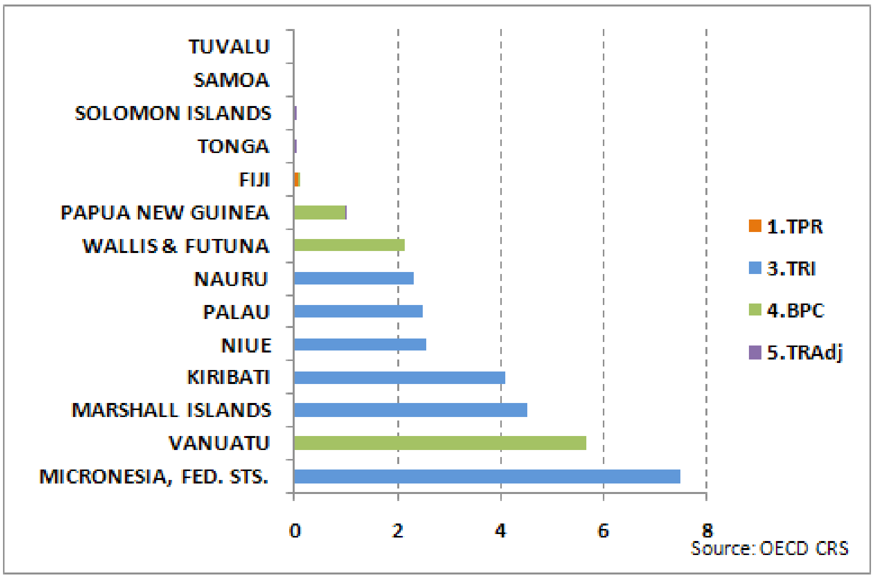


Pacific

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.2	0.0	0.1
3.TRI	13.3	14.6	9.0	10.1	10.2	11.4	0.1	2.3	0.7	23.4
4.BPC	14.7	5.0	55.6	11.7	8.6	13.5	8.0	7.2	10.4	8.8
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.Other TR Needs										
TOTAL	**28.0**	**19.6**	**64.6**	**21.8**	**18.8**	**24.9**	**8.1**	**12.7**	**11.1**	**32.2**

Source: OECD CRS

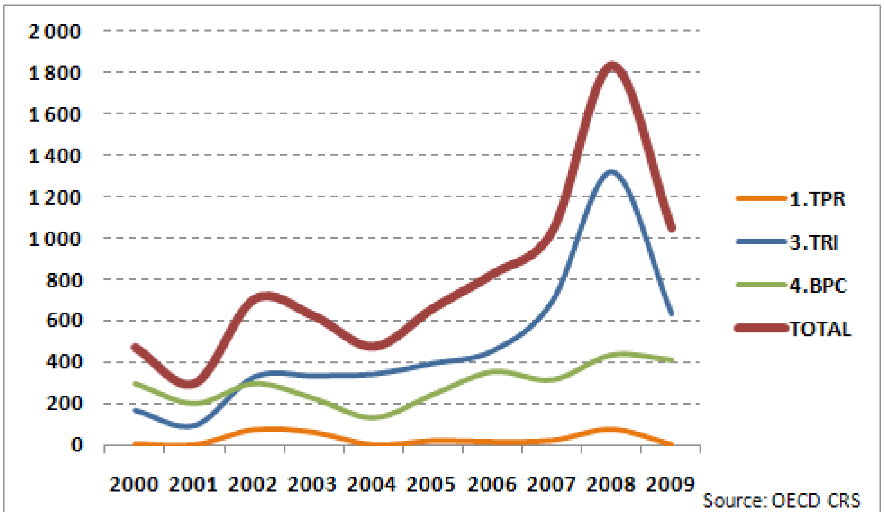




Neighbourhood

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	6.0	1.9	77.3	63.4	1.1	22.2	16.8	24.0	78.7	3.3
3.TRI	167.5	94.7	329.0	334.3	342.0	393.4	453.9	692.5	1316.5	632.9
4.BPC	296.8	200.5	297.2	223.9	130.8	244.5	354.3	315.2	435.7	410.7
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
TOTAL	**470.4**	**297.2**	**703.4**	**621.6**	**473.8**	**660.2**	**825.1**	**1031.7**	**1830.9**	**1047.1**

Source: OECD CRS



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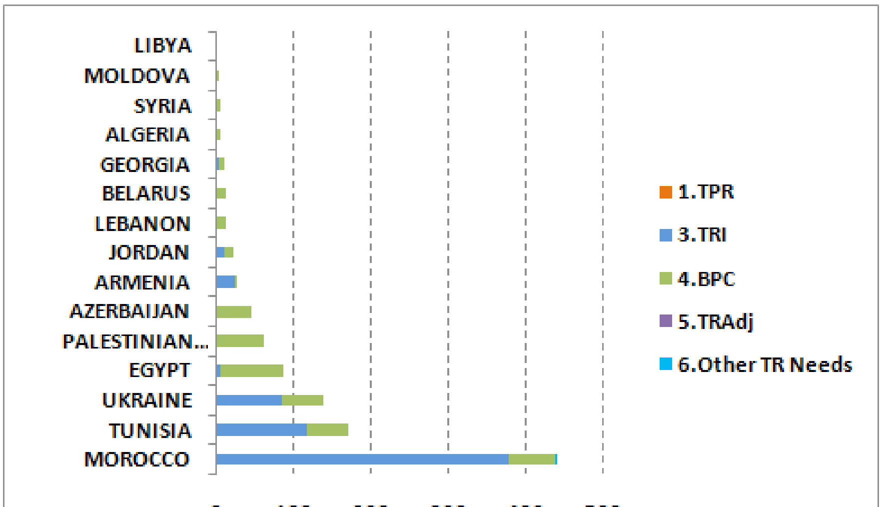
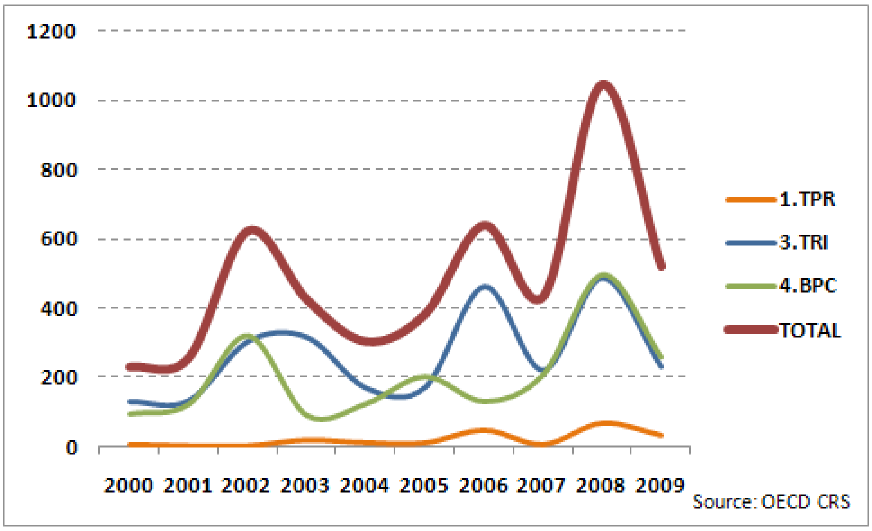


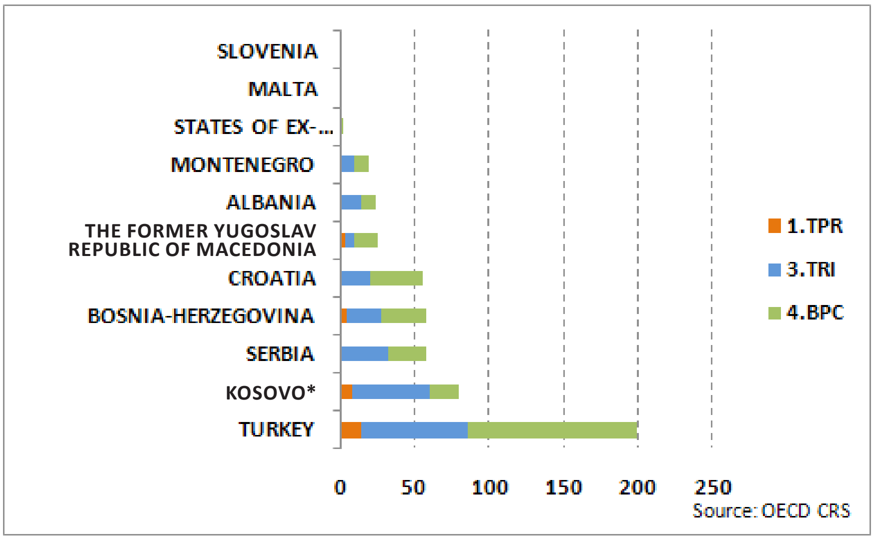
Source: OECD CRS

Enlargement

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	3.9	0.2	0.1	17.0	8.9	8.5	45.7	3.8	66.4	30.2
3.TRI	128.0	130.8	301.7	313.8	167.3	169.1	460.1	218.7	484.8	229.1
4.BPC	96.1	124.1	319.7	91.3	125.2	202.6	131.8	209.1	493.7	258.8
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.Other TR Needs										
TOTAL	**228.0**	**255.0**	**621.6**	**422.2**	**301.3**	**380.2**	**637.6**	**431.6**	**1044.9**	**518.1**

Source: OECD CRS



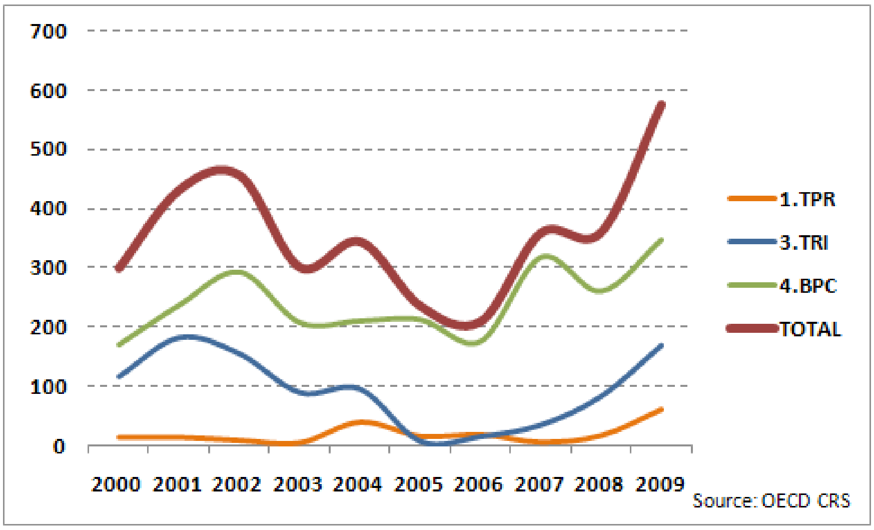


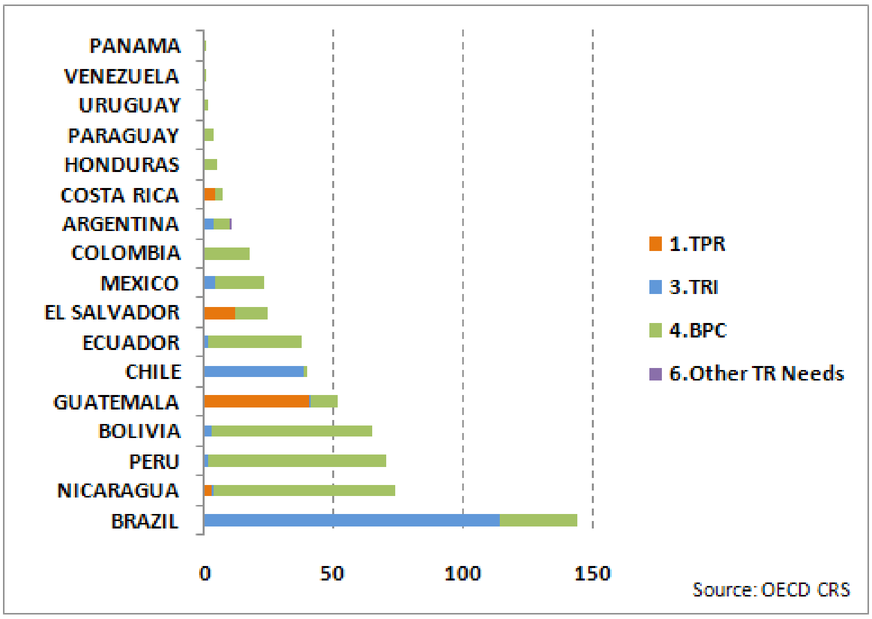
** under UNSCR 1244/1999*

Latin America

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	14.0	14.0	9.2	5.1	39.5	16.0	18.7	6.0	17.0	60.2
3.TRI	116.1	181.2	154.0	89.1	95.1	7.3	15.5	35.0	82.8	168.0
4.BPC	169.3	236.7	292.9	206.5	209.7	211.9	174.8	317.9	260.2	347.3
5.TRAdj										
6.Other TR Needs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
TOTAL	**299.3**	**432.0**	**456.1**	**300.7**	**344.3**	**235.2**	**209.0**	**358.9**	**360.0**	**575.7**

Source: OECD CRS

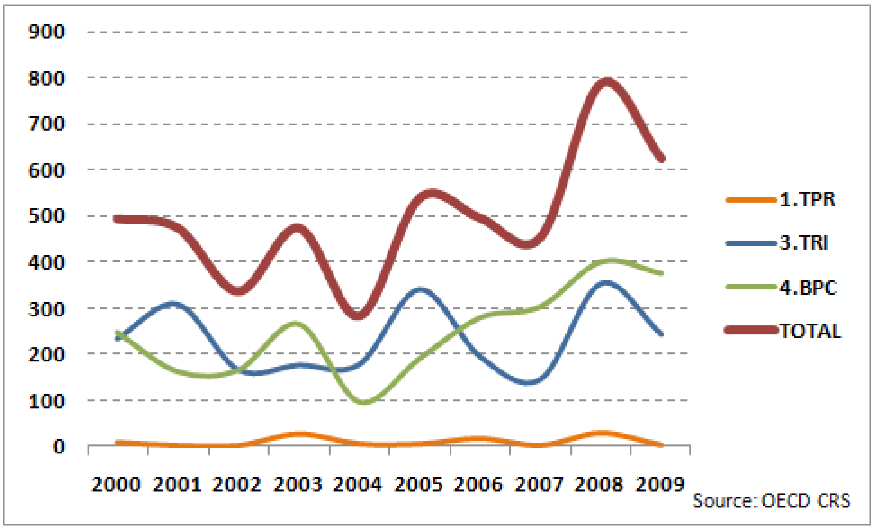


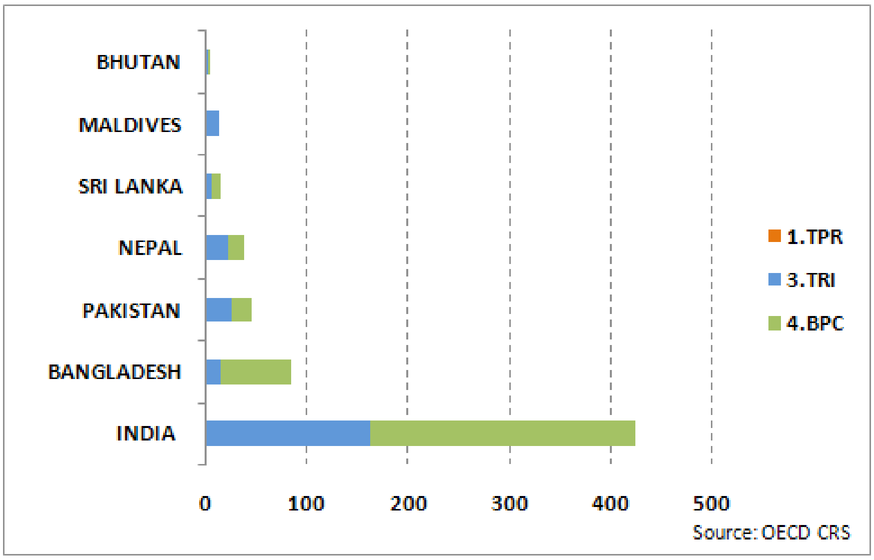


South Asia

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	8.5	0.6	0.8	28.5	5.0	4.4	17.8	1.2	30.6	2.0
3.TRI	235.5	309.6	167.9	177.9	179.3	342.2	196.3	147.2	354.7	244.8
4.BPC	248.8	163.3	167.1	266.9	97.7	192.0	280.8	304.7	402.0	377.3
5.TRAdj										
6.Other TR Needs										
TOTAL	**492.8**	**473.6**	**335.8**	**473.3**	**282.0**	**538.7**	**495.0**	**453.2**	**787.3**	**624.1**

Source: OECD CRS

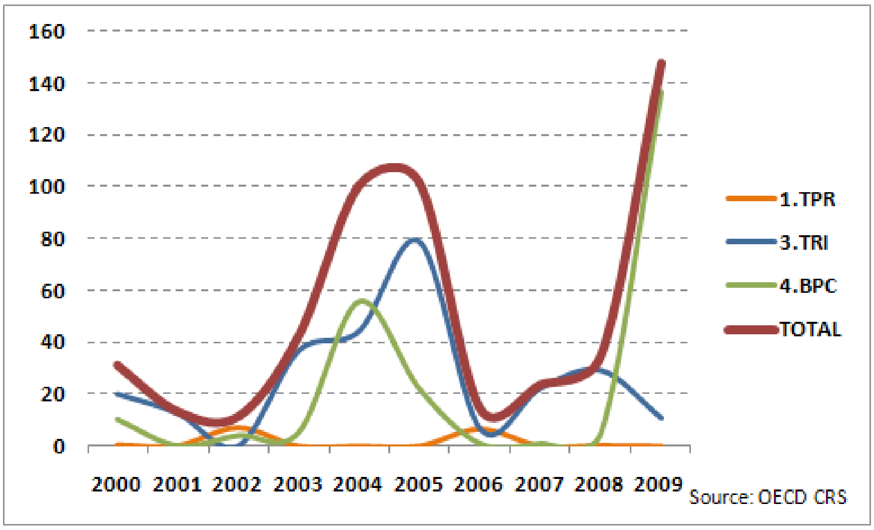


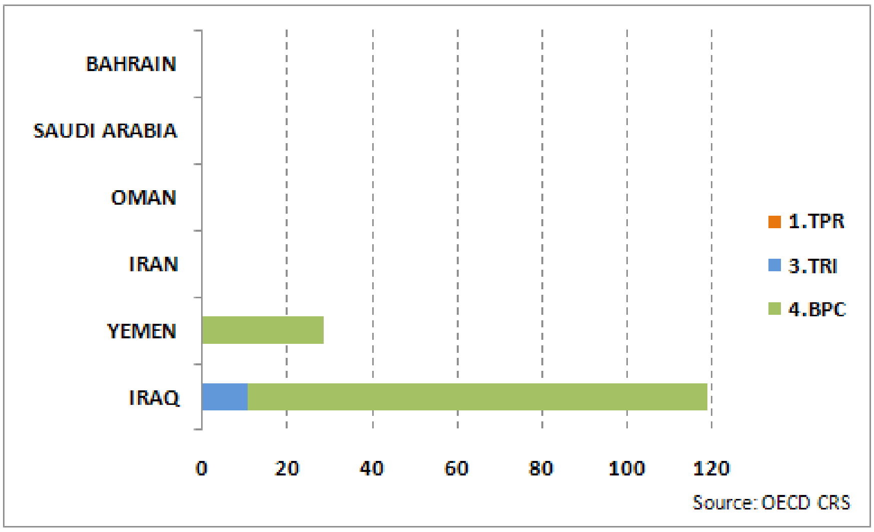


Middle East

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.5	0.2	7.0	0.0	0.0	0.0	6.5	0.0	0.3	0.0
3.TRI	20.2	12.8	0.1	36.9	44.5	79.1	6.8	22.5	29.3	10.9
4.BPC	10.5	0.3	4.3	5.5	55.9	22.2	1.2	1.2	5.4	136.5
5.TRAdj										
6.Other TR Needs										
TOTAL	**31.2**	**13.3**	**11.4**	**42.5**	**100.4**	**101.3**	**14.4**	**23.7**	**35.0**	**147.4**

Source: OECD CRS

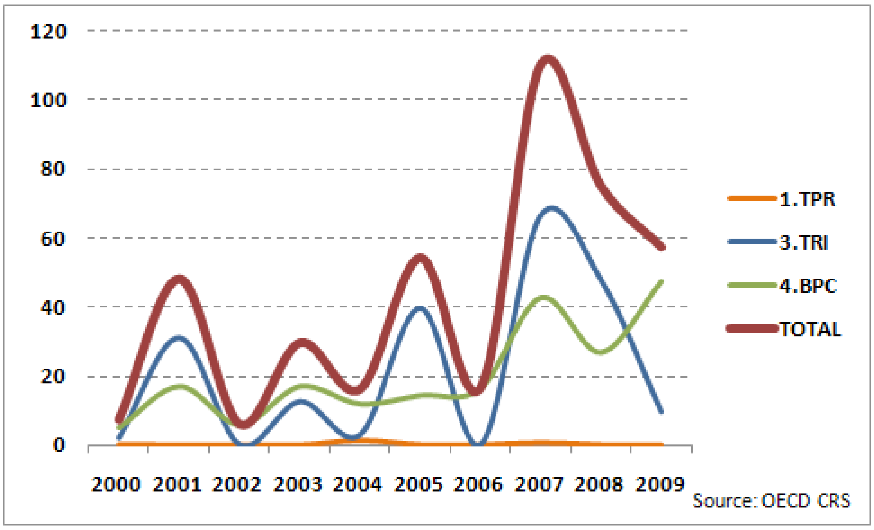


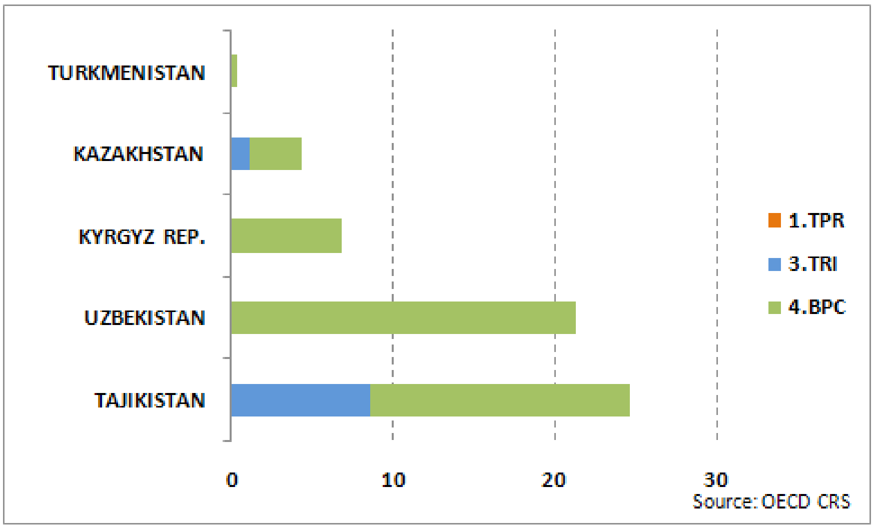


Central Asia

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	0.1	0.0	0.0	0.0	1.2	0.1	0.0	0.6	0.1	0.0
3.TRI	2.1	31.1	0.0	12.6	3.0	39.7	0.1	66.7	47.8	9.6
4.BPC	5.2	17.1	6.0	17.1	12.0	14.5	16.5	42.9	27.0	47.6
5.TRAdj										
6.Other TR Needs										
TOTAL	**7.4**	**48.2**	**6.1**	**29.6**	**16.2**	**54.2**	**16.6**	**110.2**	**74.9**	**57.3**

Source: OECD CRS

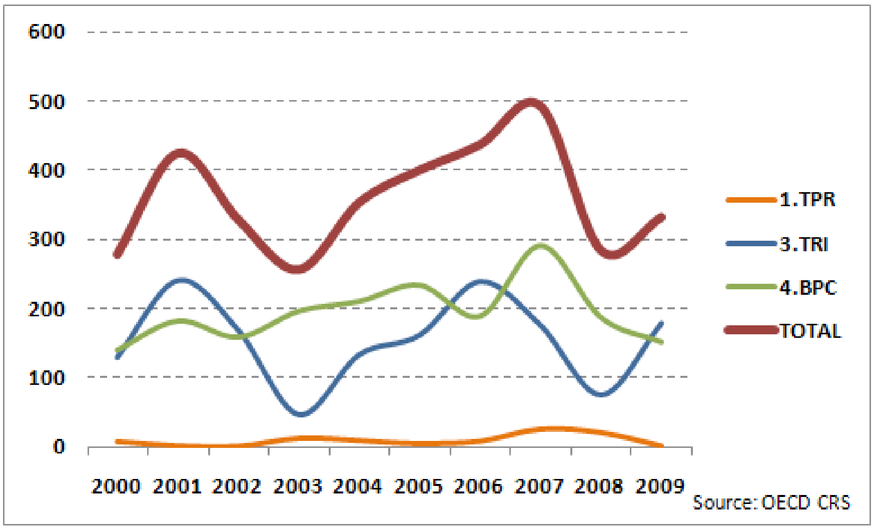


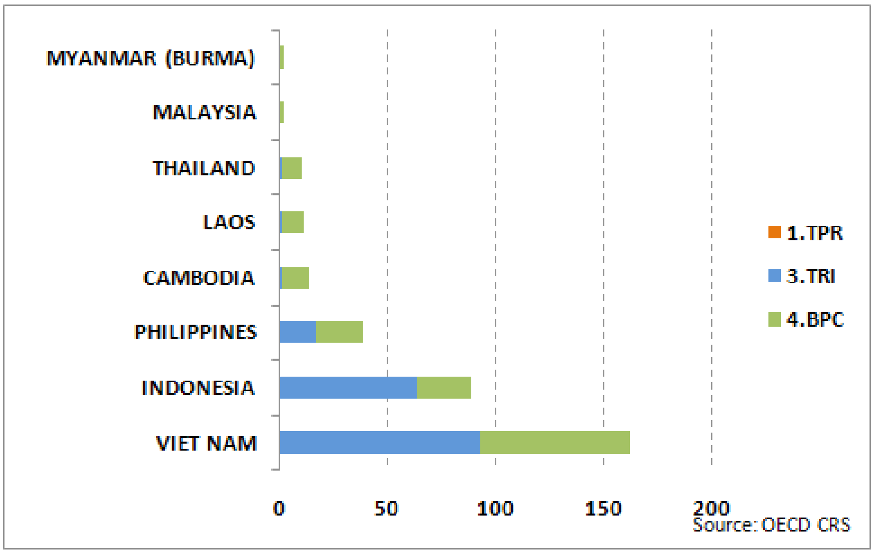


ASEAN

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	7.2	0.9	0.1	12.2	8.8	4.1	7.9	26.1	20.8	0.5
3.TRI	129.3	240.6	168.5	46.4	133.1	161.4	239.1	175.5	74.8	178.6
4.BPC	140.9	182.7	159.3	196.9	210.7	234.1	189.6	290.7	187.4	152.3
5.TRAdj										
6.Other TR Needs										
TOTAL	**277.4**	**424.1**	**328.0**	**255.4**	**352.7**	**399.7**	**436.6**	**492.4**	**283.1**	**331.3**

Source: OECD CRS

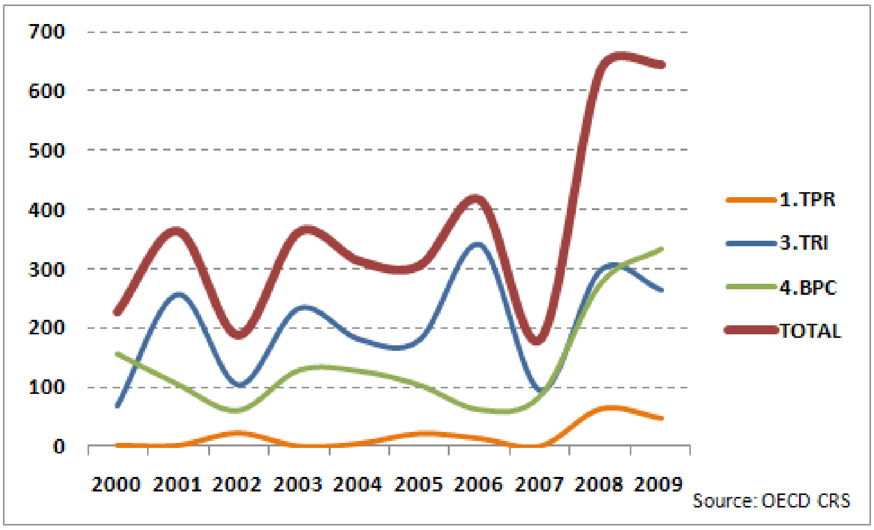


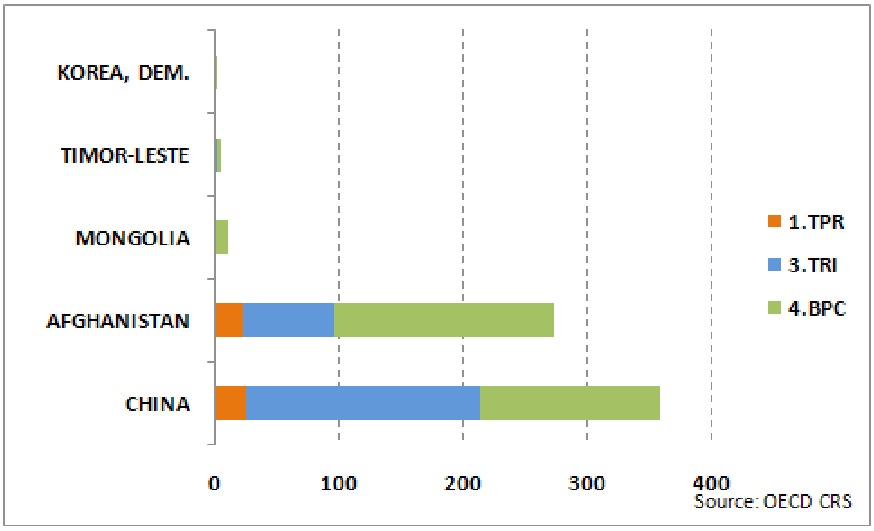


Asia (other)

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	2.0	1.9	22.6	0.3	4.8	21.7	13.4	0.6	63.7	47.9
3.TRI	67.5	256.3	103.2	232.5	180.2	179.3	340.4	93.8	298.0	263.9
4.BPC	157.6	106.2	62.1	129.9	128.5	104.7	63.2	87.1	276.5	333.9
5.TRAdj										
6.Other TR Needs										
TOTAL	**227.1**	**364.3**	**187.9**	**362.7**	**313.6**	**305.8**	**417.0**	**181.5**	**638.1**	**645.7**

Source: OECD CRS

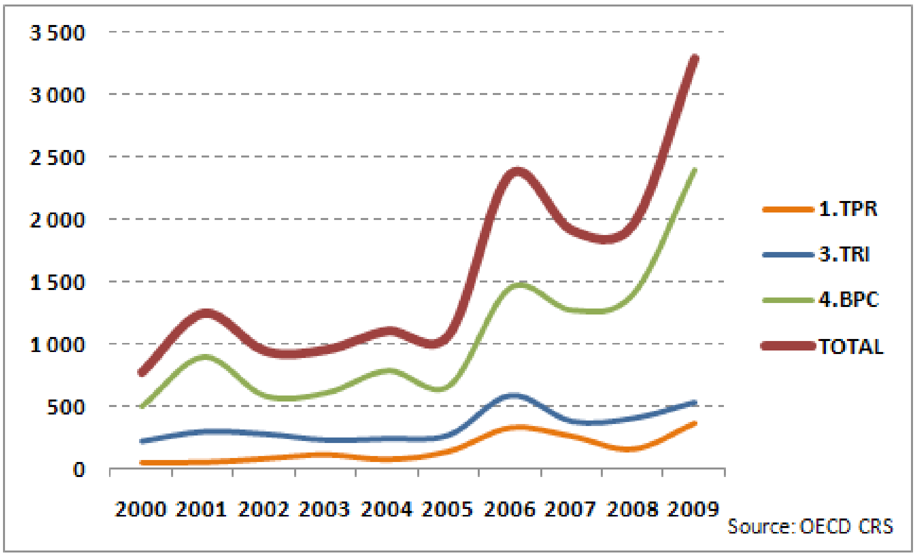


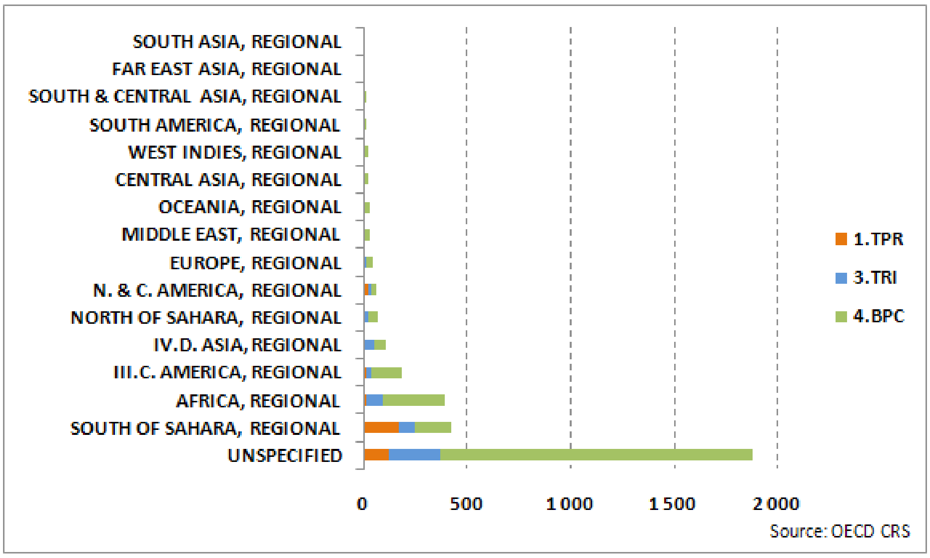


Regional

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1.TPR	42.4	43.5	73.8	106.3	67.2	132.5	321.9	254.1	149.7	358.1
3.TRI	226.8	301.2	282.7	236.3	246.3	274.6	585.4	381.5	405.1	530.2
4.BPC	495.3	892.9	579.1	602.8	782.4	660.2	1451.1	1269.2	1398.5	2397.8
5.TRAdj	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6.Other TR Needs										
TOTAL	**764.5**	**1237.7**	**935.5**	**945.4**	**1095.9**	**1067.3**	**2358.5**	**1904.8**	**1953.3**	**3286.2**

Source: OECD CRS



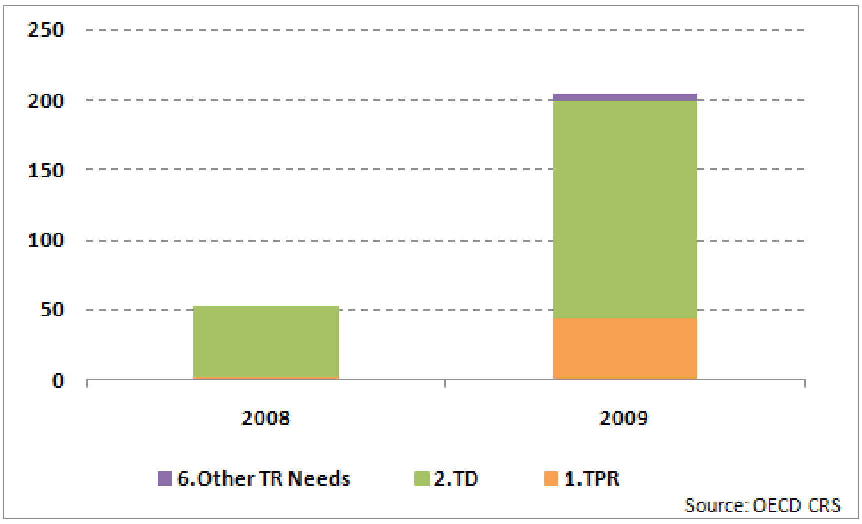


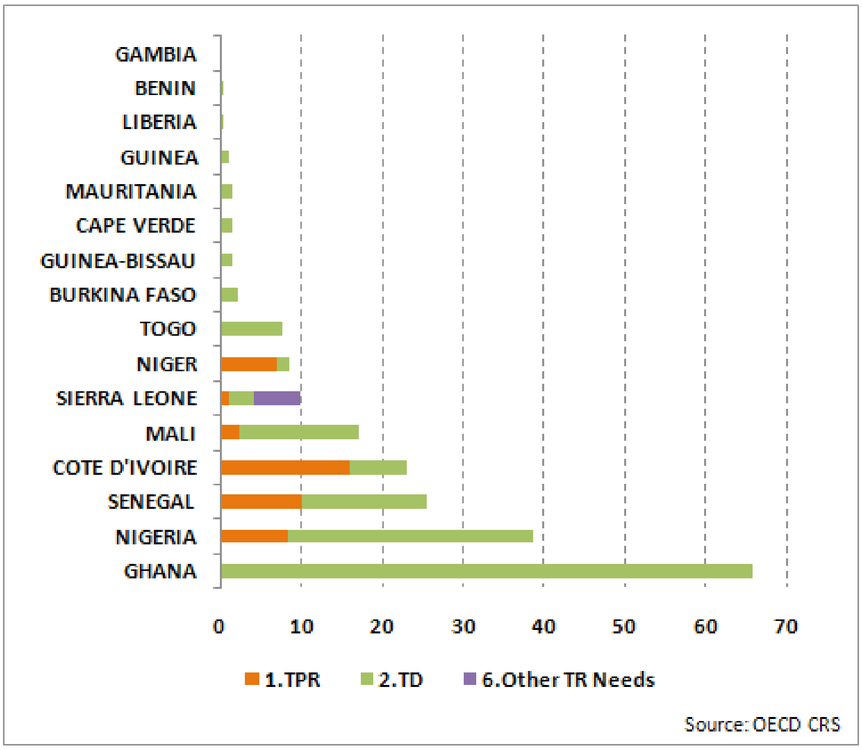
Detailed sub-regional TRA breakdown

West Africa

(EUR million)	2008	2009
1.TPR	2.1	44.9
2.TD	49.8	154.0
6.Other TR Needs	0.0	5.6
TOTAL	51.9	204.5

Source: OECD CRS

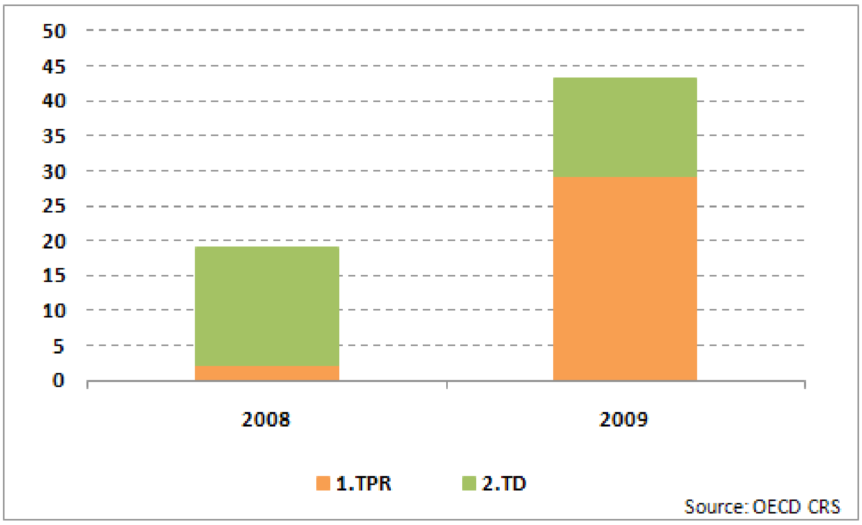


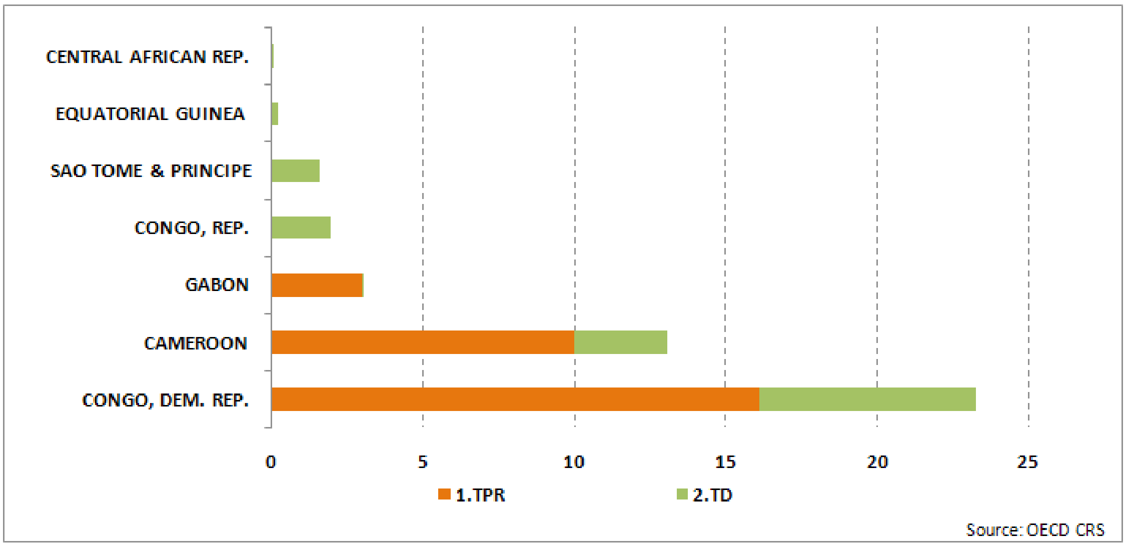


Central Africa

(EUR million)	2008	2009
1.TPR	2.3	29.1
2.TD	16.8	14.1
6.Other TR Needs		
TOTAL	19.1	43.2

Source: OECD CRS

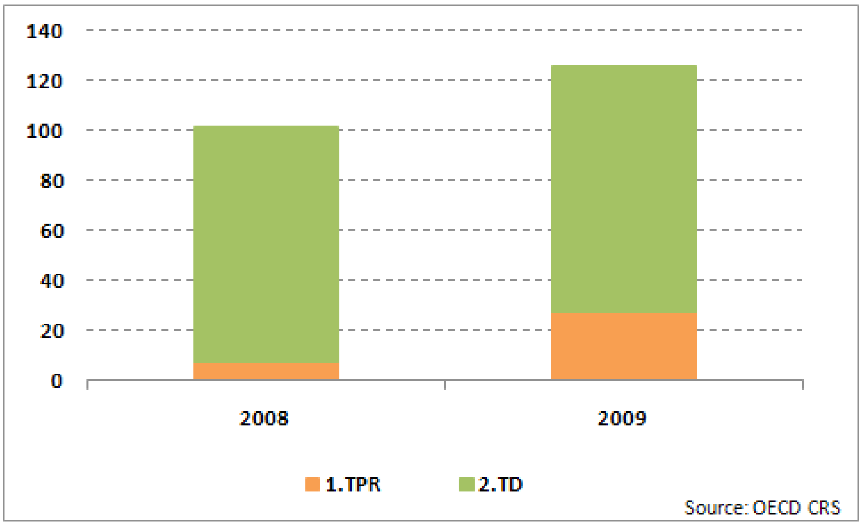


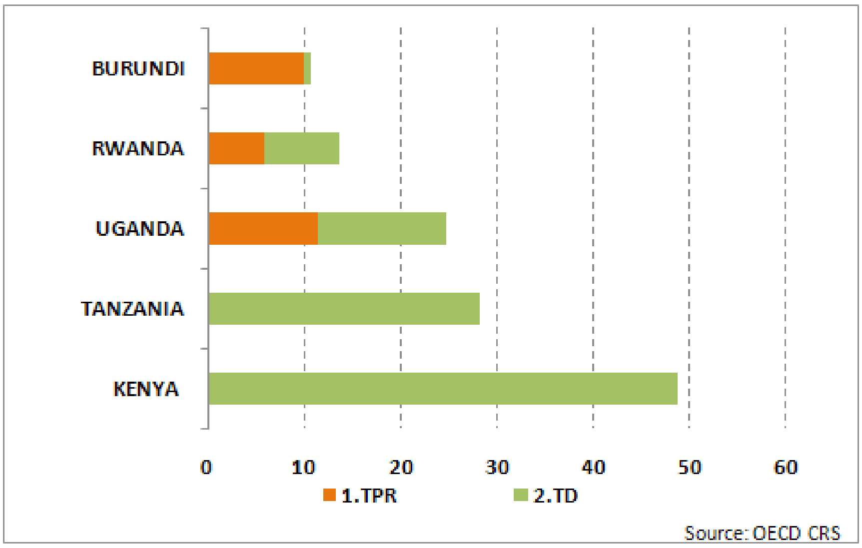


EAC (East African Community)

(EUR million)	2008	2009
1.TPR	7.5	27.3
2.TD	94.2	98.7
6.Other TR Needs		
TOTAL	101.8	126.0

Source: OECD CRS

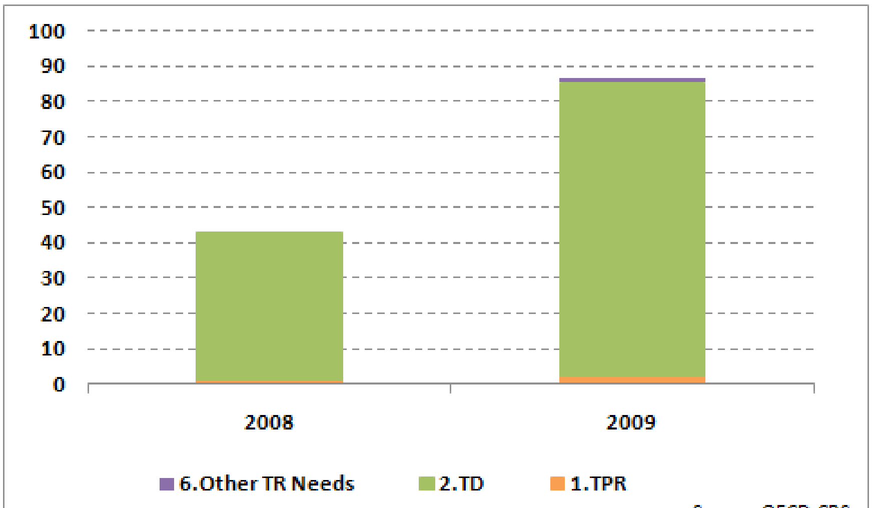




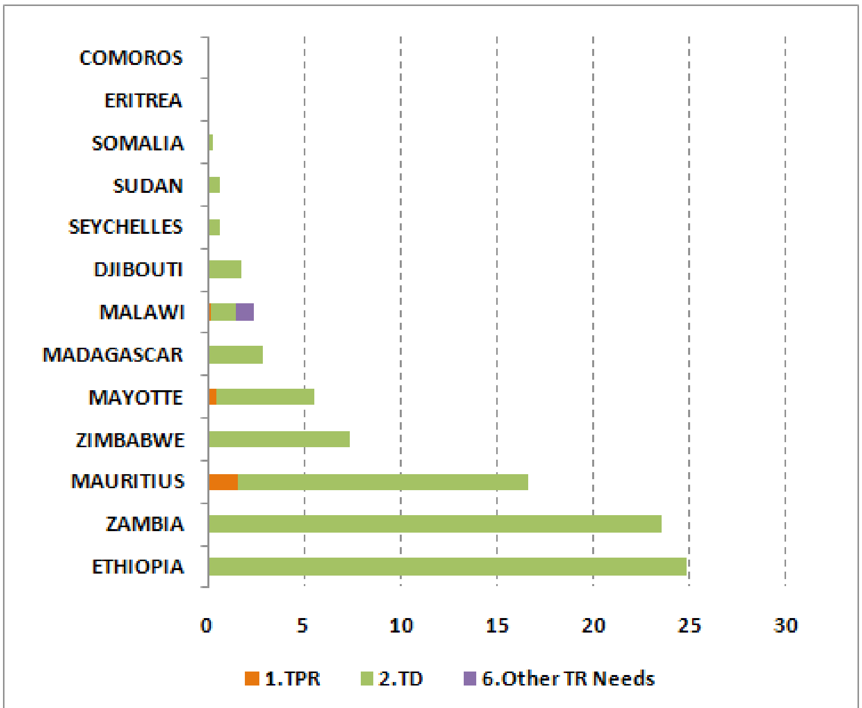
East Africa excl. EAC

(EUR million)	2008	2009
1.TPR	1.0	2.3
2.TD	41.9	83.1
6.Other TR Needs	0.0	0.9
TOTAL	42.9	86.3

Source: OECD CRS



Source: OECD CRS

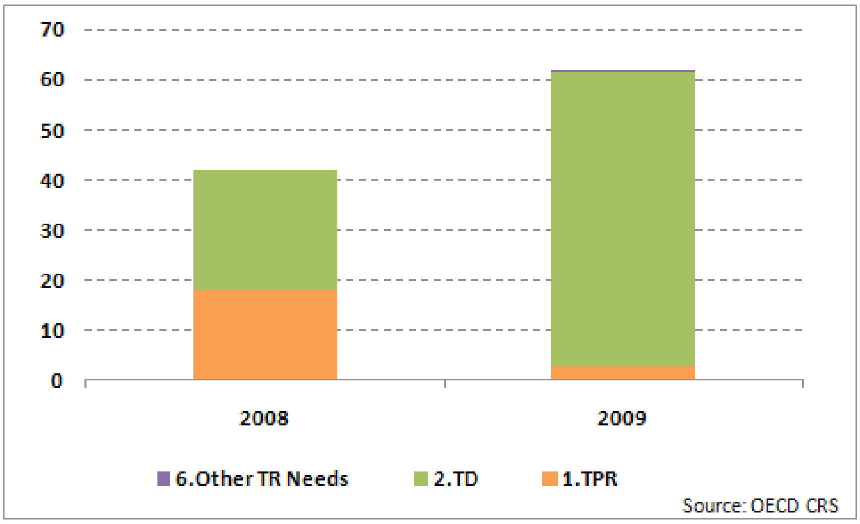


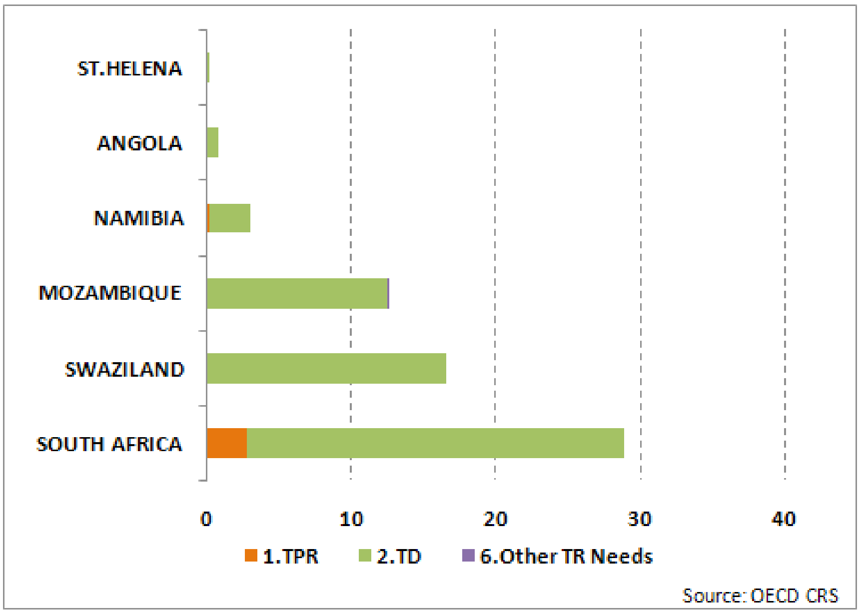
Source: OECD CRS

Southern Africa

(EUR million)	2008	2009
1.TPR	18.3	3.0
2.TD	23.5	58.7
6.Other TR Needs	0.0	0.0
TOTAL	41.7	61.7

Source: OECD CRS

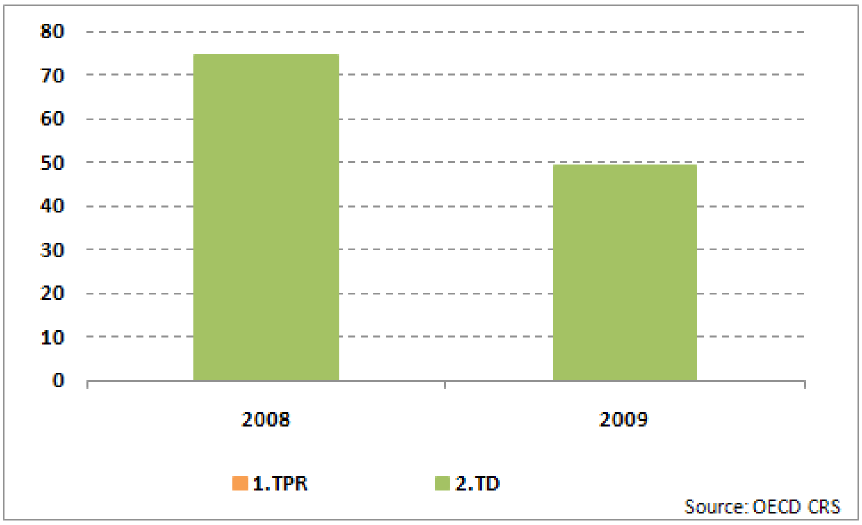


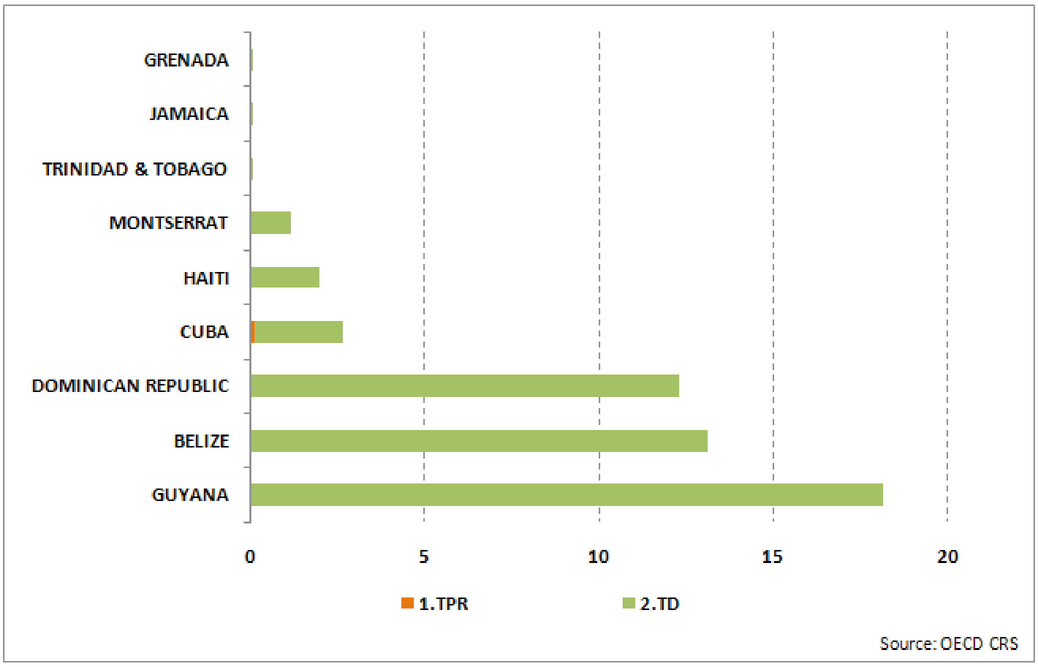


Caribbean

(EUR million)	2008	2009
1.TPR	0.1	0.1
2.TD	74.3	49.3
6.Other TR Needs		
TOTAL	74.4	49.4

Source: OECD CRS

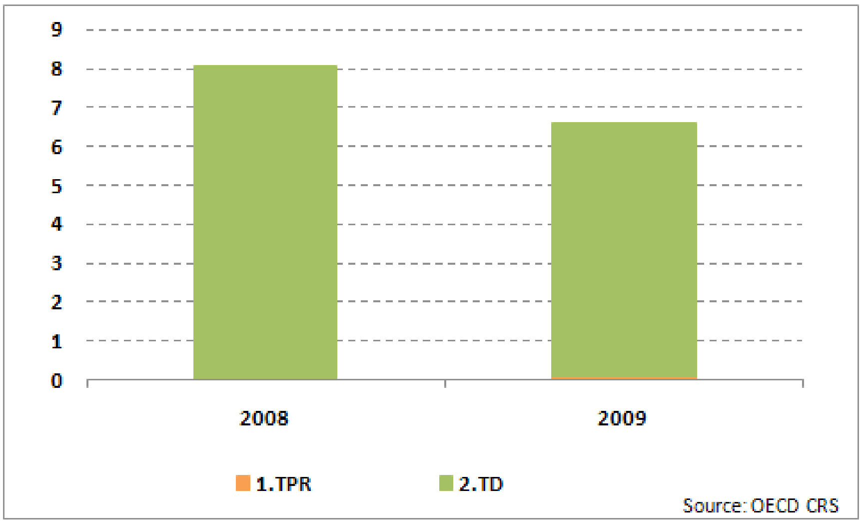


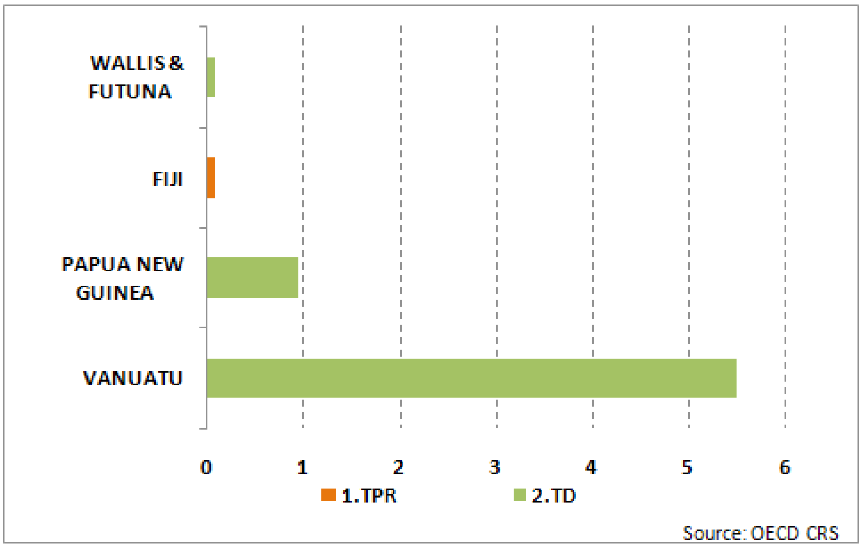


Pacific

(EUR million)	2008	2009
1.TPR	0.0	0.1
2.TD	8.1	6.5
6.Other TR Needs		
TOTAL	8.1	6.6

Source: OECD CRS

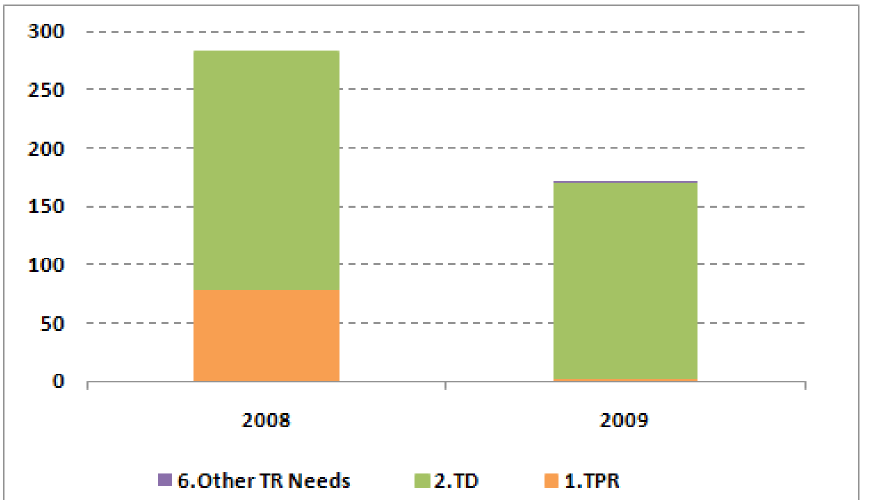




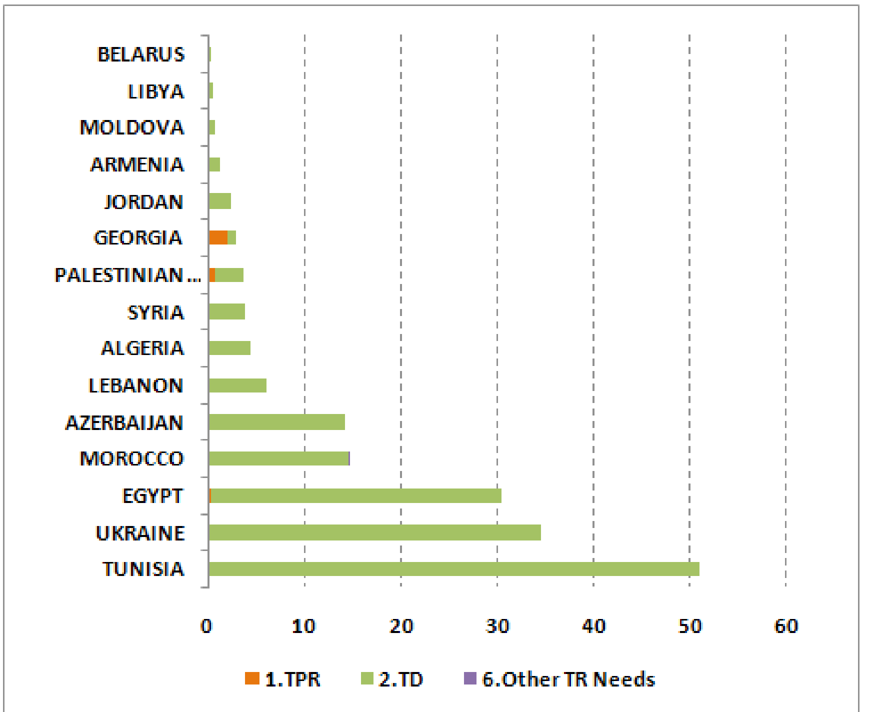
Neighbourhood

(EUR million)	2008	2009
1.TPR	78.7	3.3
2.TD	203.6	167.0
6.Other TR Needs	0.0	0.2
TOTAL	282.3	170.5

Source: OECD CRS



Source: OECD CRS

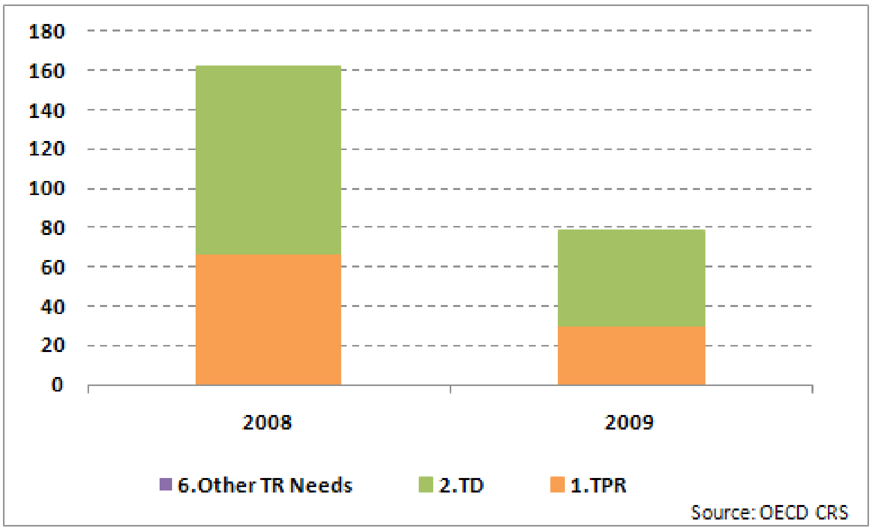


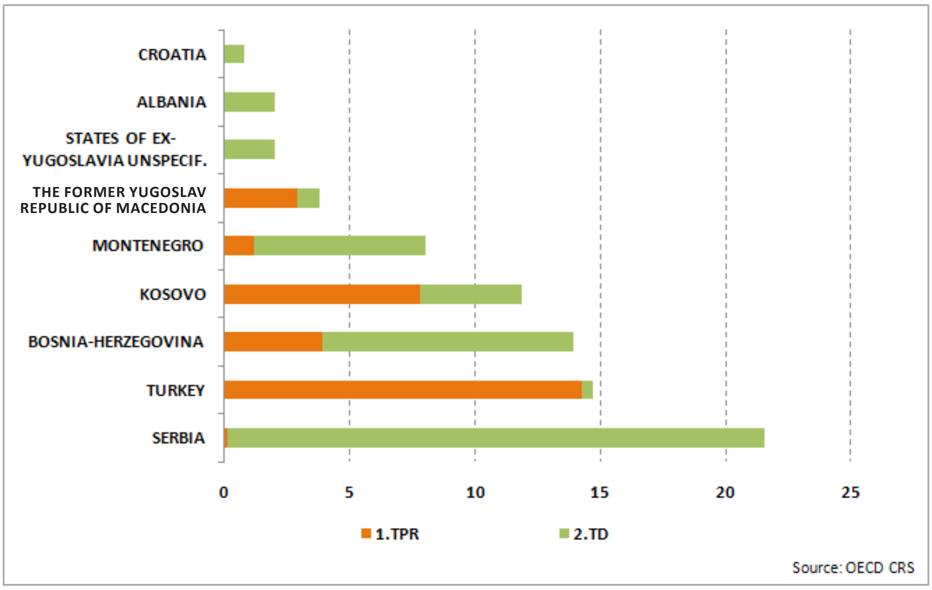
Source: OECD CRS

Enlargement

(EUR million)	2008	2009
1.TPR	66.4	30.2
2.TD	95.5	48.4
6.Other TR Needs		
TOTAL	161.9	78.7

Source: OECD CRS

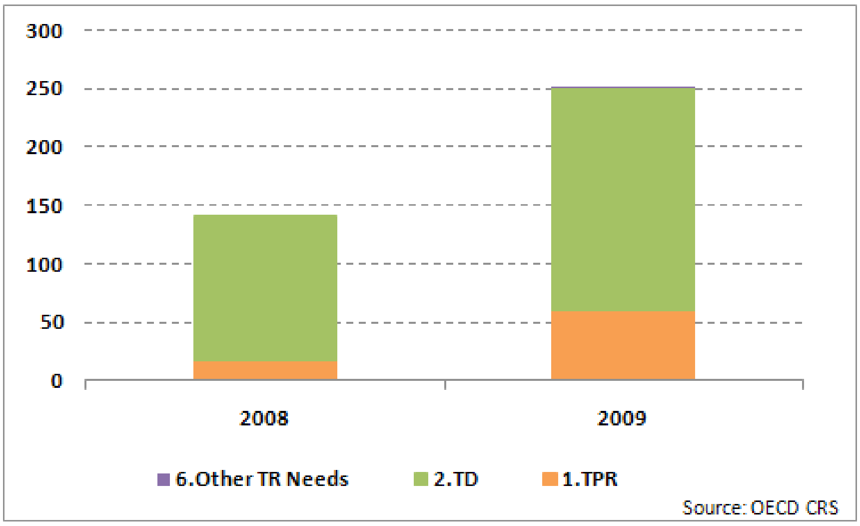


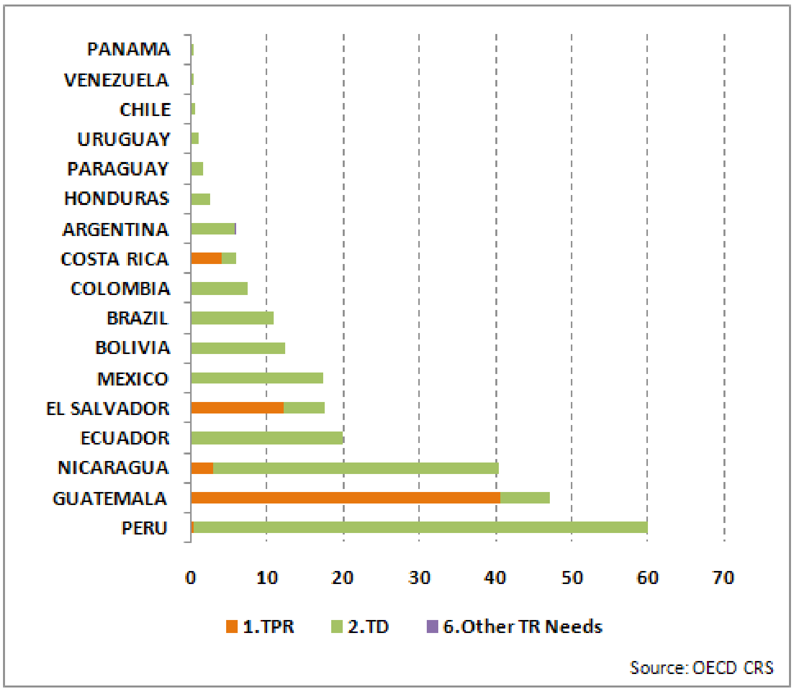


Latin America

(EUR million)	2008	2009
1.TPR	17.0	60.2
2.TD	124.5	190.7
6.Other TR Needs	0.0	0.2
TOTAL	141.6	251.1

Source: OECD CRS

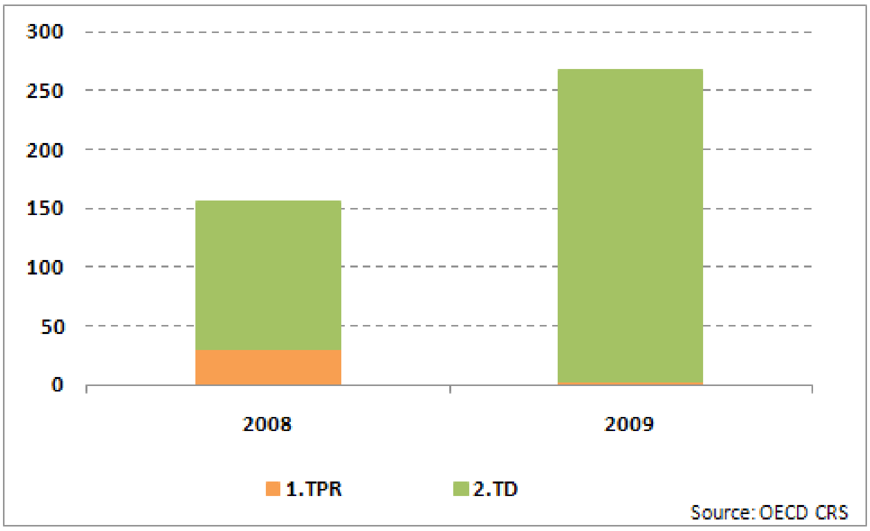


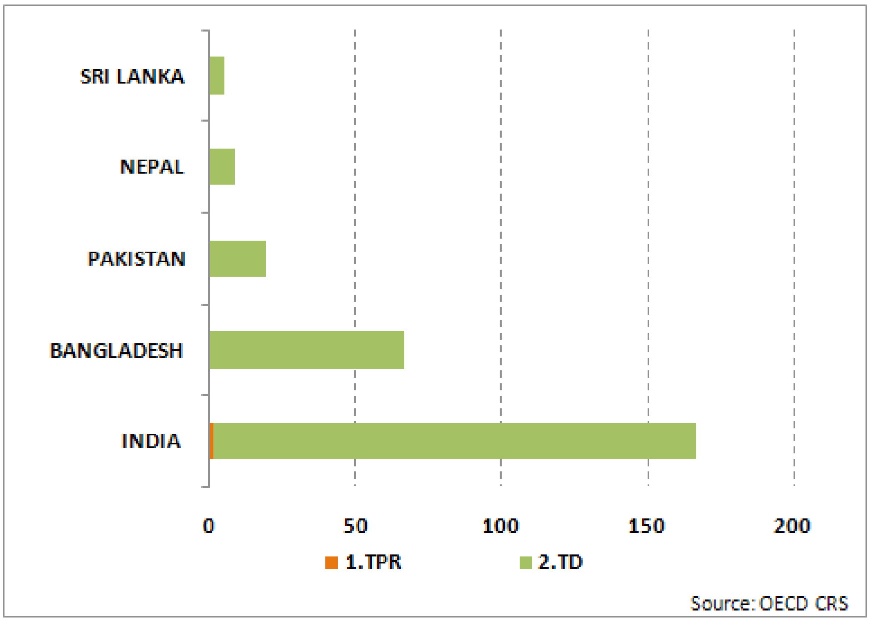


South Asia

(EUR million)	2008	2009
1.TPR	30.6	2.0
2.TD	124.8	265.2
6.Other TR Needs		
TOTAL	155.4	267.2

Source: OECD CRS

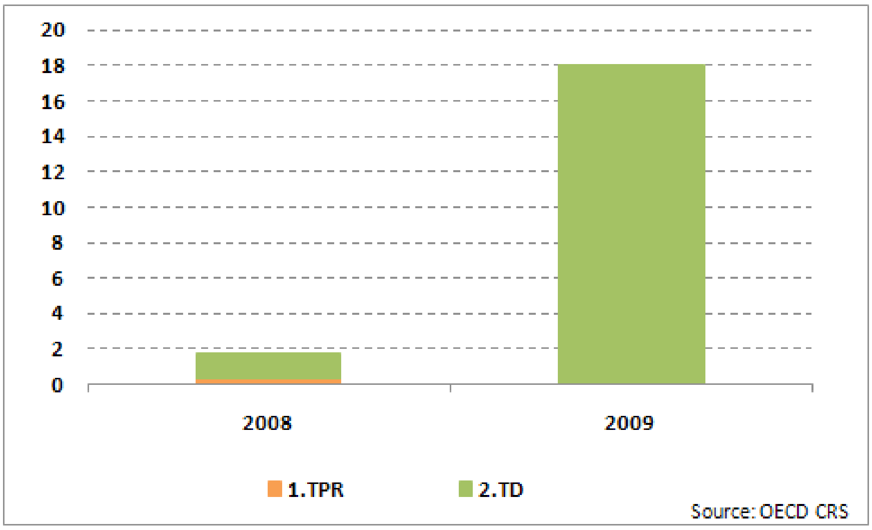


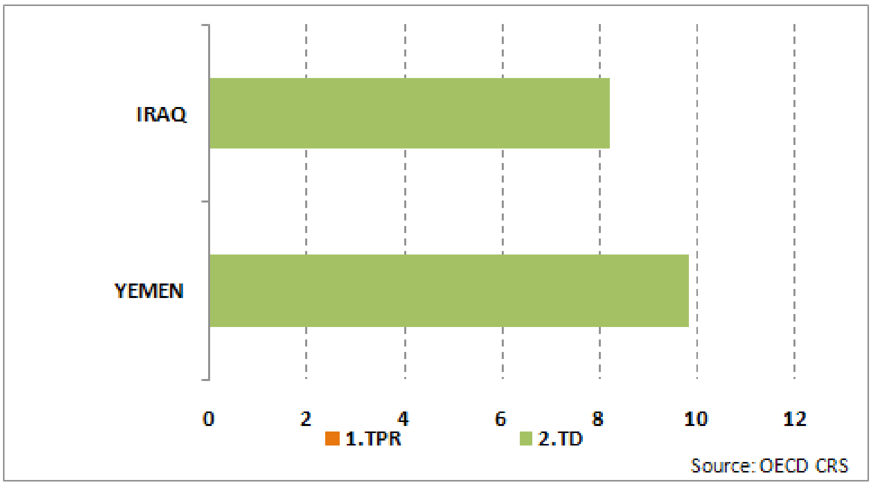


Middle East

(EUR million)	2008	2009
1.TPR	0.3	0.0
2.TD	1.4	18.0
6.Other TR Needs		
TOTAL	1.7	18.0

Source: OECD CRS

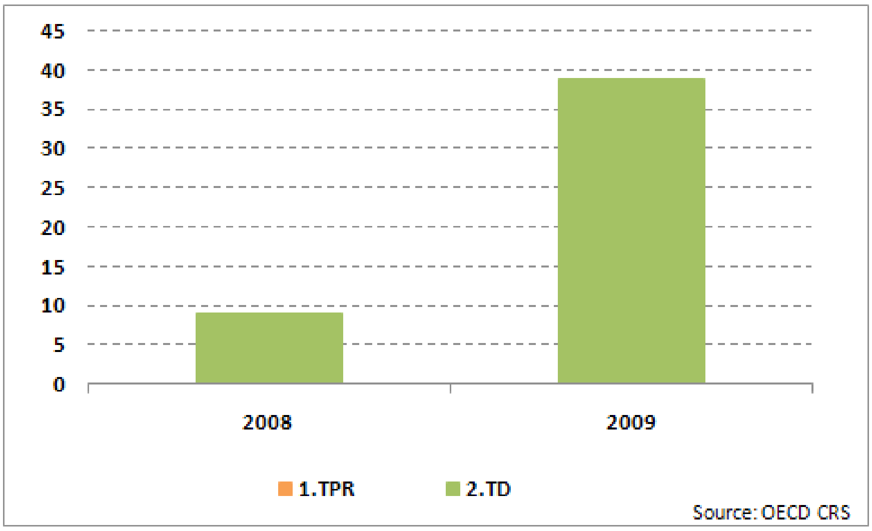


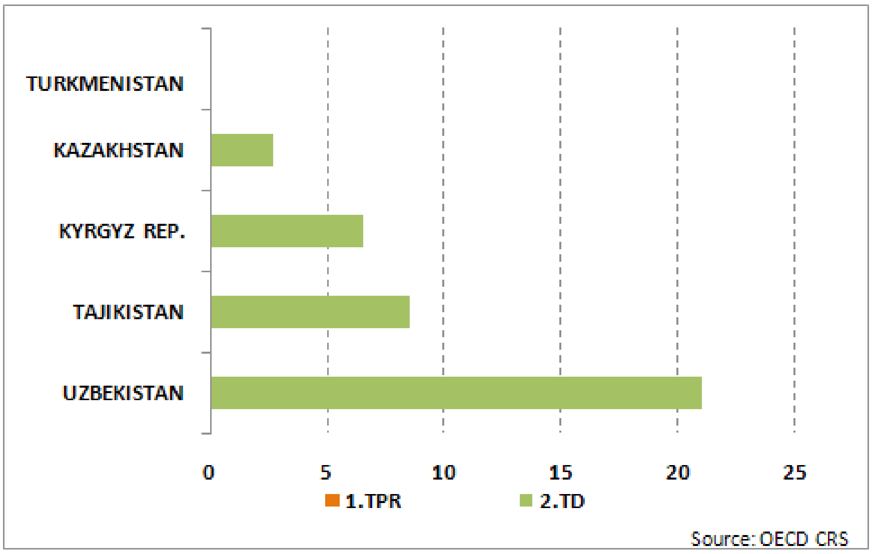


Central Asia

(EUR million)	2008	2009
1.TPR	0.1	0.0
2.TD	9.0	38.7
6.Other TR Needs		
TOTAL	9.0	38.8

Source: OECD CRS

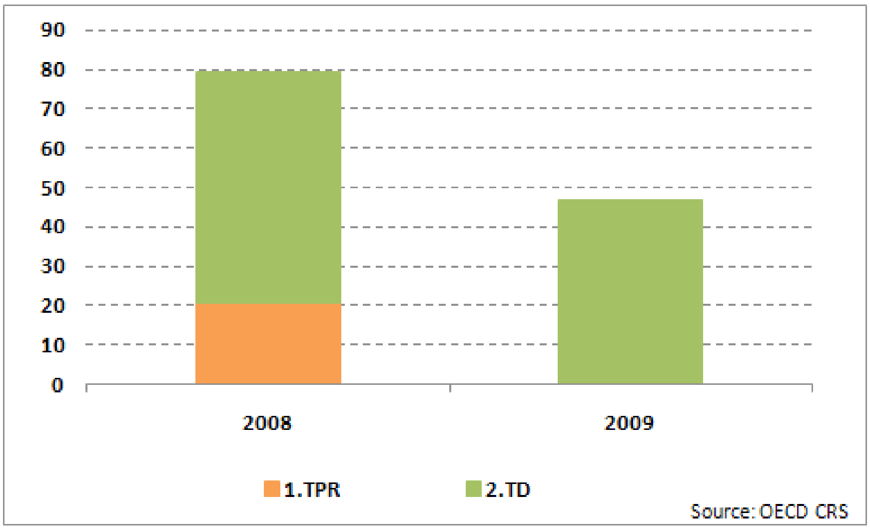


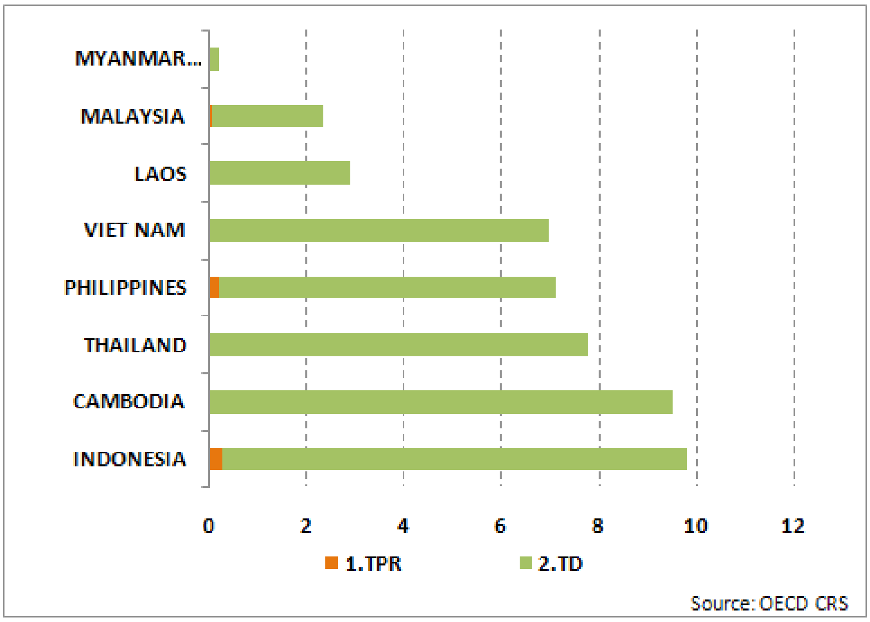


ASEAN

(EUR million)	2008	2009
1.TPR	20.8	0.5
2.TD	58.5	46.1
6.Other TR Needs		
TOTAL	79.4	46.6

Source: OECD CRS

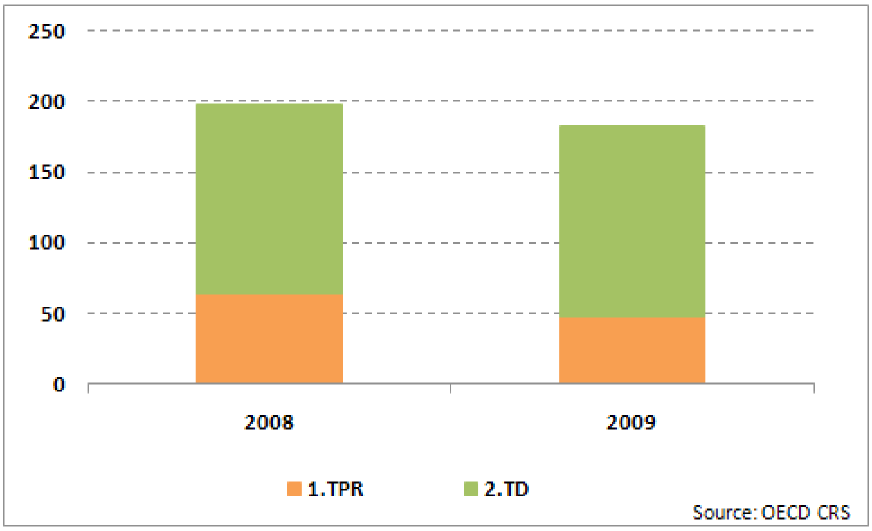


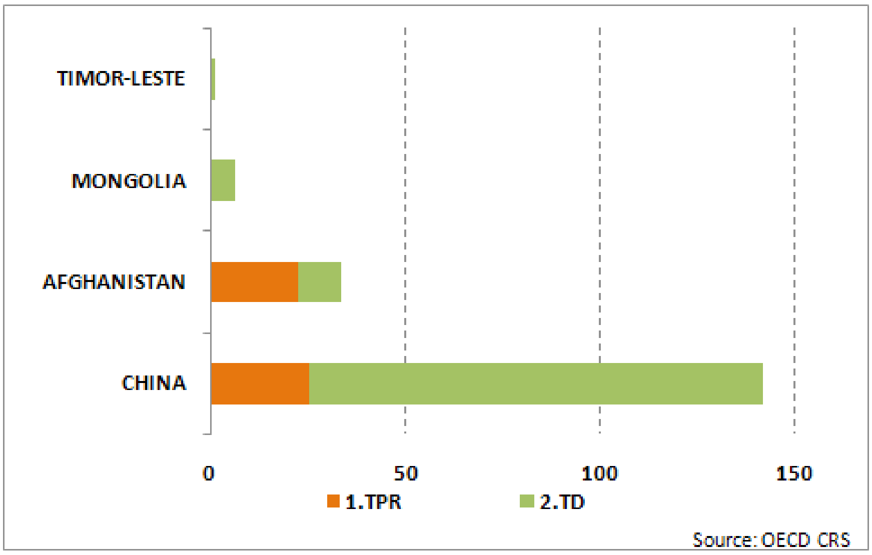


Asia (other)

(EUR million)	2008	2009
1.TPR	63.7	47.9
2.TD	134.5	134.7
6.Other TR Needs		
TOTAL	198.2	182.6

Source: OECD CRS

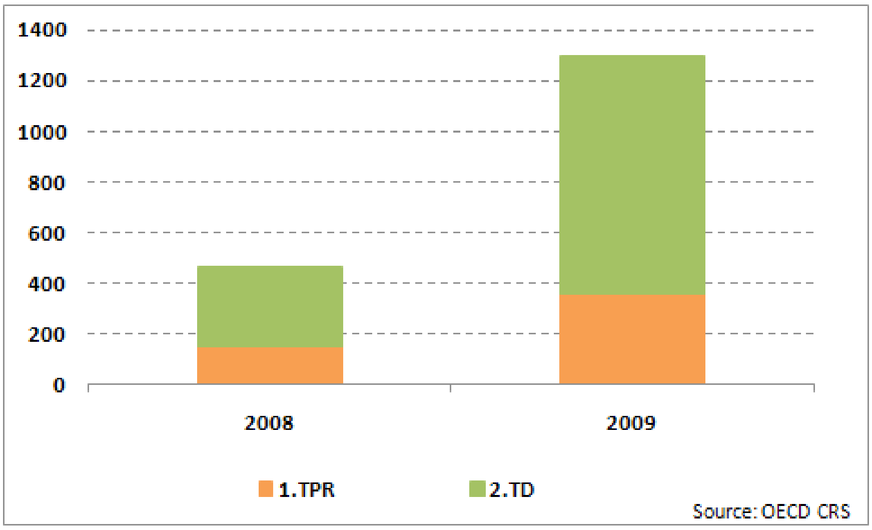


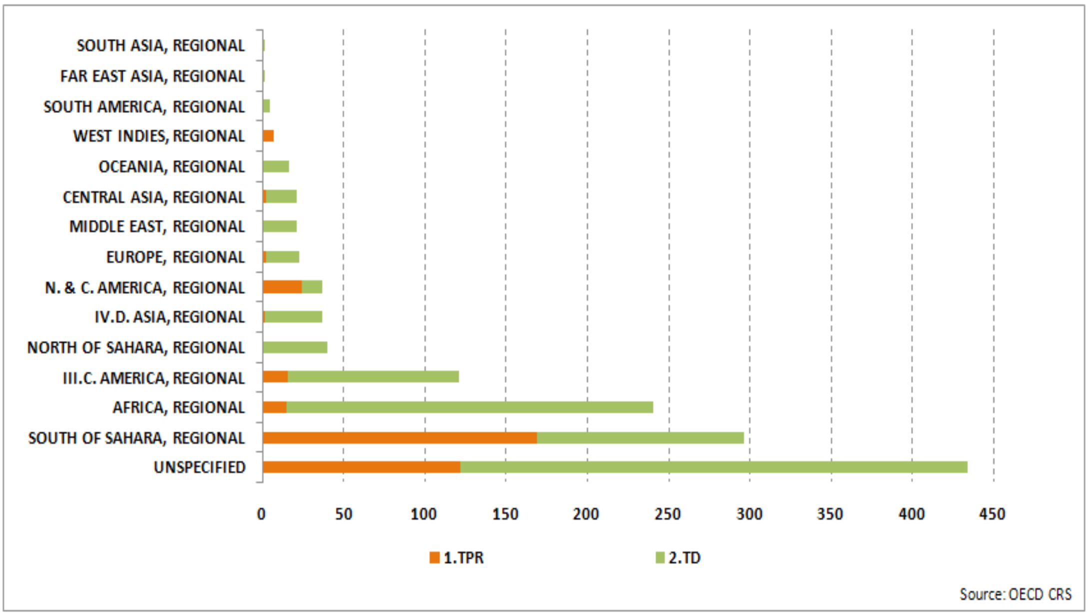


Regional

(EUR million)	2008	2009
1.TPR	149.7	358.1
2.TD	314.4	942.3
6.Other TR Needs		
TOTAL	464.1	1300.4

Source: OECD CRS





List of 2009 EU + Member State Aid for Trade programmes > EUR 50 million

Donor	Recipient	AfT category	TRA category	Purpose	Commitment (EUR million)
EU Funds	Unspecified	4	0	Agricultural policy & admin. mgmt.	313.9
EU Funds	Unspecified	4	0	Agricultural policy & admin. mgmt.	262.0
EU Funds	Haiti	3	0	Road transport	145.0
EU Funds	Unspecified	4	0	Agricultural policy & admin. mgmt.	131.8
United Kingdom	Africa, regional	4	2*	Formal sector financ. intermediaries	123.5
EU Funds	Uganda	3	0	Road transport	122.0
France	Unspecified	4	0	Agricultural research	107.0
Spain	Tunisia	3	0	Power generation/ renewable sources	105.0
France	Morocco	3	0	Rail transport	104.0
Germany	Brazil	3	0	Power generation/ renewable sources	100.3
Italy	Iraq	4	0	Agricultural policy & admin. mgmt.	100.0
Spain	Morocco	3	0	Solar energy	100.0
Belgium	Unspecified	4	2	Informal/semi-formal fin. intermed.	95.0
Germany	America, regional	4	2	Formal sector financ. intermediaries	94.9
EU Funds	Kenya	3	0	Road transport	88.2
EU Funds	Turkey	4	0	Agricultural policy & admin. mgmt.	85.5
Germany	India	4	2	Formal sector financ. intermediaries	85.0
Germany	India	3	0	Electrical transmission/ distribution	70.0
Germany	China	3	0	Water transport	70.0
EU Funds	Tanzania	3	0	Road transport	70.0
Netherlands	Unspecified	3	0	Power generation/ renewable sources	68.0
United Kingdom	Afghanistan	4	0	Financial policy & admin. management	67.3
EU Funds	Ukraine	3	0	Transport policy & admin. management	65.0
United Kingdom	India	4	2	Formal sector financ. intermediaries	60.6
EU Funds	Turkey	3	0	Transport policy & admin. management	60.3
EU Funds	Liberia	3	0	Road transport	60.2
Germany	China	4	2	Formal sector financ. intermediaries	60.0
France	Morocco	3	0	Road transport	60.0
France	Kenya	3	0	Electrical transmission/ distribution	60.0
Portugal	Cape Verde	3	0	Road transport	60.0
EU Funds	Congo, Dem. Rep.	3	0	Water transport	60.0
Spain	South of Sahara, regional	4	2	Business support services & institutions	55.0
United Kingdom	Zimbabwe	4	0	Agricultural development	51.1

Source: OECD CRS ** Classified in category 2 by OECD CRS but not included in TRA in Monterrey Questionnaires*

20 countries and regions receiving most of EU and Member States AfT in 2009

(EUR million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Unspecified	384	557	592	451	742	559	1 036	1 045	1 065	1 881
Morocco	108	54	127	239	222	120	211	167	789	438
India	149	228	100	236	63	234	223	255	391	425
South of Sahara, regional	158	145	90	239	146	190	298	149	126	423
Africa, regional	42	253	42	99	37	30	229	161	243	391
China	205	348	115	280	186	228	317	106	461	359
Afghanistan	2	3	39	64	103	63	76	62	161	273
Kenya	61	121	16	111	34	190	150	116	39	255
Uganda	74	73	78	22	78	117	61	35	76	217
Congo, Dem. Rep.	4	18	86	17	15	34	69	73	68	199
Turkey	64	24	212	162	2	102	187	149	554	199
America, regional	12	88	61	19	19	20	83	115	113	182
Tunisia	141	96	315	48	81	32	116	40	332	172
Tanzania	236	109	87	69	96	125	62	41	185	166
Viet Nam	104	220	66	110	146	168	324	317	52	162
Haiti	5	3	3	2	36	11	7	6	5	150
Brazil	26	100	28	28	17	35	23	67	33	144
Ukraine						60	93	122	171	138
Rwanda	3	4	41	12	15	20	45	61	49	138
Mali	65	24	20	19	138	69	32	109	189	124
Sub-Total	**1 844**	**2 468**	**2 119**	**2 228**	**2 174**	**2 408**	**3 641**	**3 196**	**5 106**	**6 434**
Others	2 755	2 686	3 091	3 044	2 596	4 093	3 893	3 670	4 696	3 578
Total	**4 599**	**5 154**	**5 210**	**5 272**	**4 770**	**6 501**	**7 533**	**6 866**	**9 802**	**10 012**

Source: OECD CRS

20 countries and regions receiving most of EU and Member States TRA in 2009

(EUR million)	2008	2009
Unspecified	209	434
South of Sahara, regional	24	297
Africa, regional	57	240
India	87	167
China	96	142
America, regional	36	121
Bangladesh	45	67
Ghana	17	66
Peru	12	60
Tunisia	29	51
Kenya	4	49
Guatemala	4	47
Nicaragua	8	40
North of Sahara, regional	3	40
Nigeria	1	39
Asia, regional	91	37
North & Central America, regional	5	37
Ukraine	54	34
Afghanistan	99	33
Egypt	5	30
Sub-Total	**886**	**2 031**
Others	947	901
Total	**1 833**	**2 932**

Source: OECD CRS

Category 6 in EU AfT 2009

Country	Region	Commitment (in Euro million)	DAC Code name
BELIZE	Caribbean	10.000	Rural development
BELIZE	Caribbean	1.800	Public sector policy and administrative management
N.&C. AMERICA, REGIONAL	N.&C. AMERICA, REGIONAL	3.000	Public sector policy and administrative management
ERITREA	East Africa	1.300	Strengthening civil society
NAMIBIA	Southern Africa	1.500	Public sector policy and administrative management
TURKEY	Enlargement	54.800	Multisector aid
Unspecified	Unspecified	2.000	Environmental policy and administrative management
NORTH OF SAHARA, REGIONAL	NORTH OF SAHARA, REGIONAL	60.000	Multisector aid
EUROPE, REGIONAL	EUROPE, REGIONAL	25.000	Multisector aid
BOLIVIA	Latin America	12.000	Employment policy and administrative management
EUROPE, REGIONAL	EUROPE, REGIONAL	9.521	Multisector aid
NORTH OF SAHARA, REGIONAL	NORTH OF SAHARA, REGIONAL	11.601	Multisector aid
EUROPE, REGIONAL	EUROPE, REGIONAL	10.782	Multisector aid
Unspecified	Unspecified	3.136	Multisector aid
Unspecified	Unspecified	1.893	Multisector aid
JORDAN	Neighbourhood	20.000	Multisector aid
LEBANON	Neighbourhood	8.000	Public sector policy and administrative management
EGYPT	Neighbourhood	20.000	Multisector aid
NORTH OF SAHARA, REGIONAL	NORTH OF SAHARA, REGIONAL	4.000	Research/scientific institutions
THAILAND	Asean	4.500	Multisector aid
CENTRAL ASIA, REGIONAL	CENTRAL ASIA, REGIONAL	8.000	Security system management and reform
GEORGIA	Neighbourhood	8.400	Multisector aid
ALBANIA	Enlargement	1.627	Multisector aid
BOLIVIA	Latin America	10.000	Employment policy and administrative management
ALBANIA	Enlargement	460	Multisector aid
CROATIA	Enlargement	6.444	Multisector aid
CROATIA	Enlargement	1.112	Multisector aid
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Enlargement	2.910	Public sector policy and administrative management
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Enlargement	3.570	Multisector aid
TURKEY	Enlargement	13.340	Public sector policy and administrative management
TURKEY	Enlargement	950	Public sector policy and administrative management
SOUTH AMERICA, REGIONAL	SOUTH AMERICA, REGIONAL	10.850	Multisector aid

EUROPEAN COMMISSION

Brussels, 30.9.2011
SEC(2011) 504 final/2

CORRIGENDUM
Annule et remplace le SEC(2011) 504 final

COMMISSION STAFF WORKING PAPER

EU Accountability Report 2011 on Financing for Development
Review of progress of the EU and its Member States

Accompanying document to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS
Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review
VOL V

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{SEC(2011) 502 final}
{SEC(2011) 503 final}
{SEC(2011) 505 final}

Annex 7 Donor Profiles

AUSTRIA

AT A GLANCE

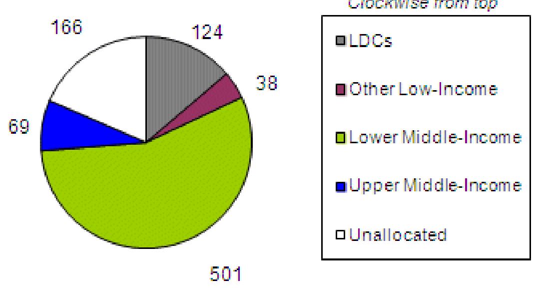
AUSTRIA

Net ODA	2008	2009	Change 2008/09
Current (USD m)	1 714	1 142	-33.4%
Constant (2008 USD m)	1 714	1 174	-31.5%
In Euro (million)	1 188	820	-31.0%
ODA/GNI	0.43%	0.30%	
Bilateral share	72%	44%	

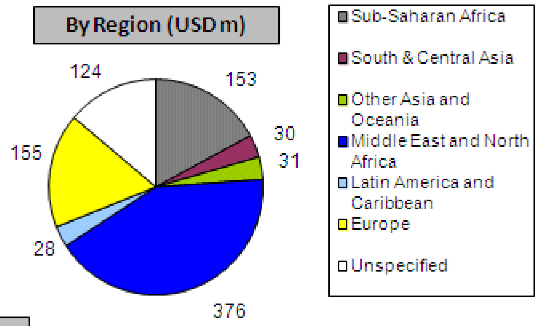
Top Ten Recipients of Gross ODA (USD million)	
1 Iraq	339
2 Bosnia and Herzegovina	33
3 Turkey	27
4 Chad	24
5 Serbia	23
6 Egypt	20
7 China	17
8 Ethiopia	17
9 Uganda	14
10 Côte d'Ivoire	11
Memo: Share of gross bilateral ODA	
Top 5 recipients	50%
Top 10 recipients	58%
Top 20 recipients	68%

Gross Bilateral ODA, 2008-09 average, unless otherwise shown

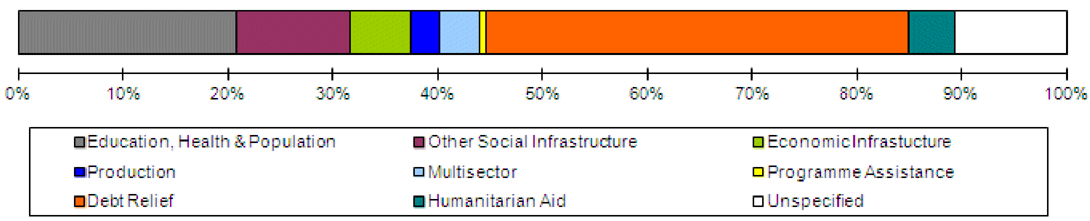
By Income Group (USD m)



By Region (USD m)



By Sector



Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Austria's development cooperation is based on the Federal Act on Development Cooperation of 2002 (amended in 2003) and the current Three Year Programme on Austrian Development Policy 2009-2011, which is focussed on the MDGs and aid effectiveness. The Federal Ministry for European and International Affairs is responsible for development policy, Austria's Development Agency (ADA) and the Austrian Development Bank (OeEB) for aid implementation. The introduction of a five year budget cycle (2009-2013) has made overall aid flows more predictable[1]. The Federal Financial Framework Act 2010–2013 sets the financial parameters for medium-term ODA levels[2].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Austria provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries (through EU Twinning projects on customs and tax administration) and ACP countries administrations (support to: Customs, Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Support to promote good governance in tax matters:** Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010:** (i) Double Taxation Conventions signed with Bosnia and Herzegovina, Hong Kong, Libya, Serbia, and Qatar; (ii) under negotiation with Argentina, Bahamas, Cayman Islands, Chile, Isle of Man, Iceland, Jersey, Guernsey, Sri Lanka, Tajikistan, and Turkmenistan
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA individual commitments /gap to agreed targets (total ODA, Africa, LDCs)

- According to its present estimates (until 2014) Austria is **set to miss the 2015 0.7% ODA/ GNI target** by a wide margin and will – on current forecasts – even remain below the EU collective ODA/GNI target of 0.39% in 2006 set by EU leaders in Barcelona.
- In **2010**, Austria **spent EUR 905 million as ODA (preliminary)**, 0.32% of its GNI. This was a slight recovery on 2009, when fewer debt relief measures reduced ODA volume, but it remains 0.11 percentage points below the 2008 ratio.

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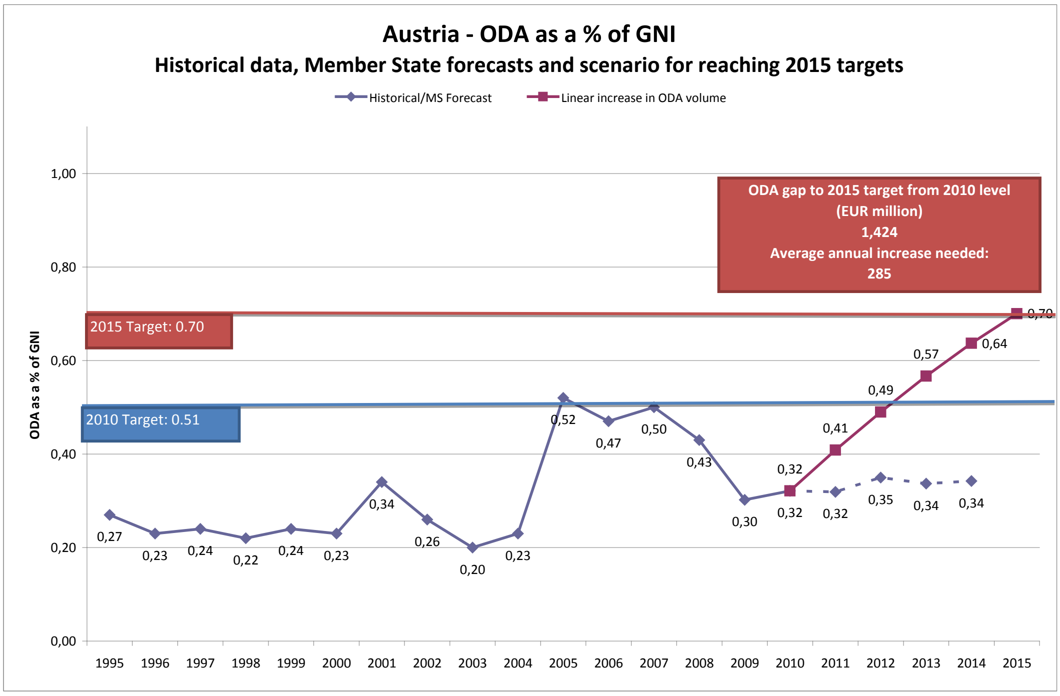
1 *http://english.bmf.gv.at/EconomicPolicy/EconomicpolicyinAustria/Stabilityprogram/STAPRO_2009_bis_2013_ENfinal.pdf*

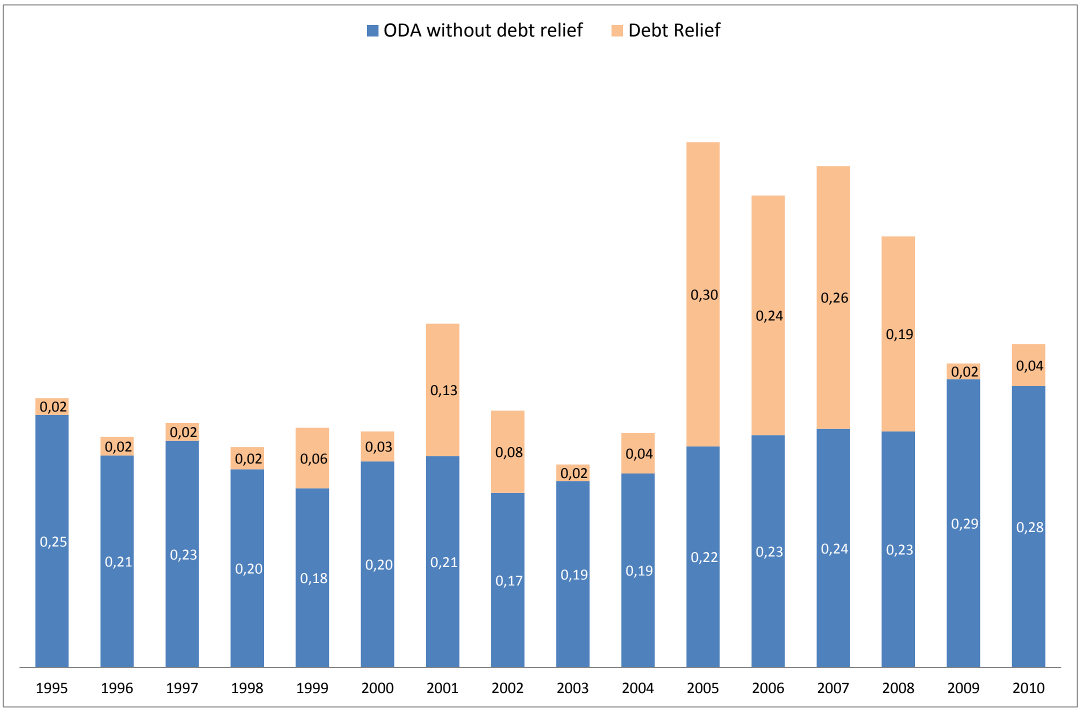
2 *Three Year Programme on Austrian Development Policy 2009-2011 (revised in November 2009). Update in March 2011: reports, programs and policy statements of the Austrian Development Cooperation. Please note that more recent publications are only available in German at the moment (Dreijahresprogramm 2010 – 2012, Bericht 2009): http://www.entwicklung.at/services/publications/reports/en/,*
http://www.entwicklung.at/services/publications/programmes/en/
http://www.entwicklung.at/services/publications/policy_documents_focus_documents/en/
http://www.entwicklung.at/entwicklungspolitik/oesterreich/de/

- **Debt relief made up 50% of Austria's ODA during the period 2005 - 2007** and more than 40% in 2008, which is higher than any other DAC member. With the decline in debt relief, Austria must sharply increase its aid to meet its agreed 2015 target.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2015. ODA in current prices.

Austria Share of debt relief in ODA volumes



Source: OECD/DAC data

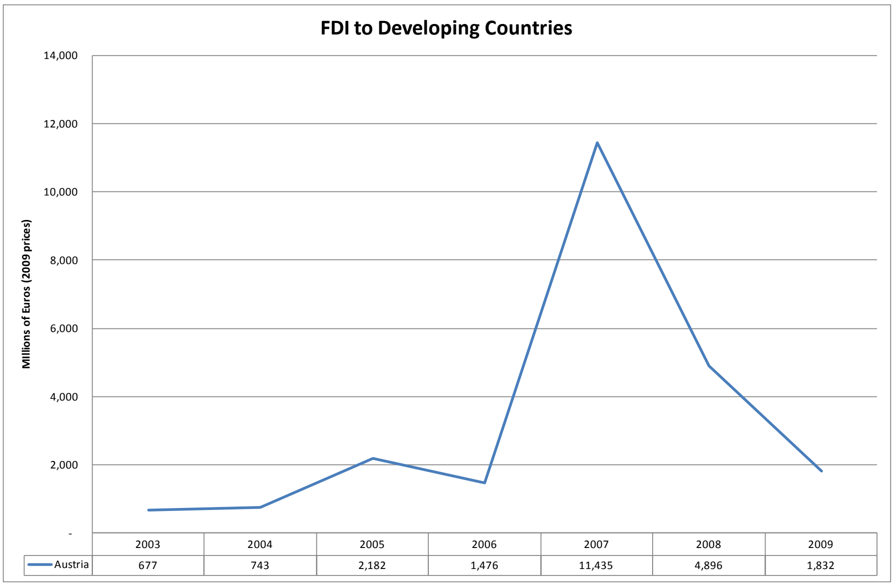
- **“Realistic, verifiable actions for meeting individual ODA commitments until 2015” taken in 2010:** Although the Council of Ministers confirmed the ODA goals in November 2010, Austria projects ODA levels substantially below the 2005 – 2010 average.
- **No measure taken nor planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa.**
- **Austria will reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards.**

3. SUPPORT FOR / USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Austria intends to step up efforts for innovative financing mechanisms with significant revenue generation potential,** with a view to ensuring predictable financing for sustainable development. Austria’s budget for fiscal year 2011 does not allocate revenues from an agreed increase of the tax for private foundations to development cooperation. However, the concept of earmarking these revenues for development cooperation might be discussed again during the next budget negotiations.
- **Austria did not use innovative financing mechanisms for development,** but introduced an airline ticket tax (from January 2011) without earmarking its revenues for development.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:
Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: No
  - Blending: Yes
  - Private public partnerships: Yes
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: No

- **Austria promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** ADA offers Business Partnerships to Austrian/European companies on a co-financing basis. CSR oriented activities play a particular role in this type of projects. Health, education and compliance with social and ecological standards are the most frequent topics. One typical example is the hepatitis vaccination programme of OMV, the leading Austrian oil and gas corporation. The project, implemented in Pakistan, focuses on vaccination and medical education and is part of a comprehensive development programme including water and infrastructure.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA**-**financed public procurement.**
- **Austria did not implement solutions internally or in cooperation with third countries to overcome barriers to migrants** and their families' access to financial services.

5. AID FOR TRADE

Austria, AfT Commitments (in EUR000)	**2006**	**2007**	**2008**	**2009**
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	162	675	2 113	97
Building Productive Capacity (Focus on Trade Development, category 2)	4 845	12 904	21 681	18 109
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**5 006**	**13 579**	**23 794**	**18 205**

	2006	**2007**	**2008**	**2009**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	162	675	2 113	97
Economic Infrastructure (category 3)	7 873	22 802	11 503	22 692
Building Productive Capacity (category 4)	17 978	20 541	36 988	35 512
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**26 012**	**44 018**	**50 604**	**58 301**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Austria delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB)
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low**-**income countries:** contribution to DeMFLIC (Debt Management Facilitation for Low Income Countries) a World Bank Multi-Donor Trust Fund.
- **Austria favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (through the Paris Club with a role for International Financial Institutions).
- **No specific intervention to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of "vulture funds").

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Austria supported ownership through consultations and coordination with partner countries and through partner capacity development.
- **On Conditionality**. In 2010, Austria progressed by harmonising conditionalities with other donors.
- **On Transparency and Predictability**. Austria publicly discloses information on aid volumes through the Austrian Development Agency (ADA) web site.
- **On Alignment**. Austria partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. In 2010, ADA was authorised to manage EU funds. Delegated cooperation agreements with the European Commission and other Member States can now be concluded where appropriate.
- **On Mutual Accountability**. Austria established a joint framework for monitoring joint commitments with some of its priority countries (i.e. Bhutan, Burkina Faso, Ethiopia, Mozambique, Nicaragua and Uganda).
- **On Managing for Development Results.** Austria provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Austria supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. In the case of Multilateral Development Banks, the rationale for a single constituency is considered less evident, but could be a long-term goal. A consolidation process requires fair terms of representation of smaller countries and efficient coordination mechanisms, including better EU coordination on MDB boards, among the EU27 capitals and common positions in the subcommittee on IMF matters—“SCIMF”— of the Economic and Financial Committee, or equivalent forum on WB/MDBs issues. These discussions should precede deliberations and decision making at G8/G20 level.
- **Austria favours stronger Brussels based coordination on issues related to the World Bank and MDBs**.

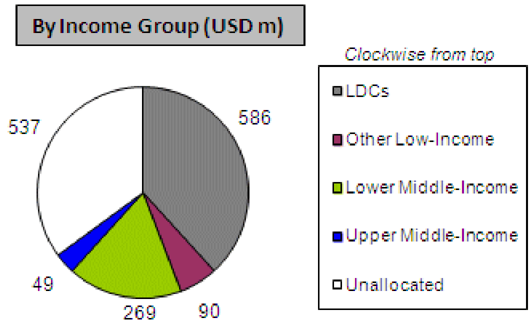
BELGIUM

AT A GLANCE

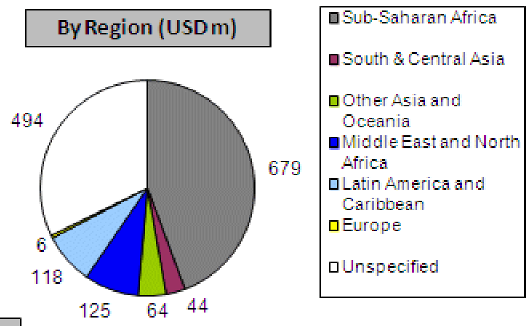
BELGIUM

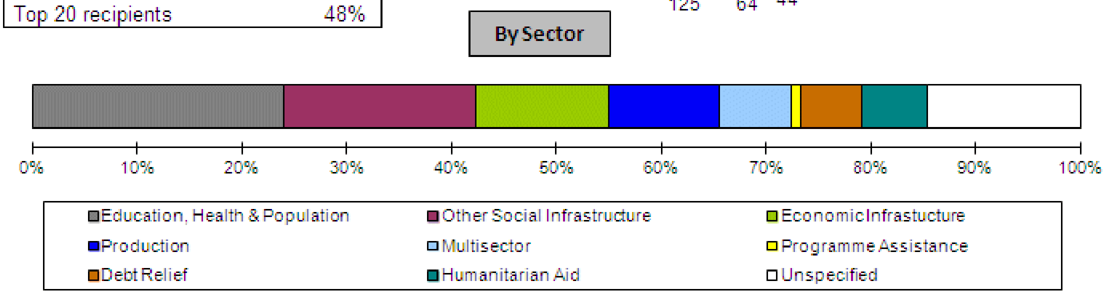
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	2 386	2 610	9.4%
Constant (2008 USD m)	2 386	2 670	11.9%
In Euro (million)	1 654	1 874	13.3%
ODA/GNI	0.48%	0.55%	
Bilateral share	58%	61%	



Top Ten Recipients of Gross ODA (USD million)	
1 Congo, Dem. Rep.	176
2 Rwanda	74
3 Burundi	56
4 Iraq	52
5 Togo	32
6 Viet Nam	27
7 Peru	27
8 Palestinian Adm. Areas	27
9 Niger	25
10 Mozambique	25
Memo: Share of gross bilateral ODA	
Top 5 recipients	25%
Top 10 recipients	34%
Top 20 recipients	48%





Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The strategic framework that guides Belgian development co-operation actors includes the 1999 *Law on International Cooperation*, laws governing specific actors of Belgian development cooperation, various royal decrees, strategies of actors related to the federal level, and separate strategies by federated entities. Belgium's development cooperation has gained new momentum over the last two years, driven by international commitments and a process of self-reflection. New policies have been issued, aid management reforms have advanced, and a new law on development cooperation has been prepared in 2010 in parallel with the government's programme for 2008-2011.

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Belgium provides aid in these fields to ACP country administrations (support to: Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed [3] with Anguilla, Congo, Czech Republic, Dominican Republic, Granada, Japan, Korea, the former Yugoslav Republic of Macedonia, Malta, Montserrat, Rwanda, ; (ii) under negotiation [4] with Barbados, Botswana, Colombia, Israel, Panama, Poland, Uruguay, (iii) planned with India, South Korea, Kyrgyzstan, Netherlands, Serbia, Turkmenistan
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

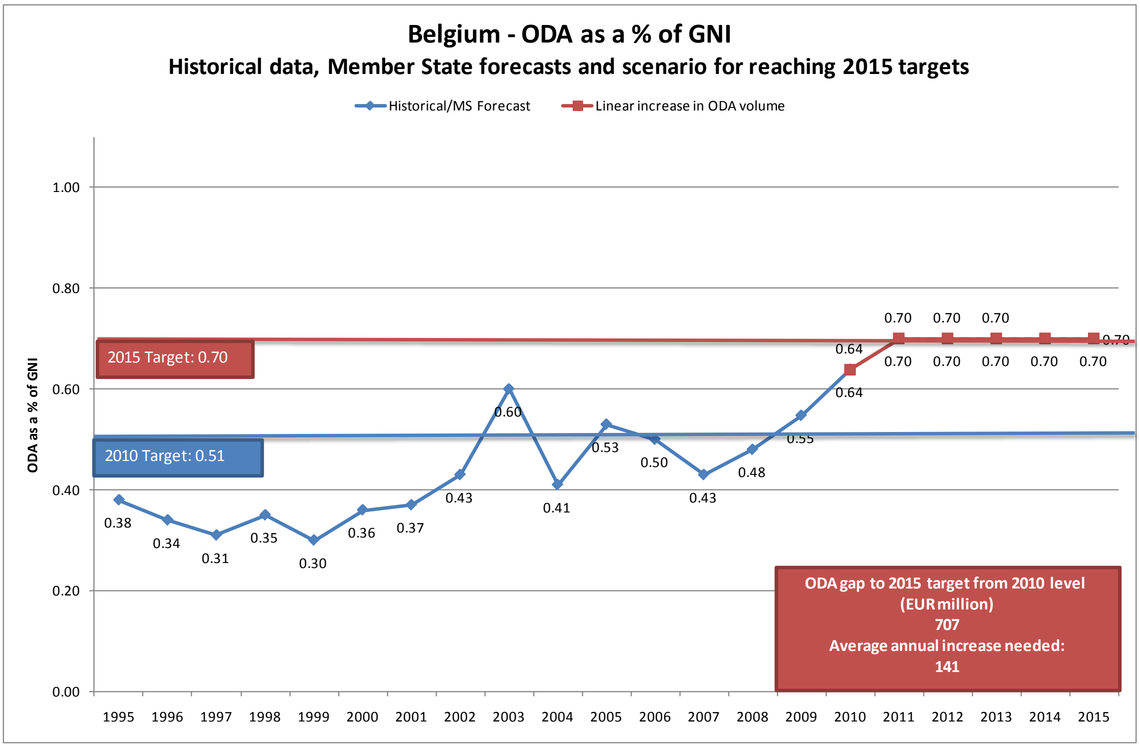
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	Yes
• IMF Regional Technical Assistance Centres:	NC
• International Tax Dialogue:	NC
• International Tax Compact:	NC
• African Tax Administration Forum (ATAF):	NC
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	NC
• IMF Topical Trust Fund on Tax policy and administration:	NC

2. SCALING UP ODA

ODA Individual commitments and gap to target

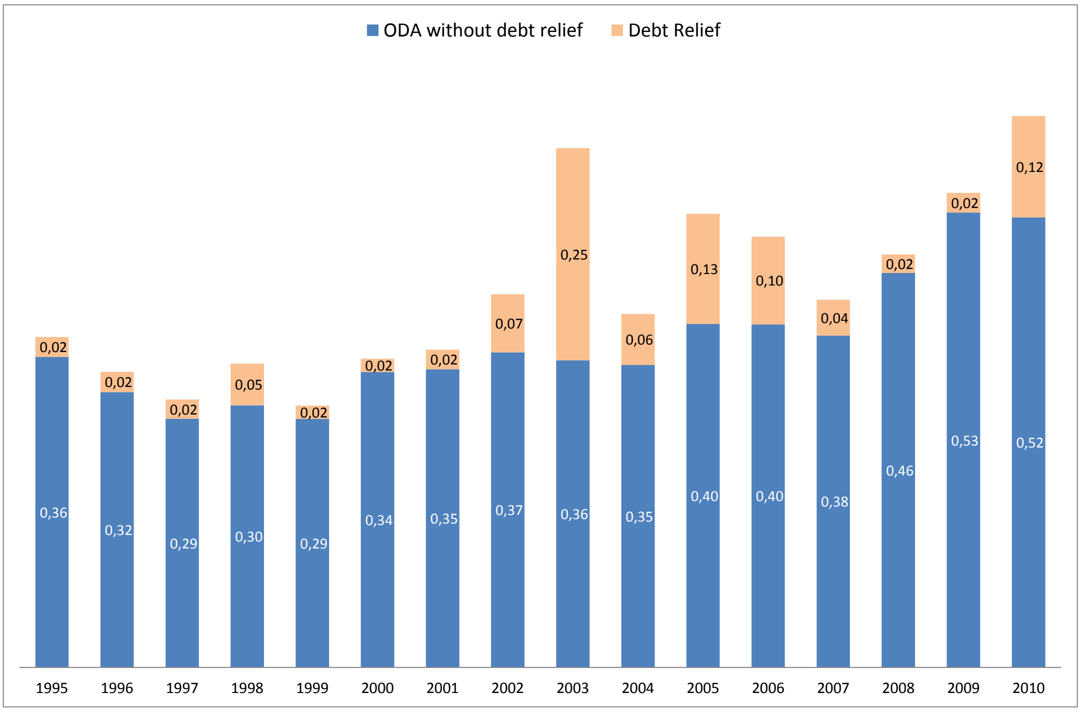
- Belgium planned to meet the 0.7% target by 2010, but remained below it, reaching ODA level of 0.64% of GNI by spending EUR 2265 million (preliminary). Belgium has a legally binding commitment to the 0.7% target for 2010 and beyond.
- **Debt relief** makes up a particularly high share of Belgium's ODA increase. This share, however, is expected to decline in 2011 and Belgium needs to make sure to sustain the 0.7% target in the medium and long term.[5]

3 *http://www.fiscus.fgov.be/interfafznl/fr/international/conventions/sign.htm*
4 *http://www.fiscus.fgov.be/interfafznl/fr/international/conventions/index.htm*
5 *An inventory of existing mechanisms to comply with Aid Commitments by Member States, Standard Briefing, Policy Department DG External Policies, December 2010.*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Belgium Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

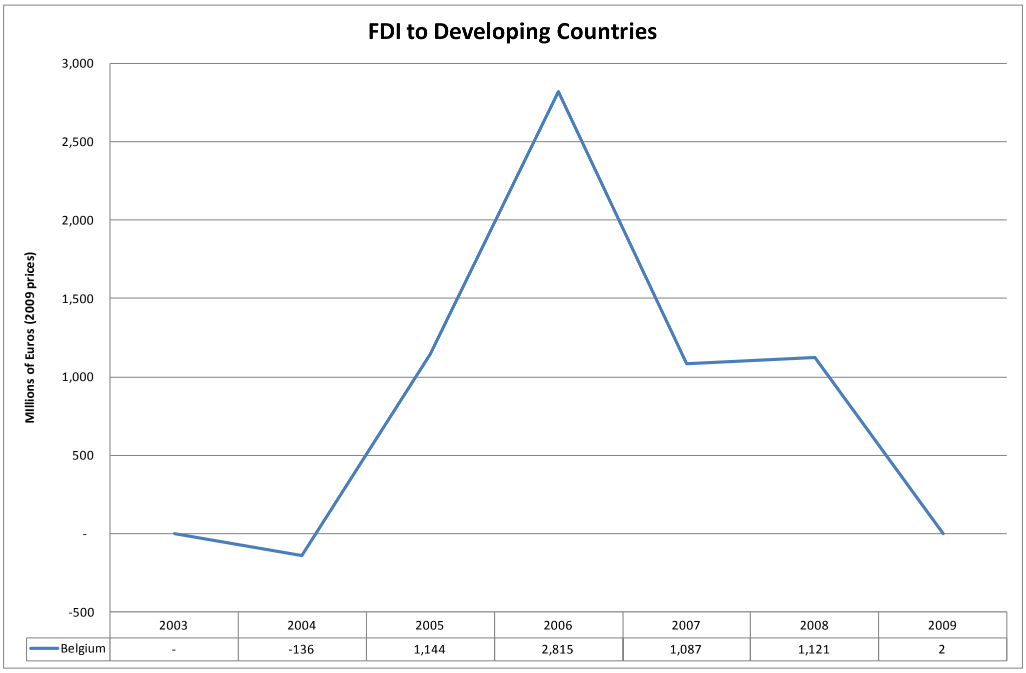
- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: The official directorate of Development and Cooperation is currently drafting a mid-term budget plan to ensure required new ODA will be available to maintain ODA/GNI around 0.7% after 2010.
- **50% of new resources for bi-lateral Belgian development cooperation in 2010 and 2011 went to African partner countries, mostly in Sub-Saharan Africa**
- **Will you reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**: Already achieved

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Belgium did not use innovative financing mechanisms for development** except net receipts from the Belgian Lottery "which should be regarded as innovative financing".
- **Belgium intends to step up efforts for innovative financing mechanisms with significant revenue generation potential**. Belgium is ready to implement a Currency Transactions Tax (CTT) if consensus is reached at Euro-level. A law in this regard was voted in parliament in 2004.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:
Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: Yes
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: No
  - Blending: Yes
  - Private public partnerships: No
  - Business and investment climate: Yes
  - Investment facilities: No
  - Export credits: Yes

- Belgium promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies. The Belgian Development Cooperation supports several activities within the framework of Fair Trade: the Trade for Development Centre within the Belgian Technical Cooperation (BTC) and several NGOs (Max Havelaar, Oxfam Wereldwinkels, Oxfam Magasins du Monde, etc.). The Belgian Development Cooperation organised a seminar on corporate governance together with the World Bank at the beginning of December 2010
- Belgium supports the Kimberley process and the FAO Code of Conduct for Responsible Fisheries
- No new initiatives were started in 2010 to include social and environmental clauses in ODA-financed public procurement (the Belgian law on public procurement of 24 December 1993 has not changed during 2010)
- Belgium implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS). Meanwhile, Belgium has robust and reliable data concerning the amounts and destination of remittances from Belgium.

5. AID FOR TRADE

Belgium AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	1 999	2 101	7 219	14 257
Building Productive Capacity (Focus on Trade Development, category 2)	50 438	30 474	51 189	190 243
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**52 437**	**32 575**	**58 408**	**204 500**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	1 999	2 101	7 219	14 257
Economic Infrastructure (category 3)	45 616	80 036	44 369	105 272
Building Productive Capacity (category 4)	108 481	127 023	169 282	269 502
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**156 096**	**209 160**	**220 871**	**389 031**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Belgium delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: financially supporting the World Bank Debt Management Facility and also participating in the African Legal Support Facility.
- **Belgium does not favour reform of the international architecture for restructuring of sovereign debts**
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the**

actions of "vulture funds"): Yes. On April 6, 2008, Belgium passed a bill to prevent the seizure or transfer of public funds for international cooperation, in particular related to the methods of the Vulture Funds.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Belgium supported ownership through consultations and coordination with partner countries, through guidance and incentives for staff in partner countries, and through partner capacity development.
- **On Conditionality**. In 2010, Belgium progressed by harmonising conditionalities with other donors.
- **On Transparency and Predictability**. Belgium publicly discloses information on aid volumes through the Belgium Development Cooperation web site[6] and through the websites of field offices.
- **On Alignment**. Belgium partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Belgium signed a general arrangement on delegated cooperation with the Netherlands in 2011.
- **On Mutual Accountability**. Belgium established a joint framework for monitoring joint commitments with some of its priority countries (i.e. Mozambique, Tanzania, Uganda).
- **On Managing for Development Results.** Belgium provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Belgium supports a single EU Chair at the IMF in order for the EU27 to speak with one voice. Notably in the IMF, preferably by a single seat for the euro area. As for the MDBs, this can best be done by an informal coordination mechanism among Executive Directors (e.g. World Bank), and, for important matters, among representatives from the capitals (e.g. Voice reforms, Development Committee).
- **Belgium does not favour stronger Brussels based coordination on issues related to the World Bank and MDBs**.

6 *http://diplomatie.belgium.be/en/policy/development_cooperation/*

BULGARIA

POLICY FRAMEWORK

Bulgaria's international development cooperation activities are guided by the 'Concept on the Policy of Bulgaria for participation in the international development cooperation' adopted by the Council of Ministers (2007). The Ministry of Foreign Affairs manages Bulgaria's development cooperation activities. The Ministry of Finance plays a role in ODA programming and planning and determines the selection of financial mechanisms and instruments. Bulgaria has stated that it will strive to reach the ODA targets set for the newly acceded Member States at 0.17% of GNI in 2010 and 0.33% of GNI in 2015, depending on its economic status and possibilities.[7] A bilateral development strategy is awaiting adoption.[8]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

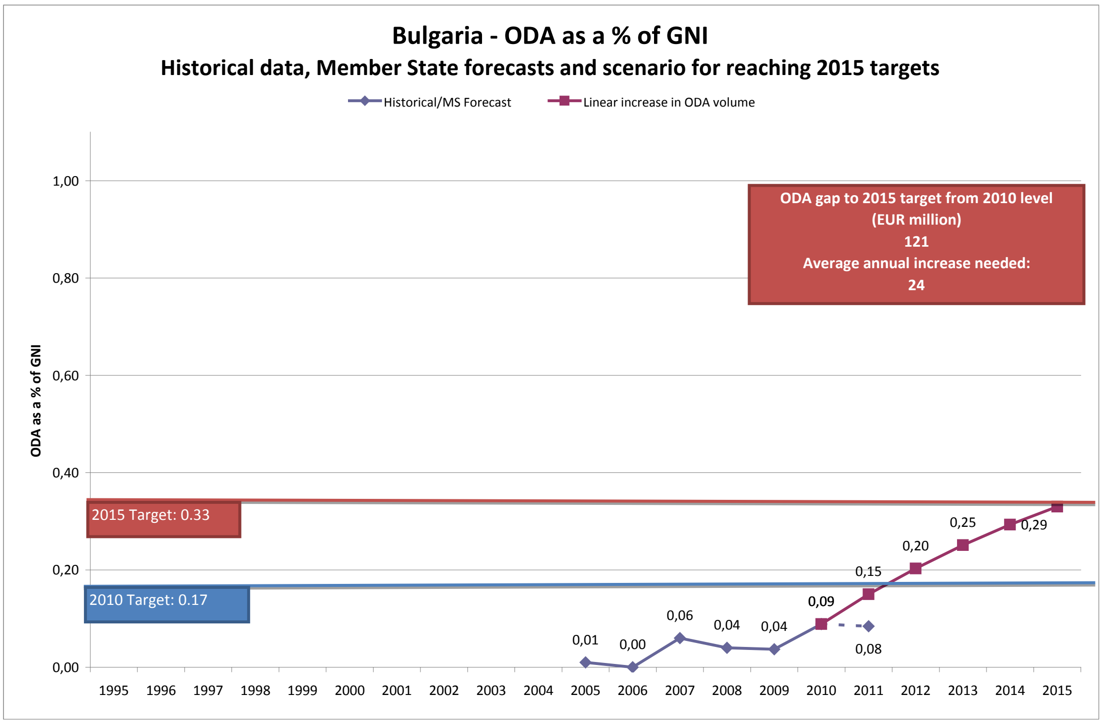
- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Bulgaria provides support to the General Department of National Taxation of Mongolia in the field of taxation and collection of mandatory social security contributions, including laws, regulations, manuals and training materials.
- **Promotes the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: i) Agreements under negotiation: Venezuela; ii) Agreements planned: Yemen.
- Support/ratification of/adherence to international conventions/initiatives on tax issues:
  - IMF Regional Technical Assistance Centres: Yes
  - International Tax Dialogue: Yes
  - International Tax Compact: Yes
  - African Tax Administration Forum (ATAF): Yes
  - Centro Inter-Americano de Administraciones Tributarias (CIAT): Yes
  - IMF Topical Trust Fund on Tax policy and administration: Yes
  - United Nations Convention against Corruption (Merida): Yes
  - OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions: Yes
  - Stolen Assets Recovery initiative (STAR): No
  - Extractive Industry Transparency Initiative (EITI): No

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

- **Bulgaria spent EUR 31 million on ODA in 2010** (*preliminary*)**,** a nominal 250% increase compared to 2009 (partly due to improved ODA reporting); this corresponds to 0.09% ODA/ GNI, compared to 0.04% in 2009.
- **Share of debt relief in ODA**: N/A

7 *http://www.euroresources.org/guide/donor_profiles/bg_bulgaria.html*
8 *http://www.acp-eucourier.info/Bulgaria-s-developme.1038.0.html*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The multi-annual indicative timetable/minimum aid level commitment will be established after the adoption of the Ordinance of the Council of Ministers on the objectives, principles and mechanisms of participation of the Republic of Bulgaria in international development cooperation and a medium-term programme.
- **Have you taken or do you plan to take measures to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa?** N/A
- **Bulgaria will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Bulgaria has not implemented any innovative financing sources and mechanisms and has no plan to step up efforts in the area.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment:**
  - Investment guarantees: No
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: No
  - Risk management initiatives: No
  - Blending: No
  - Private public partnerships: No
  - Business and investment climate: No
  - Investment facilities: No
  - Export credits: No

Promoting Corporate Social and Environmental Responsibility: N/A

- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: N/A
- **Bulgaria has implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS)**.

5. AID FOR TRADE

Bulgaria AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	n/a	n/a	3	4
Building Productive Capacity (Focus on Trade Development, category 2)	n/a	n/a	0	0
Other Trade Development (category 6)	n/a	n/a	**0**	**0**
Total Trade-Related Assistance	**3**	**3**	**3**	**4**

Wider Aid for Trade Agenda	**2006**	**2007**	**2008**	**2009**
Trade Policy and Regulations (category 1)	n/a	n/a	3	4
Economic Infrastructure (category 3)	n/a	n/a	0	0
Building Productive Capacity (category 4)	n/a	n/a	0	0
Trade related adjustment (category 5)	n/a	n/a	0	0
Other Trade Related Needs (category 6)	n/a	n/a	0	0
Total Aid for Trade	**3**	**3**	**3**	**4**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Bulgaria has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank
- **Bulgaria sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- **Bulgaria has not planned any specific measure to prevent aggressive litigation against HIPCs**.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** N/A
- **On Conditionality.** N/A.
- **On Transparency and Predictability**. N/A.
- **On Alignment.** Bulgaria has not integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. Bulgaria has no arrangements in place for delegated cooperation.
- **On Mutual Accountability**. Bulgaria has not established joint frameworks for monitoring joint commitments.
- **On Managing for Development Results**. Bulgaria does not provide capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Bulgaria believes there are reasonable assumptions for an enhanced level of agreement among EU member states** on major issues of common interest on the agenda of the IMF, the World Bank, and other MDB-s. It should be taken in account, though, that each EU member state is a separate shareholder in the respective IFI with its inherent rights and obligations.

CYPRUS

POLICY FRAMEWORK

Cyprus development assistance is guided by the Medium-Term Strategy for Official Development Assistance 2006-2010.[9] Cypriot assistance is directed to 5 programme countries where Cyprus will undertake to implement more comprehensive schemes of assistance and to 14 project countries where Cypriot aid is delivered in the form of small scale individual projects. Sectoral priorities are infrastructure development, social and services sectors and the environment. Cyprus development activities are labeled CyprusAid.[10] The highest decision making body is the Coordination Body headed by the Minister of Foreign Affairs and membership from the Minister of Finance and the Permanent Secretary of the Planning Bureau. The Planning Bureau has policy preparation, administrative and implementation functions for the decisions.

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Cyprus does not provide support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**
- **Promotes the principles of good governance in tax matter**: No
- **New Double Taxation Conventions of 2010**:

Agreements concluded	**Explanation**
Denmark	Revision of existing DTC
Kuwait	Revision of existing DTC
Bahrain	DTC
Georgia	DTC
Monaco	DTC
United Arab Emirates	DTC
Armenia	Revision of existing DTC
Russia	Protocol amending existing DTC
Agreements under negotiation	
Norway	Revision of existing DTC
Spain	DTC
Ukraine	Revision of existing DTC
Agreements planned	
Israel	DTC
Estonia	DTC
India	Revision of existing DTC
Poland	Protocol of existing DTC
Serbia	Revision of existing DTC
Greece	Revision of existing DTC
Netherlands	DTC
Bosnia-Herzegovina	DTC

- **State of ratification of/ adherence to international conventions/ initiatives on tax issues**:
  - IMF Regional Technical Assistance Centres: No
  - International Tax Dialogue: No
  - International Tax Compact: No

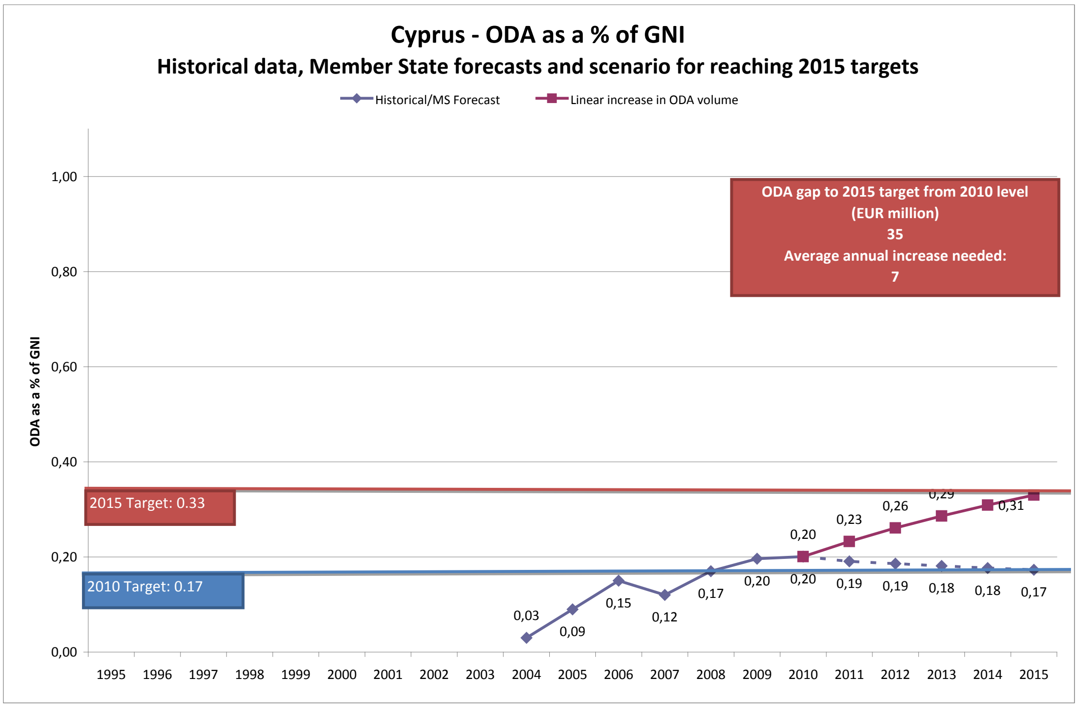
9 *http://www.planning.gov.cy/planning/planning.nsf/dmlcystrategy_en/dmlcystrategy_en?OpenDocument*
10 *http://www.planning.gov.cy/planning/planning.nsf/All/2D4926C033E44160C225753F0036FE75?OpenDocument*

• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No
• OECD Global Forum on Transparency and Exchange of Information on Tax Purposes:	Yes
• International Organization of Tax Administrations (IOTA):	Yes
• Commonwealth Association of Tax Administrators (CATA):	Yes
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

- **Cyprus spent EUR 34 million on ODA in 2010** (*preliminary*), i.e. 20% of its GNI and **met the 2010 0.17% ODA/GNI target**. This was a nominal increase by 5% compared to 2009. Additional efforts are needed in comparison to other government expenditure projects to reach the 2015 0.33% ODA/GNI target.
- **Share of debt relief in ODA during the period 2004 – 2009:** N/A



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** None.
- **Cyprus is committed to ensure that the majority of Cypriot ODA goes to Africa**. Almost 50% of Cypriot programme countries are countries of the African region. Given that increases in the volume of bilateral assistance are distributed evenly between the programme countries, this implies that at least 50% of the aid increases in bilateral assistance will be channelled to Africa.
- **Almost 50% of Cypriot bilateral assistance is provided to LDCs.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Cyprus supports UNITAD** (medical drug financing through innovative sources) with EUR 0.4 million, but **has no intention to step up efforts in the area of innovative financing mechanisms.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment:**

• Investment guarantees:	No
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	Yes
• Investment facilities:	No
• Export credits:	No
• Scholarship on managerial and financial matters:	Yes

- **Cyprus does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.**
- **Cyprus does not support the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: None
- **Cyprus has no current plans to implement solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** Cyprus' development and migration policies are currently not interconnected.
- **Cyprus does have robust and reliable data concerning the amounts and destination of remittances from the country.**
- Cyprus has not implemented the General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS)

5. AID FOR TRADE

No information available on Cyprus' commitments for Aid for Trade

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Cyprus has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Cyprus sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- **Cyprus has not planned specific interventions to prevent aggressive litigation against HIPCs.**

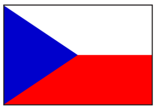
II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Cyprus supported country ownership in 2010 through consultation and coordination with partner countries.
- **On Conditionality.** Cyprus has carried out the following actions on conditionalities in 2010: harmonisation with other donors.
- **On Transparency and Predictability**. Cyprus publicly discloses information on aid volume on a website.
- **On Alignment.** Cyprus has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. Cyprus has arrangements in place for delegated cooperation. In fact, all projects funded by Cyprus Aid are implemented through delegated cooperation. There is a mechanism in place to track cases of delegated cooperation.
- **On Mutual Accountability**. Cyprus has not established a joint framework for monitoring joint commitments in priority countries.
- **On Managing for Development Results**. Cyprus does not provide capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Cyprus believes that the EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies. The EU Member-State holding the EU Presidency should communicate the EU position on behalf of all members after an intra EU preparatory meeting.
- **Cyprus support stronger Brussels based coordination on issues related to the World Bank and MDB's.**



CZECH REPUBLIC

POLICY FRAMEWORK

The Principles for Providing Foreign Aid, the Bill on Foreign Development Cooperation and humanitarian aid and the objectives contained in the Concept of the International Development of the Czech Republic 2008-2012 illustrate the extent to which the Czech Republic recognises development co-operation as a policy area in its own right.[11] In the past ten years, the Czech Republic introduced a number of major changes in the concept and organisation of development cooperation, aimed at increasing the efficiency of aid provided to partner countries and adapting it to the changing international environment. A turning point was the Czech Republic's accession to the European Union that is the world's leading provider of external assistance. The Czech Development Agency (CzDA) is an implementing body of the Czech Development Cooperation primarily focused on design and execution of bilateral development projects. CzDA has been in operation since January 1, 2008 and was re-established by the Law on Development Cooperation and Humanitarian Assistance on July 1, 2010. [12] Since 2010, the agency reports to the Ministry of Foreign Affairs in charge of coordination of Czech ODA[13].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

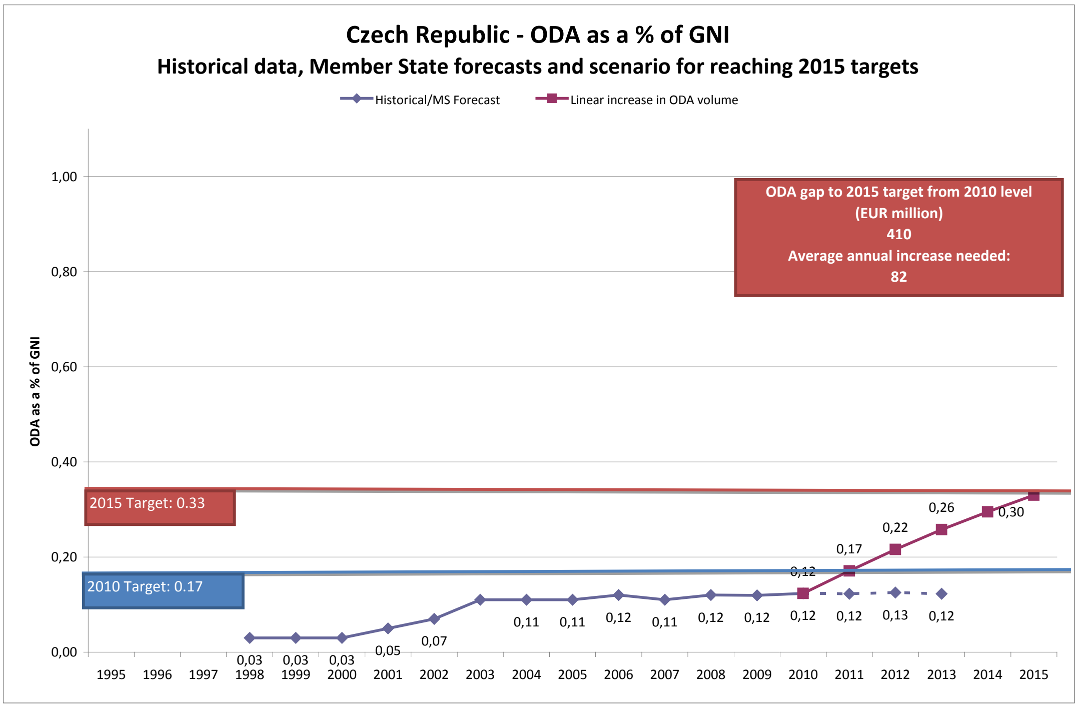
- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Czech Republic provides aid in these fields to EU Neighbourhood Policy countries (support to: Tax Administration and Ministry of Finance through projects on administration of customs duties, customs control customs).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Isle Of Man, Guernsey, British Virgin Islands, Bosnia And Herzegovina; (iia) DTC under negotiation with Jersey, Bermuda, San Marino, China, Hong Kong, Barbados, Denmark, (iib) Protocol to the DTC under negotiation with Serbia, Belgium, Belarus; (iii) planned with Cayman Islands, Seychelles.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**
  - United Nations Convention against Corruption (Merida): No
  - OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions: Yes
  - Stolen Assets Recovery initiative (STAR): No
  - Extractive Industry Transparency Initiative (EITI): No
  - IMF Regional Technical Assistance Centres: No
  - International Tax Dialogue: No
  - International Tax Compact: No
  - African Tax Administration Forum (ATAF): No
  - Centro Inter-Americano de Administraciones Tributarias (CIAT): No
  - IMF Topical Trust Fund on Tax policy and administration: No

11 Special DAC review 2007
12 Czech development Agency (CzDA) http://www.czda.cz/?lang=en
13 Peacebuilding within Czech Official Development, Assistance Initiative for Peacebuilding (IfP), a consortium led by International Alert and funded by the European Commission http://www.initiativeforpeacebuilding.eu/pdf/Peacebuilding_within_Czech_Official_development_assistance.pdf

2. SCALING UP ODA

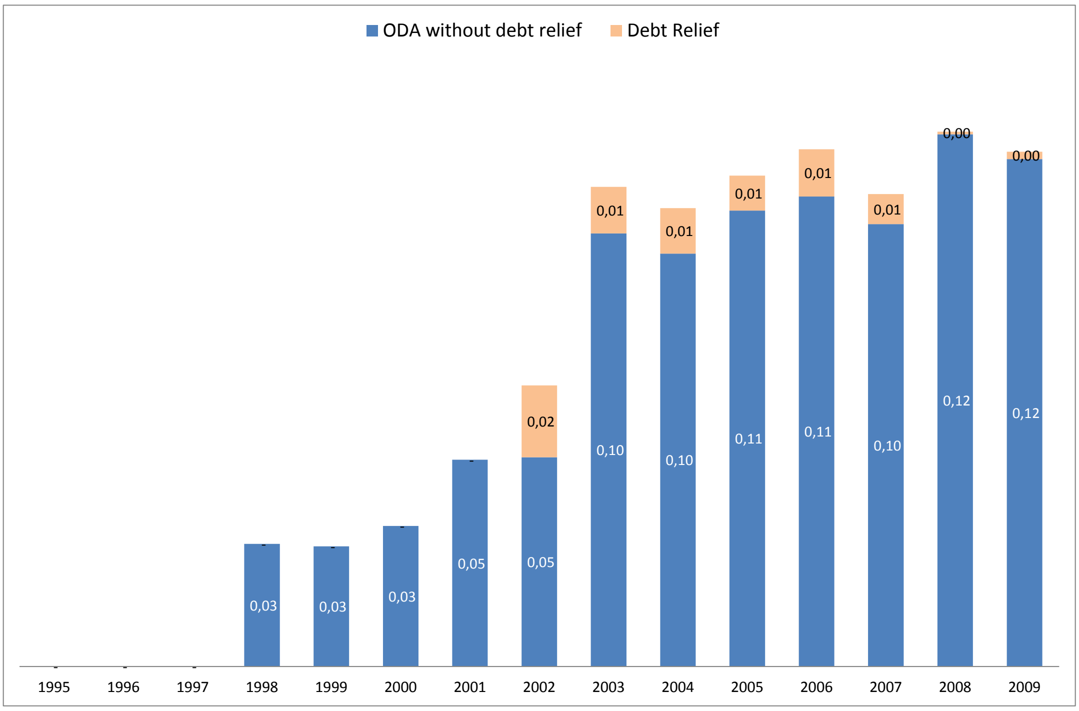
- In 2010 the Czech Republic spent EUR 169 million (*preliminary*), i.e.**0.12% of its GNI**, the same level as in 2009 and short of the 0.17% target.
- Share of debt relief in ODA: N/A

ODA Individual commitments and gap to target



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Czech Republic - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: Czech Republic established a multi-annual indicative timetable/minimum aid level commitment, approved by the national government.
- **No measures taken nor planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa**.
- **Czech Republic will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Czech Republic does not intend to step up efforts for innovative financing mechanisms with significant revenue generation potential**
- **Czech Republic did not use innovative financing mechanisms for development**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	Yes
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	No
• Investment facilities:	Yes
• Export credits:	Yes

- **Czech Republic promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. Ministry of Foreign Affairs conducts dialogue with some major Czech corporations about global and international cooperation issues. Private sector representatives are also associate members of the Czech Council for Development Cooperation.
- **Czech Republic supports the Kimberley process and the FAO Code of Conduct for Responsible Fisheries**
- **New initiatives in 2010 to include social and environmental clauses in ODA-financed public procurement:** Measures according to paragraph 44 of the Public Procurement Law
- **Czech Republic did not implement solutions internally or in cooperation with third countries to overcome barriers to migrants** and their families' access to financial services. However, the competent authorities of the Czech Republic closely cooperate with the World Bank in the matter of International Remittance Service.

5. AID FOR TRADE

Czech Republic, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	52	124	46	53
Building Productive Capacity (Focus on Trade Development, category 2)	0	0	0	0
Other Trade Development (category 6)	n/a	n/a	0	0
Total Trade-Related Assistance	**52**	**124**	**46**	**53**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	52	n/a	46	53
Economic Infrastructure (category 3)	n/a	n/a	0	0
Building Productive Capacity (category 4)	n/a	n/a	0	0
Trade related adjustment (category 5)	n/a	n/a	0	0
Other Trade Related Needs (category 6)	n/a	n/a	0	0
Total Aid for Trade	**52**	**124**	**46**	**53**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Czech Republic delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: Through the application of the OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to LICs.
- Czech Republic does not favour reform of the international architecture for restructuring of sovereign debts
- **No specific intervention to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of "vulture funds").

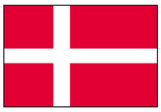
II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010 and beginning 2011, development cooperation programming process with priority (programme) countries is under way.
- **On Conditionality**. In 2010, Czech Republic progressed by harmonising conditionalities with other donors and by reducing the number of conditionalities.
- **On Transparency and Predictability**. Czech Republic publicly discloses information on aid volumes through the Czech development Agency (CzDA) web site.
- **On Alignment**. Czech Republic partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. No arrangement in place on delegated cooperation.
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Czech Republic does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Czech Republic supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. For instance, to coordinate EU27 positions on key policy issues.
- **Czech Republic does not favour stronger Brussels based coordination on issues related to the World Bank and MDBs**.



DENMARK

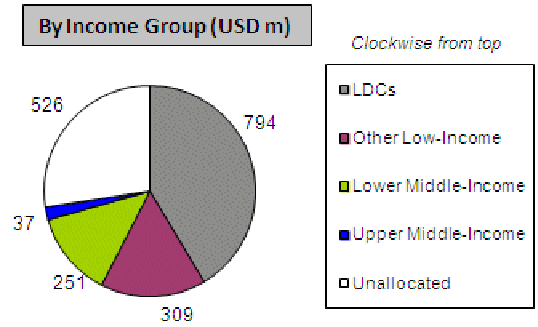
AT A GLANCE

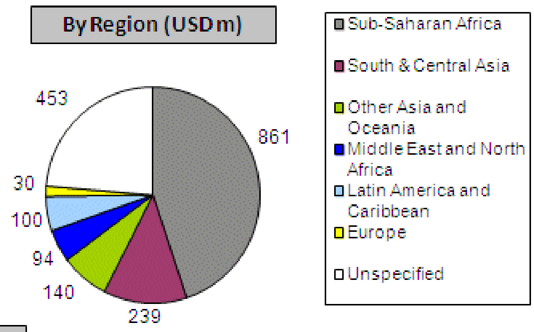
DENMARK

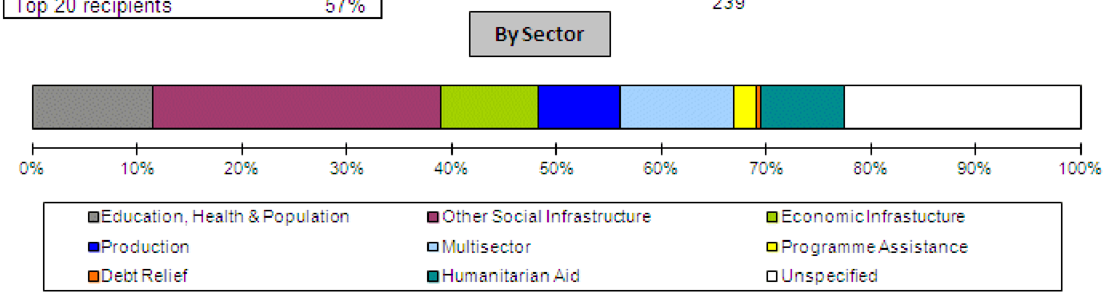
Net ODA	2008	2009	Change 2008/09
Current (USD m)	2 803	2 810	0.2%
Constant (2008 USD m)	2 803	2 923	4.3%
In Danish Kroner (million)	14 486	15 023	3.7%
ODA/GNI	0.82%	0.88%	
Bilateral share	65%	68%	

Top Ten Recipients of Gross ODA (USD million)	
1 Tanzania	113
2 Mozambique	96
3 Uganda	88
4 Ghana	87
5 Viet Nam	75
6 Afghanistan	68
7 Kenya	62
8 Nigeria	56
9 Benin	50
10 Bangladesh	47
Memo: Share of gross bilateral ODA	
Top 5 recipients	24%
Top 10 recipients	39%
Top 20 recipients	57%

Gross Bilateral ODA, 2008-09 average, unless otherwise shown







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The Danish parliament adopted a new development policy in June 2010.[14] The Government presents to parliament every year its plan and priorities for Danish development assistance for the coming five year period.[15] The priorities of Denmark's development cooperation for years 2011-2015 are concentration on fewer countries (from 26 to 15 partner countries) and five priority sectors – i) freedom, democracy and human rights, ii) growth

14 *http://www.um.dk/en/menu/DevelopmentPolicy/DanishDevelopmentPolicy/*
15 *http://www.um.dk/en/menu/DevelopmentPolicy/DanishDevelopmentPolicy/PrioritiesOfTheDanishGovernmentForDanishDevelopmentAssistance/*

and employment, iii) gender equality, iv) stability and fragility, and 5) environment and climate. During 2011-2013 Denmark will maintain the same level of ODA in Danish krone, which implies a decrease of the ODA/GNI ratio when GNI grows. The annual budget for development cooperation is determined by the Government's Finance Act.[16] Administration of development assistance is the responsibility of the Ministry of Foreign Affairs.

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Denmark provides support to developing countries' tax policy and administration (semi-autonomous revenue authorities and ministries of finance) in Asia and ACP countries.
- **Promotes the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: None
- **State of ratification of/ adherence to international conventions/ initiatives on tax issues:**

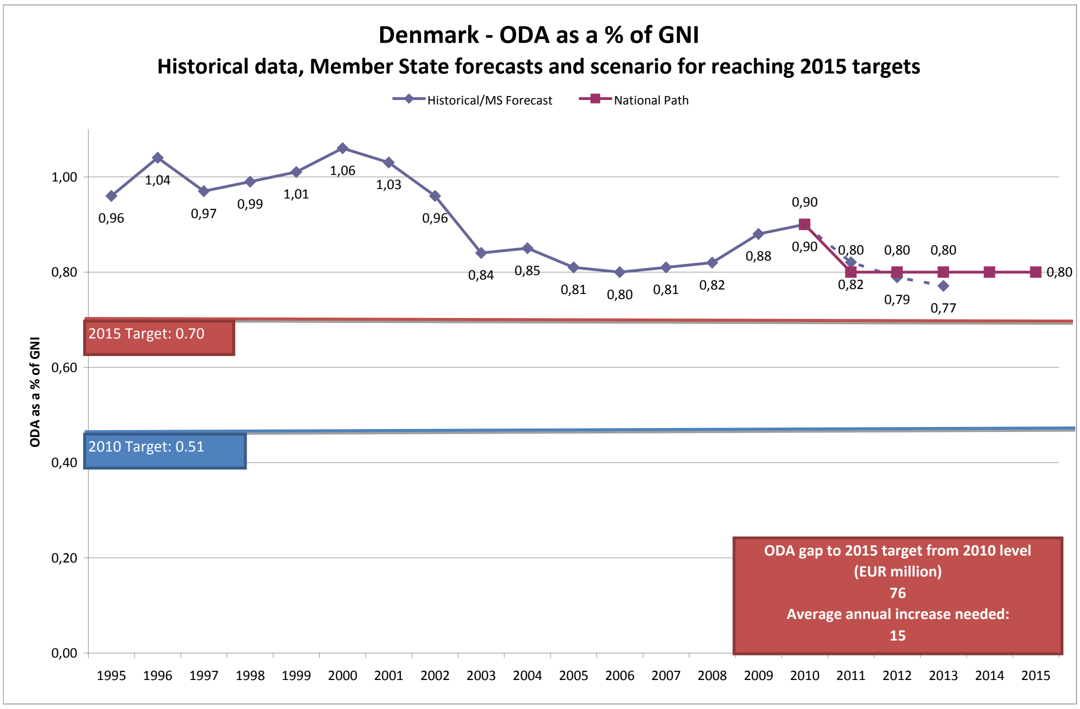
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	Yes

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

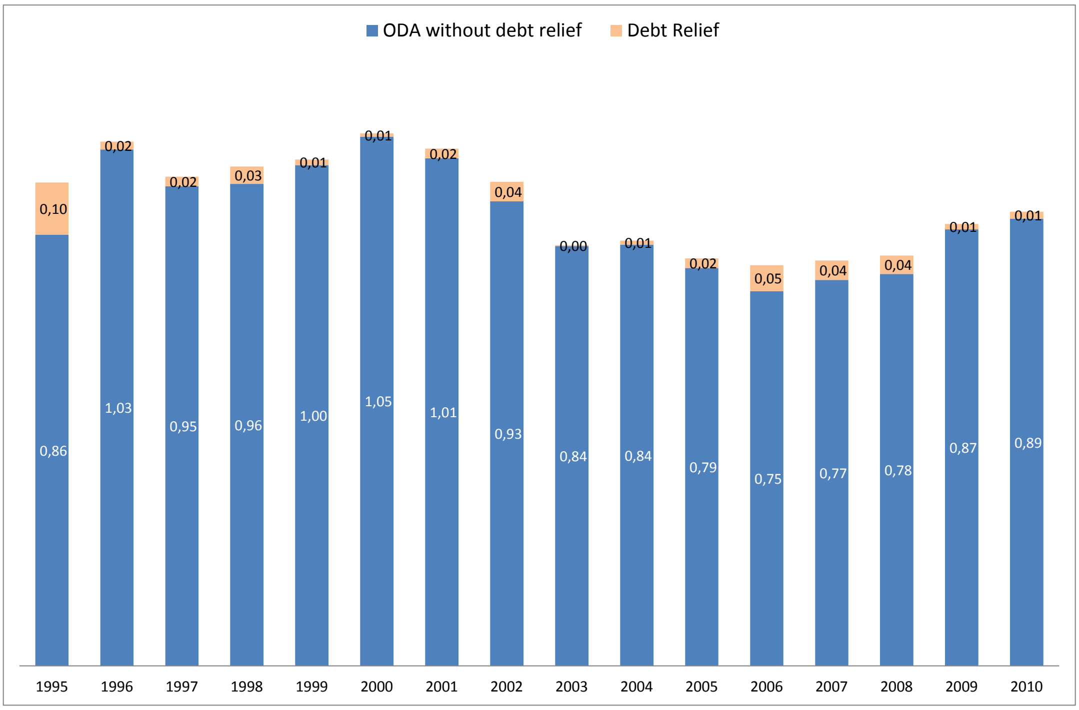
- **Denmark has since many year exceeded the EU 2015 0.7% ODA/GNI target.** The Government will maintain Danish development assistance at the level of DKK 15.2 billion annually over the period 2011-2013. **Denmark spent EUR 2164 million on ODA in 2010** (*preliminary*), i.e. 0.90% in 2010 compared to 0.88% in 2009. This was an increase by 4.3% in real terms compared to 2009.
- **Debt relief made up only 3% of Danish ODA during the period 2004 - 2009**

16 *DAC peer review Denmark 2007*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Denmark - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

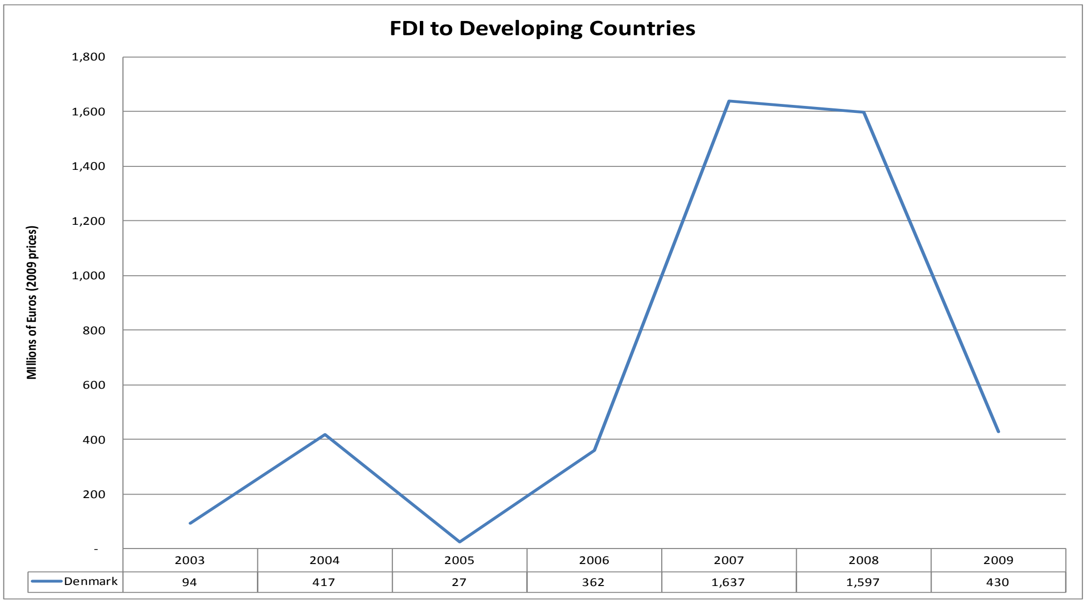
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The Danish government is committed to the 0.7% target. It expects the level of ODA/GNI to be 0.84% in 2011. [17]
- **Denmark is committed to ensure that the majority of Danish ODA goes to Africa**.
- **Denmark will continue to exceed the target of 0.15%-0.20% ODA/GNI to LDCs from 2010 onwards**.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Denmark has not implemented any innovative financing sources and mechanisms and has no plan to step up efforts in the area.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries: Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment:**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: No
  - Blending: No
  - Private public partnerships: Yes
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: Yes

- **Denmark promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** See Box.

17 *http://www.um.dk/en/menu/DevelopmentPolicy/DanishDevelopmentPolicy/PrioritiesOfTheDanishGovernmentForDanishDevelopmentAssistance/*

Innovative Partnerships for Development (IPD) Programme:

The IPD Programme offers financial and advisory support to partnerships between Danish companies and companies, organisations or public institutions in developing countries. The programme sets out to promote better working and living conditions for employees, their families, the community and society at large by advancing strategic CSR and socially responsible innovation. Partnerships must be within the framework of the Global Compact and the MDGs and must be long-term sustainable. Partnership proposals are measured against six development impact criteria to ensure adequate development impact. The maximum support provided under the B2B Programme is DKK5 million (approx. EUR 670.000) to each partnership project.

- Denmark is a long-term donor to the UN Global Compact.
- New initiatives in relation to including social and environmental clauses in ODA-financed public procurements: N.A.
- Denmark has current no plans to implement solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services. However, Denmark awaits the World Bank's upcoming study on migration, remittances and diaspora in Africa and EU recommendations which are expected in 2011.

5. AID FOR TRADE

Denmark, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	0.268	0.940	5.621	1.465
Building Productive Capacity (Focus on Trade Development, category 2)	47.845	47.230	67.317	95.038
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**48.113**	**48.170**	**72.939**	**96.503**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	0.268	0.940	5.621	1.465
Economic Infrastructure (category 3)	75.580	136.160	36.995	63.382
Building Productive Capacity (category 4)	113.111	117.951	130.851	186.367
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**188.959**	**255.050**	**173.468**	**251.213**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Denmark has delivered on its commitments to the HIPC and MDRI initiatives,** including commitments towards IDA and the African Development Bank
- In addition, Denmark has provided DKK9 million to the cancellation of Haiti´s multilateral debt.
- **Denmark sees no need for reform of the international architecture for the restructuring of sovereign debts.** However, Denmark believes that non-Paris Club creditors need to be involved in future restructuring and cancellation of LIC debt.
- No specific interventions to prevent aggressive litigation against HIPCs have been taken.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Denmark supported country ownership in 2010 through consultation and coordination with partner countries and by supporting partner capacity development.
- **On Conditionality.** Denmark has carried out the following actions on conditionalities in 2010: harmonisation with other donors and making conditionalities public.
- On Transparency and Predictability. Denmark publicly discloses information on aid volume on central and field office websites.
- **On Alignment.** Denmark has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation.** Denmark has arrangements in place for delegated cooperation. Denmark was approved to administer EC funds in the indirect centralised management mode, i.e. delegated cooperation in 2010. Denmark subscribes to the Nordic Plus principles for delegated cooperation, where Nordic Plus countries have agreed to mutually approve each other as potential partners for delegated co-operation arrangements. There is no mechanism in place at headquarters level to track cases of delegated cooperation.
- **On Mutual Accountability.** Denmark has established a joint framework for monitoring joint commitments in priority countries.
- **On Managing for Development Results.** Denmark provides capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Denmark believes that the EU27 should speak with one voice** in the IMF, World Bank, the main multilateral development banks' governing bodies and the G20.

ESTONIA

POLICY FRAMEWORK

Estonian Development Cooperation started in 1997, with budget allocation since 1998. Estonian objectives and priorities for development co-operation policy are outlined in the “Principles of Estonian Development Cooperation” approved by the Riigikogu (Parliament) in January 2003 as a successor of the previous policy document “Principles of Development Cooperation for the Years 1999-2000”.

The Ministry of Foreign Affairs18 is responsible both for programming and for implementation of the development cooperation policy. Other governmental agencies implement specific projects in the scope of their competence. In January 2011, the Estonian Government approved Strategy for Estonian development cooperation and humanitarian aid for 2011-2015 and the implementation plan of the development plan for the years 2011-201219. Detailed information on Estonia’s bilateral development cooperation activities is available on the dedicated Ministry of Foreign Affairs website[20].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

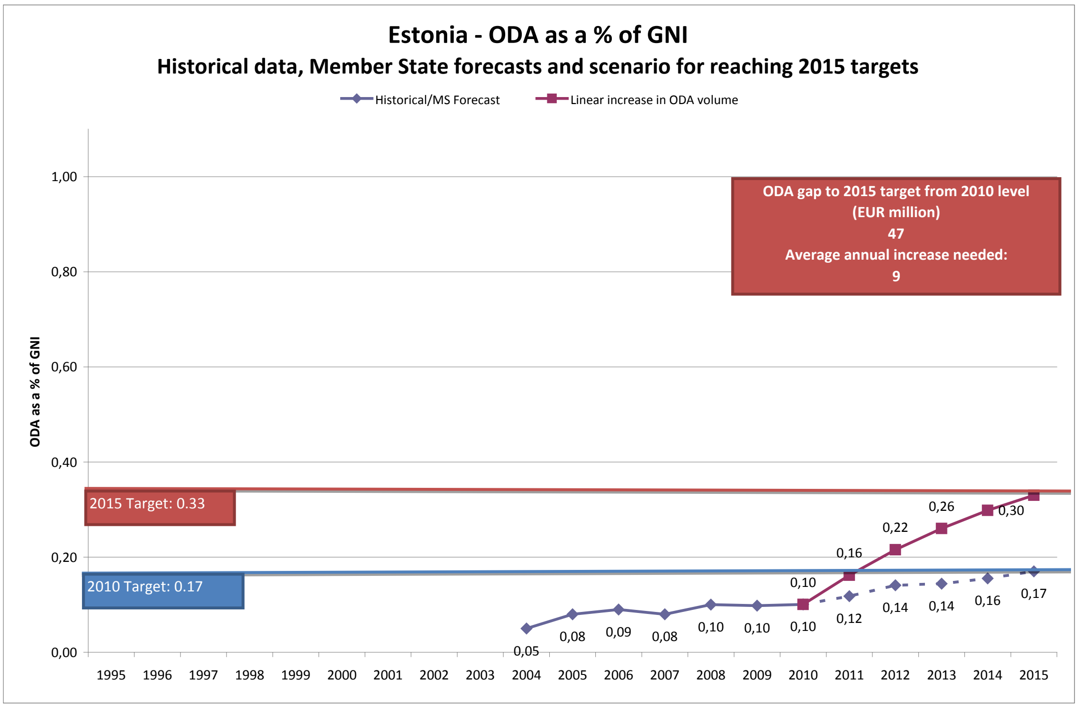
- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Estonia provides aid in these fields EU Neighbourhood Policy countries (support to: Tax Administrations and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: N/A
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**
  - United Nations Convention against Corruption (Merida): Yes
  - OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions: Yes
  - Stolen Assets Recovery initiative (STAR): No
  - Extractive Industry Transparency Initiative (EITI): No
  - IMF Regional Technical Assistance Centres: No
  - International Tax Dialogue: No
  - International Tax Compact: No
  - African Tax Administration Forum (ATAF): No
  - Centro Inter-Americano de Administraciones Tributarias (CIAT): No
  - IMF Topical Trust Fund on Tax policy and administration: No

2. SCALING UP ODA

- Estonia’s ODA/GNI was **0.10% in 2010**, the same as in 2009, with a nominal increase of EUR 1 million to **EUR 14 million of ODA** (*preliminary*). This falls short of the 2010 target of 0.17%, which the government has set as the minimum target for 2015.
- Share of debt relief in ODA: N/A

18 *http://www.vm.ee/?q=en/taxonomy/term/55*
19 *http://www.vm.ee/sites/default/files/arengukoostoo-humanitaarabi_arengukava_2011-2015.pdf*
20 *https://rakendused.vm.ee/akta/index.php?language=eng*

ODA Individual commitments and gap to target



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: Estonia is striving for the 0,33% margin by having fixed a minimum level contribution in the 2011-2015 Strategy, which will be subject to yearly updates and possible upward corrections depending on the economic situation.
- **No direct measures taken or planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa.** With the increasing EU support to Africa, indirectly the share of Africa in Estonian ODA will increase as well. From 2011 Estonia also will contribute to the 10th EDF (European Development Fund).
- **Estonia will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Innovative source of financing:** ETS auctioning revenues
- **Estonia needs to analyse the merits of innovative financing mechanisms with regard to the volume of Estonian aid**.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: No
  - Risk management initiatives: No

• Blending:	Yes
• Private public partnerships:	No
• Business and investment climate:	Yes
• Investment facilities:	No
• Export credits:	No

- **Estonia does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA-financed public procurement.**
- **Estonia did not implement solutions internally or in cooperation with third countries to overcome barriers to migrants** to financial services. The small amount of migrants is the main reason why the flow of funds from migrant workers back to their families in their countries of origin has no dominant role in Estonian remittance market
- **Estonia implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS). No other initiative** as Estonia already has a safe and enforceable regulatory environment for the money remittance market (implementation of the PSD in the beginning of 2010 , the Estonian Anti-Money Laundering and Terrorist Financing Prevention Act …)
- **Estonia has robust and reliable data concerning the amounts and destination of remittances from Estonia.** Furthermore, Estonia adopted the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group".

5. AID FOR TRADE

Estonia, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	n/a	n/a	46	13
Building Productive Capacity (Focus on Trade Development, category 2)	n/a	n/a	32	1
Other Trade Development (category 6)	n/a	n/a	0	0
Total Trade-Related Assistance	**10**	**36**	**78**	**14**

	2006	2007	2008	2009
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	n/a	n/a	46	13
Economic Infrastructure (category 3)	n/a	n/a	320	320
Building Productive Capacity (category 4)	n/a	n/a	32	1
Trade related adjustment (category 5)	n/a	n/a	0	0
Other Trade Related Needs (category 6)	n/a	n/a	0	0
Total Aid for Trade	**10**	**36**	**398**	**334**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Estonia delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: increasing our contribution to the IDA by 41.1%.
- **Estonia does not favour reform of the international architecture for restructuring of sovereign debts**
- **No specific intervention to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of "vulture funds").

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Estonia supported ownership through consultations and coordination with partner countries, through guidance and incentives for staff in partner countries, and through partner capacity development
- **On Conditionality**. No Action
- **On Transparency and Predictability**. Estonia publicly discloses information on aid volumes through the Estonian Development Cooperation web site [21]
- **On Alignment**. Estonia partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Legal and/or administrative arrangements to ensure delegated cooperation are project based.
- **On Mutual Accountability**. No joint framework for monitoring joint commitments. Mutual accountability is somewhat covered through the cooperation agreements with the priority target countries since 2011
- **On Managing for Development Results.** Belgium does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Estonia supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. Shareholders have sometimes different perspectives to certain issues, so "one voice" would probably be going too far and everything does not need to be intra-EU coordinated. In some areas the EU common statements or position papers are of course useful or even necessary. Generally the EU27 has a well-functioning internal coordination of views on main IMF policy issues; similar coordination could be replicated in other IFIs if current coordination is viewed unsatisfactory in producing a coordinated understanding. As European countries belong to different constituencies at the IMF/WB/other MDBs, the strengthened coordination is the best way to increase the cohesiveness of the EU voice in the IFIs.
- **Estonia favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

21 *Via the webpage www.mfa.ee and more detailed Aid Database: https://rakendused.vm.ee/akta/index.php?language=eng*

EUROPEAN COMMISSION

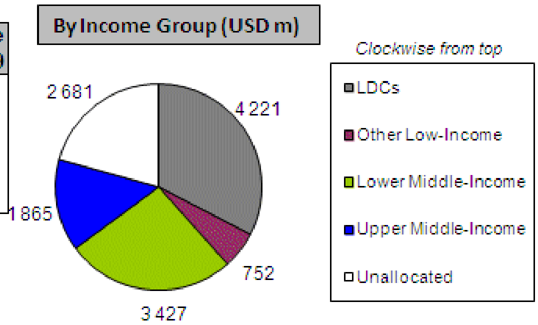
AT A GLANCE

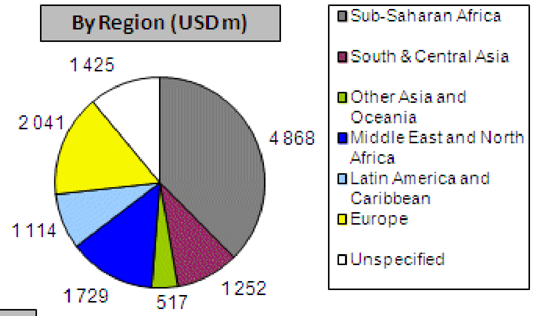
EU Institutions

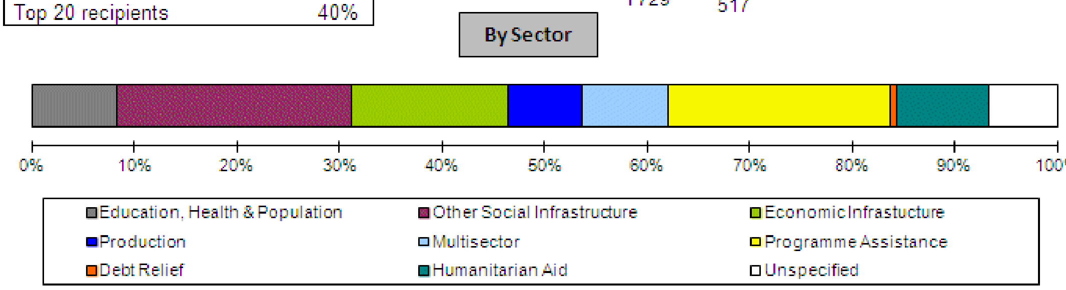
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	13 197	13 444	1.9%
Constant (2008 USD m)	13 197	13 793	4.5%
In Euro (million)	9 149	9 654	5.5%

Top Ten Recipients of Gross ODA (USD million)	
1 Palestinian Adm. Areas	663
2 Ethiopia	447
3 Turkey	435
4 Afghanistan	349
5 Morocco	329
6 Serbia	319
7 Sudan	278
8 Uganda	259
9 Ukraine	242
10 Congo, Dem. Rep.	224
Memo: Share of gross bilateral ODA	
Top 5 recipients	17%
Top 10 recipients	27%
Top 20 recipients	40%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Since 2006, the "European Consensus on Development"[22] has defined the general framework for the action of the Union and Member States. It highlights the Commission's dual development role by clarifying its added value in relation to the Member States (its federating role) and by elaborating in its role as a donor. In addition, the Union is particularly committed to honouring the United Nations Millennium Development Goals (MDG), for which the Union has put in place various instruments that will also help reinforce the impact of its action[23]. In January 2011, the European Commission merged EuropeAid and the Directorate-General for Development to create the EuropeAid Development and Cooperation Directorate-General. The goal of the merger is to create a single voice for the EU on development and cooperation issues.

22 *Official Journal C 46 of 24.2.2006*

23 *http://europa.eu/legislation_summaries/development/general_development_framework/index_en.htm*

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** European Commission provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries, Asia, Latin America and ACP Countries (support to administrations and policy of: Customs, Semi-autonomous Revenue Authorities and Ministries of Finance). In March 2011, the European Parliament adopted two resolutions urging the European Union to impose a financial transaction tax and give more tax-related development assistance to developing countries while combating fraudulent practices and tax evasion[24].
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: N/A. The specific issue as such is not relevant for the Commission since such bilateral agreements are concluded at Member State level as they fall within Member States' competence. However, it should be noted that the EU does have agreements with five third countries on the taxation of savings income.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

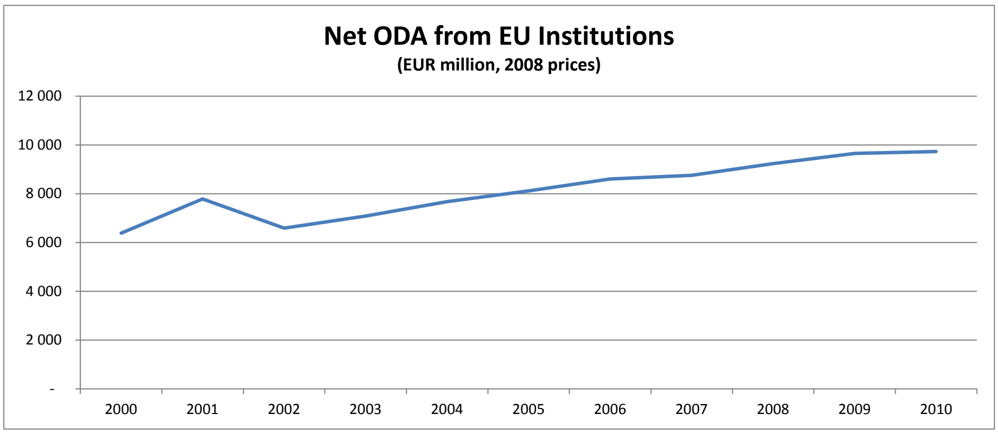
• United Nations Convention against Corruption (Merida):	No
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

- The EU institutions do not have a specific ODA targets, majority of the funds reported as ODA by the Commission are imputed to Member States.
- **The EU institutions** spent EUR 9804 million of ODA in 2010, a 0.8% increase in real terms on the 2009 figure of EUR 9654 million.

EU institutions' ODA in nominal term



Source: OECD/DAC data for 2000-2010

24 *http://www.europarl.europa.eu/en/pressroom/content/20110308IPR15028/html/Tax-reform-to-boost-revenue-for-EU-and-developing-countries*

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- The European Commission intends to step up efforts for innovative financing **mechanisms with significant revenue generation potential**, with a view to ensuring predictable financing for sustainable development. At the Foreign Affairs Council (Defence & Development) in December 2010, the Council discussed innovative financing sources and mechanisms for development. The Commission stated that it would continue its work on the technical feasibility of such mechanisms and their potential impact.
- **The Commission conducted an impact assessment on new financial sector taxes** (notably a Financial Transaction Tax and a Financial Activities Tax) which was published on March 2011. Revenues from such taxes could be used to respond to global and European challenges, such as development and the achievement of the MDGs, as well as efforts to tackle climate change

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	Yes
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	Yes
• Blending:	Yes
• Private public partnerships:	No
• Business and investment climate:	Yes
• Investment facilities:	Yes
• Export credits:	No

- **The European Commission promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. The Commission intends to continue to promote CSR and other sustainability oriented scheme as a voluntary concept, with an emphasis on dialogue between stakeholders. It promotes international benchmarks for CSR such as the UN MDGs, the ILO tripartite declaration of principles, the OECD guidelines for multinational enterprises, the UN principles for sustainable investment and the UN Global Compact. The EU also aims include sustainable development chapters, with provisions on environment and labour, in all bilateral trade agreements.
- **The European Commission supports the Kimberley process and the FAO Code of Conduct for Responsible Fisheries**.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA-financed public procurement.**
- **The European Commission did not implement solutions internally or in cooperation with third countries to overcome barriers to migrants** and their families' access to financial services. The Commission is, though, implementing programmes in partner countries with the aim of developing the financial sector (e.g. microfinance, technical assistance on financial sector regulation and supervision) and improving financial literacy in order to familiarise households receiving remittances with banking services.

5. AID FOR TRADE

European Commission, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	327 695	212 452	238 095	315 655
Building Productive Capacity (Focus on Trade Development, category 2)	574 519	569 858	317 330	262 995
Other Trade Development (category 6)	0	249 830	451 526	332 496
Total Trade-Related Assistance	**902 214**	**1 032 140**	**1 006 951**	**911 146**

Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	327 695	212 452	238 095	315 655
Economic Infrastructure (category 3)	1 312 274	1 111 541	1 661 064	1 118 032
Building Productive Capacity (category 4)	922 630	862 039	701 599	1 567 413
Trade related adjustment (category 5)	0	0	4 037	11 312
Other Trade Related Needs (category 6)	0	249 830	451 526	332 496
Total Aid for Trade	**2 562 598**	**2 435 862**	**3 056 322**	**3 344 907**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **The European Commission delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: committing EUR 3 Million for the WB DMF and EUR 3 Million to the UNCTAD DMFAS. Financing agreements should be signed early 2011.
- **The European Commission favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (through the Paris Club with a role for International Financial Institutions, and through collective action clauses in debt contracts).
- **Specific intervention to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of "vulture funds"): The European Commission is considering using the "African Legal Support Facility" to provide ad hoc legal advice, on demand, to countries.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, the European Commission supported ownership through consultations and co-ordination with partner countries and through partner capacity development.
- **On Conditionality**. In 2010, the European Commission progressed by harmonising conditionalities with other donors and by reducing the number of conditionalities.
- **On Transparency and Predictability**. The European Commission publicly discloses information on aid volumes through its Development Cooperation web site [25] and through the website of field offices. Data are also available in the Annual Report on development policies and external assistance which is widely disseminated (to Delegations, national development agencies, Parliaments and ministers, stakeholders, etc.).
- **On Alignment**. The European Commission partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Guidelines have been developed in December and templates for Delegation and Transfer Agreements have been approved in and further fine tuned the past years.
- **On Mutual Accountability**. The European Commission established a joint framework for monitoring joint commitments with some of its priority countries. The European Commission is waiting for the Paris Survey outcome to confirm its position.
- **On Managing for Development Results.** The European Commission provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** The European Commission is in favour of an EU single seat in the IFIs as a long term ultimate objective to represent the European Union with a single voice. The European Commission have been giving support to this solution for years (as reflected in several official Commission's documents, such as written statements by Commissioners L. Michel and P. Nielson and the Council's conclusions on Monterrey or the report "EMU at 10"). There is work to do to deepen and broaden the coordination between EU Member States, in order to strengthen Europe's voice in the IFIs though a consolidated and less fragmented European representation. However, the Commission warns against rushing into intermediate solutions, and instead favours a package-based approach to such issues.
- **The European Commission favours stronger Brussels based coordination on issues related to the World Bank and MDBs**.

25 *http://ec.europa.eu/europeaid/how/delivering-aid/monterrey_en.htm*

FINLAND

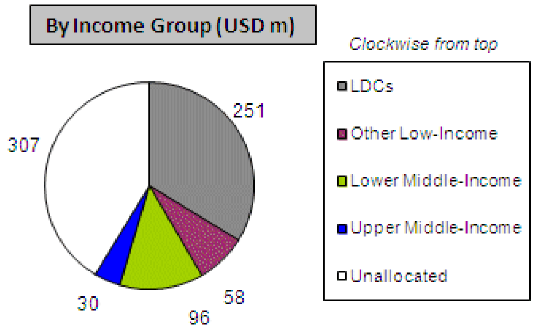
AT A GLANCE

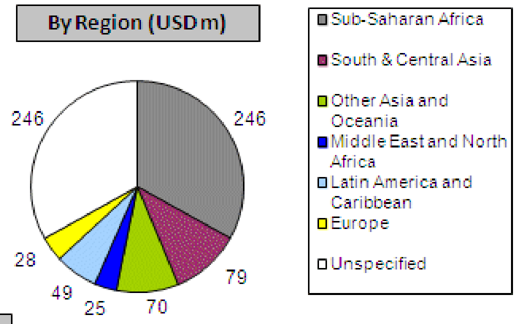
FINLAND

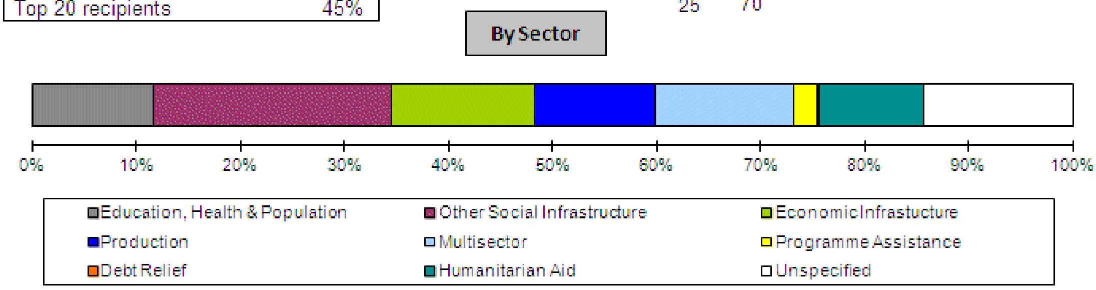
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	1 166	1 290	10.7%
Constant (2008 USD m)	1 166	1 323	13.5%
In Euro (million)	808	926	14.6%
ODA/GNI	0.44%	0.54%	
Bilateral share	59%	61%	

Top Ten Recipients of Gross ODA (USD million)	
1 Tanzania	49
2 Mozambique	42
3 Viet Nam	28
4 Afghanistan	27
5 Zambia	21
6 Ethiopia	20
7 Nepal	19
8 Kenya	17
9 Nicaragua	16
10 South Africa	14
Memo: Share of gross bilateral ODA	
Top 5 recipients	22%
Top 10 recipients	34%
Top 20 recipients	45%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Finland's development co-operation is based on annual state budgets and guiding documents rather than being enshrined in law.[26] The current overarching strategic document is a government resolution on development policy from October 2007.[27] In it the government states that it will ensure that Finland's ODA reaches 0.51% of GNI in 2010 and 0.7% in 2015. Poverty reduction is the overall objective, but there is no particular sectoral focus. Finland has eight long-term partner countries and five partner countries recovering from violent crises.[28] Finland's development policy is formulated, planned and implemented by the Ministry for Foreign Affairs.[29]

26 *OECD DAC Peer Review Finland 2007*
27 *http://formin.finland.fi/public/default.aspx?contentid=107497*
28 *http://formin.finland.fi/public/default.aspx?nodeid=15359&contentlan=2&culture=en-US*
29 *http://formin.finland.fi/public/default.aspx?contentid=107497*

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

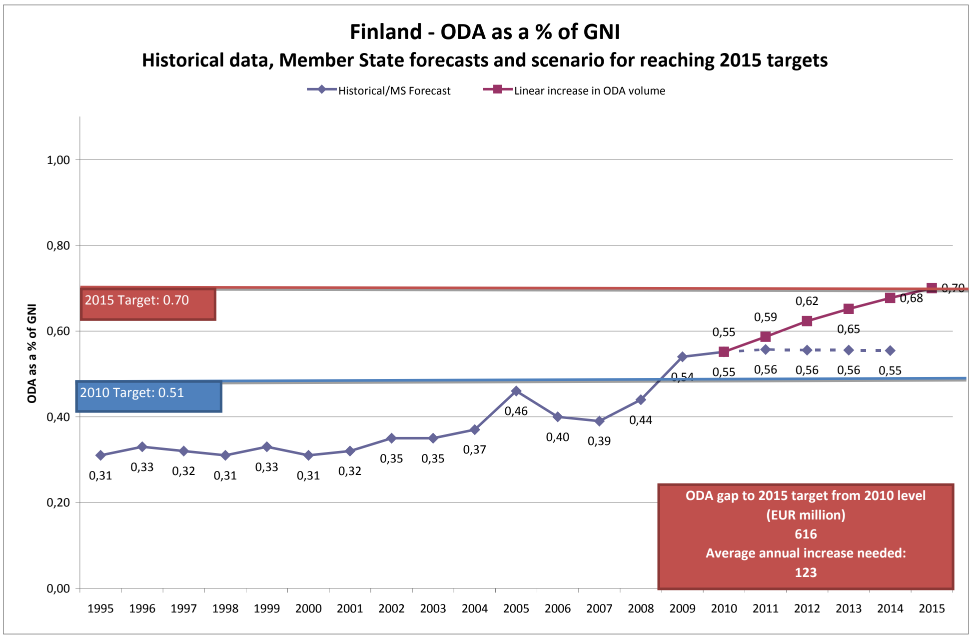
- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Finland provides support to developing countries' tax policy and administration to ministries of finance in ACP countries. In addition, support is provided to national governments, audit institutions and civil society organisations to strengthen public financial management.
- **Promotes the principles of good governance in tax matter**: Yes, in budget support dialogue.
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: None
- State of ratification of/ adherence to international conventions/ initiatives on tax issues:

• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	Yes

2. SCALING UP ODA

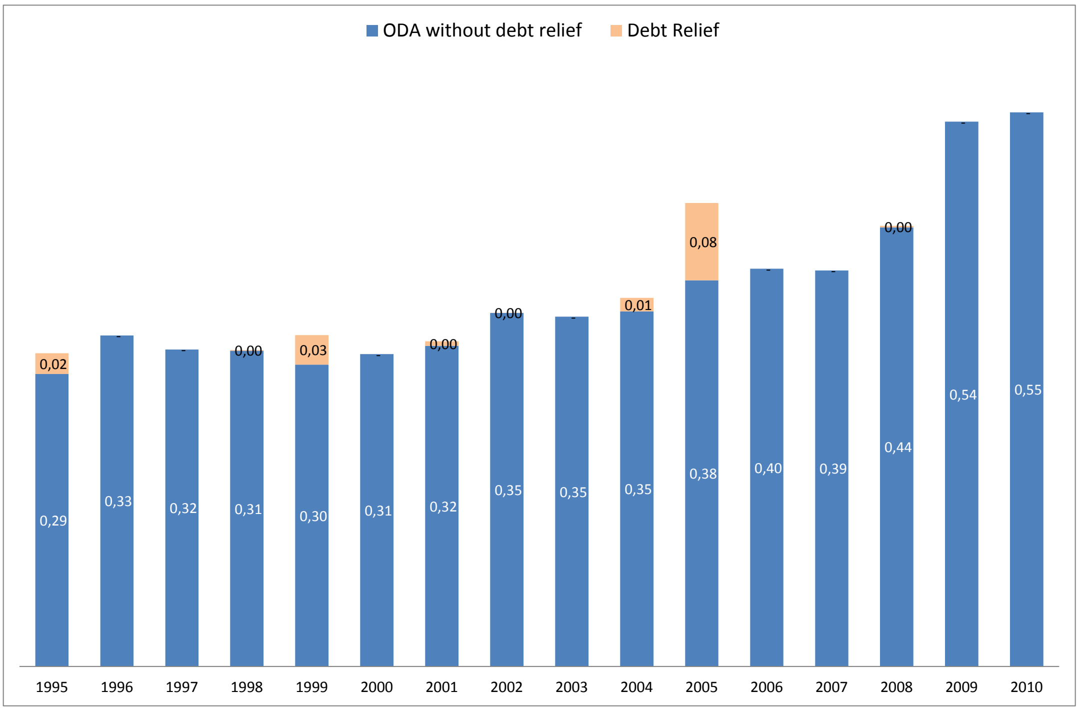
ODA individual commitments/gap to agreed targets

- **Finland spent EUR 1008 million on ODA in 2010** (*preliminary*)**,** a 6.9% increase in real terms compared to 2009,i.e. **0.55% of its GNI**, up from 0.54% in 2009.
- **Debt relief made up only 3% of Finnish ODA during the period 2004 - 2009**



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Finland - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

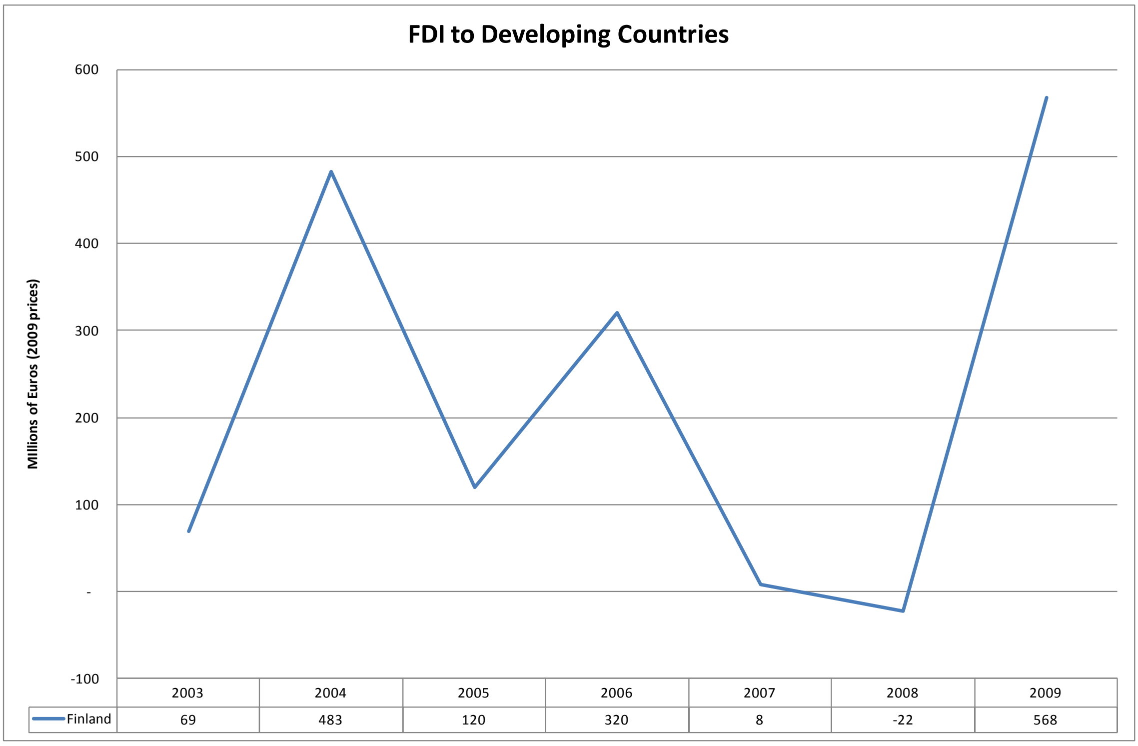
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The Finnish Development Policy Programme, i.e. Government Decision-in-Principle, stated the commitment to ensuring the development cooperation appropriations which will take Finland towards 0.7% GNI set by the UN and that Finland is committed to achieve the target 0.51% in 2010 as established in the European council's decision. The Ministry for Foreign Affairs has based its forward planning on that commitment. However, the figures indicated above as total ODA are based on the budgetary spending limits for the MFA of Finland exercised development assistance that were set by the Government for the years 2011-2014, adding to it an estimate of the ODA implemented by other ministries. According to the Government decision of the spending limits for 2011-2014 (March 2010) Finland's ODA will increase up to 0.58% of GNI in 2011. In the Government decision considering the years 2012-2014 a technical assumption is made that the percentage value of 0.58% remains. However, in the Government decision it is stated that Finland is committed to increasing ODA towards the 0.7% target. Finland holds parliamentary elections in April 2011 and the next government will decide on spending limits for 2012-2015. The spending limits will be reviewed during interministerial budget frame negotiations and confirmed through a Government decision in autumn 2011.
- **In budgeting at least 50% of Finland's development aid which is targeted by country or region will be allocated to Africa.**
- **Finland will meet the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Finland does not support any innovative financing mechanisms and has no plans to do so.**
- However, Finland supports the EU proposal to make a comprehensive assessment of the feasibility of a Financial Activity Tax (FAT) and Financial Transactions Tax (FTT). Finland also recognises that it is essential to study further innovative financing mechanisms in the context of reaching its ODA target, since public aid will not be enough. Finland's Minister for Foreign Trade and Development set up a Working Group on Financing for Development in April 2010. The WG handed over the report to the Minister in December 2010. The WG gave recommendations for the Finnish Government on how to expand the base of development funding and enhance cooperation among various actors in society.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:
Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment:**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: Yes
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: Yes
  - Blending: No
  - Private public partnerships: Yes
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: Yes

- **Finland promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** Finland promotes CSER principles in its cooperation with the private sector, most notably as eligibility criteria of Finnpartnership. Finland also supports the UN Global Compact with ODA funds to the amount of EUR 200,000 per year (latest contribution in 2010).
- **Finland has ratified the agreement of the Kimberley Process** and participates in the Kimberley Process as a Member State of the European Union. Finland supports the EITI Multi-Donor Trust Fund to the amount of EUR 1.3 million during 2009–2011
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: Social and environmental aspects are included in development of new case management process software within the Ministry for Foreign Affairs.
- **Finland has currently no plans to implement solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** The share

of remittance services of the overall payment transmission from Finland is minor, the bulk of payments are transferred via banking channels. Furthermore, there are no indications that the current payment services would not satisfy the needs of migrants. Thus, no further action is considered necessary.

- **Finland has not implemented the General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).**

5. AID FOR TRADE

Finland, AfT Commitments (EUR million)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	3 340	1 603	9 141	8 448
Building Productive Capacity (Focus on Trade Development, category 2)	29 484	N/A	42 304	82 501
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**32 824**	**1 603**	**51 445**	**90 950**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	3 340	1 603	9 141	8 448
Economic Infrastructure (category 3)	20 897	8 070	14 443	123 189
Building Productive Capacity (category 4)	39 858	74 762	111 764	124 280
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**64 095**	**84 436**	**135 347**	**255 917**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Finland has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Finland sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- Finland has planned no specific interventions to prevent aggressive litigation against HIPCs.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Finland supported country ownership in 2010 through consultation and coordination with partner countries, guidance and incentives for staff in partner countries and by supporting partner capacity development.
- **On Conditionality.** Finland has carried out the following actions on conditionalities in 2010: harmonisation with other donors and making conditionalities public.
- **On Transparency and Predictability**. Finland publicly discloses information on aid volume on the internet both at headquarters and at the field level. Disclosure of information at country level depends on the existence of an appropriate common database. When such a mechanism exists, data is provided (e.g. public webpage www.odamoz.org.mz in Mozambique, local Ministry homepages in Kenya). The Ministry for Foreign Affairs launched in December 2010 a publication on Finland's ODA statistics, which serves to provide information to domestic stakeholders on the use of public ODA.
- **On Alignment.** Finland has partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines. The Ministry for Foreign Affairs is currently revising the cooperation manuals and guidelines.
- **On Harmonisation**. Within the Nordic Plus group, arrangements are in place to enable delegated cooperation. As regards the EC, Finland's assessment procedure for indirect centralised management was finalised in June 2010, providing a framework for cooperation between the MFA and the EC in this regard. There is a mechanism in place to track cases of delegated cooperation. The following list covers the delegated cooperation arrangements, whereby other donors' funds are included into MFA/Finland's ODA budget for 2010:

Recipient country	Partner for delegated cooperation	Modality/explanation
Nicaragua	*UK/DFID*	*Trade, Promoviendo la Equidad Mediante el Crecimiento Económico (PROPEMCE)*
Mekong	*Nordic Development Fund (NDF)*	*Energy and Environment partnership programme*
Southern and East-Africa	*Austrian Development Agency (ADA)*	*Energy and Environment partnership programme*
Mozambique	*Embassy of Denmark in Maputo*	*Education sector*
Mozambique	*Embassy of Canada in Maputo*	*Rural development, PROAGRI II*
Nicaragua	*MFA of Norway*	*Rural development, PRORURAL*

- **On Mutual Accountability**. Finland has established a joint framework for monitoring joint commitments in Kenya, Mozambique, Nicaragua, Tanzania and Zambia.
- **On Managing for Development Results**. Finland provides capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Finland does not share the view that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies, since the current governance system based on constituency groups, some of which consist of both EU and non-EU countries, does not favour such an objective.
- **Finland supports stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.**

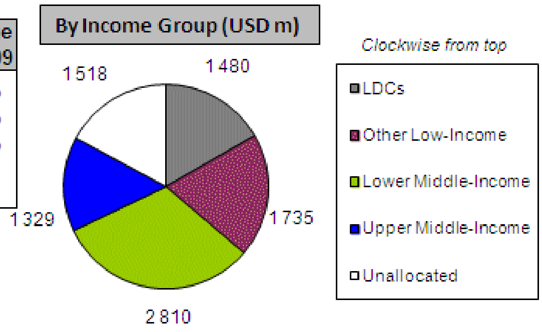
FRANCE

AT A GLANCE

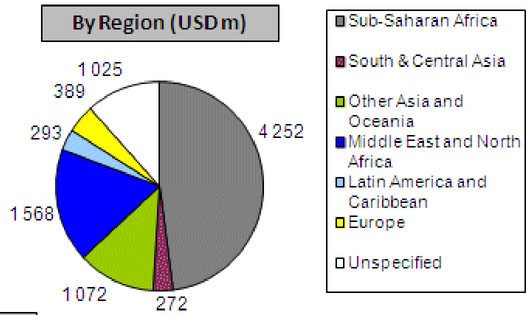
FRANCE

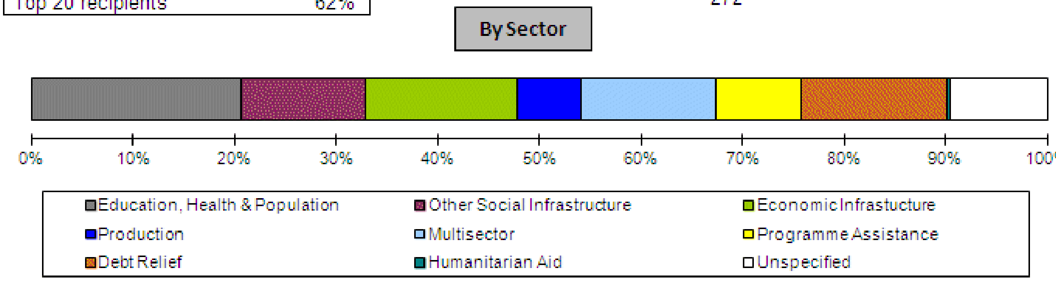
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	10 908	12 600	15.5%
Constant (2008 USD m)	10 908	12 920	18.4%
In Euro (million)	7 562	9 048	19.6%
ODA/GNI	0.39%	0.47%	
Bilateral share	59%	56%	



Top Ten Recipients of Gross ODA (USD million)	
1 Côte d'Ivoire	1 365
2 Mayotte	514
3 China	346
4 Morocco	345
5 Indonesia	263
6 Tunisia	253
7 Congo, Rep.	253
8 Turkey	248
9 Cameroon	241
10 Lebanon	210
Memo: Share of gross bilateral ODA	
Top 5 recipients	32%
Top 10 recipients	45%
Top 20 recipients	62%





Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Responsibilities and tools are shared among the three main players: The Directorate-General for International Co-operation and Development (DGCID) of the Ministry of Foreign and European Affairs (MAEE), the Directorate-General of the Treasury and Economic Policy (DGTPE) which of the Ministry of Economy, Finance and Employment (MINEFE) and the French Development Agency (AFD), a government agency that reports to these two ministries; in addition there are several entities and co-ordination structures to ensure overall coherence. The DGTPE has institutional responsibility for the multilateral development banks and certain thematic funds, while the MAEE manages funds earmarked for United Nations institutions and health sector funds.

AFD Group's three-year Business Plan for 2011-2013 is in line with France's new budget framework, which now presents State missions, including official development assistance (ODA), for a three-year period. This ensures greater visibility for France's aid. This Business Plan is based on the forecasts of the three-year Finance Law for 2011-2013[30].

The CICID (Comité interministériel de la Coopération internationale et du Développement or French Interministerial Committee for International Cooperation and Development) defines the sector strategic orientations of France's public economic development assistance policy and geographic priorities. The CICID meeting on June 5th, 2009 voted a set of measures designed to improve French assistance's effectiveness and targeting in a context marked by the contagion of the global crisis' effects on countries in development[31].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** France provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries, Asia, Latin America and ACP Countries (support to administrations and policy of: Customs, Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Uruguay, Antigua and Barbuda, Grenada, St Kitts et Nevis, St Lucia, Saint-Vincent et Grenadines, Antilles néerlandaises, Cook Islands, Belize, Costa Rica, Dominique, Brunei, Anguilla, Hong Kong ; (ii) under negotiation with Aruba, Liberia, (iii) planned with Philippines, Nauru.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	Yes
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	Yes
• IMF Topical Trust Fund on Tax policy and administration:	Yes

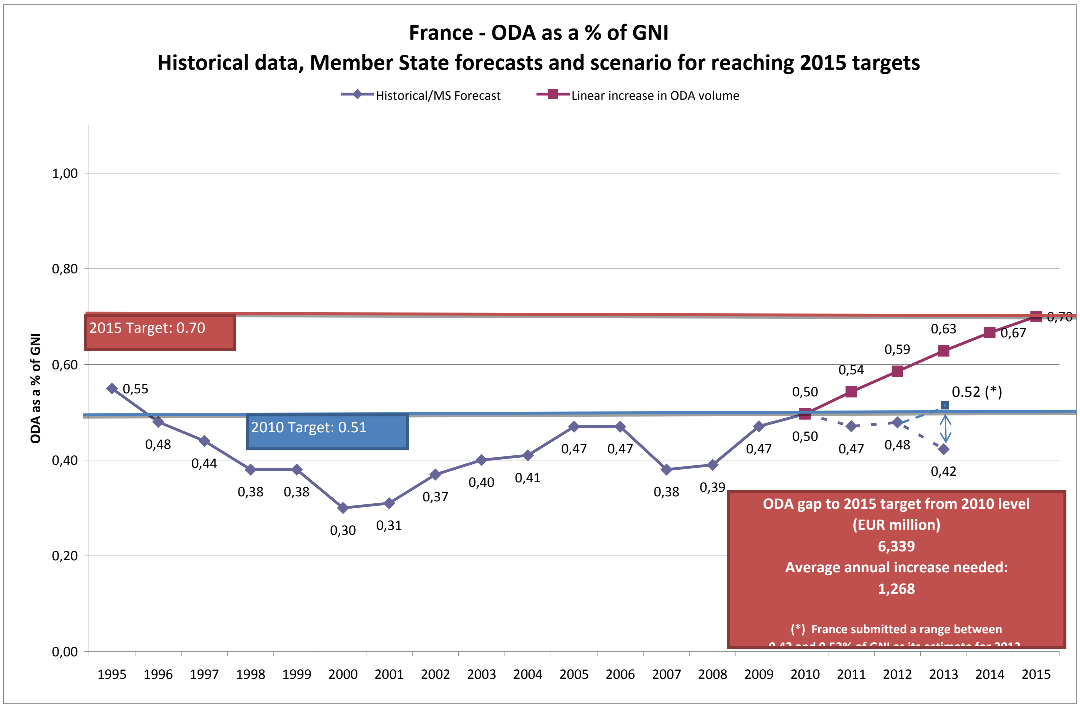
2. SCALING UP ODA

ODA Individual commitments and gap to target

- France has increased the share of its GNI dedicated to Official Development Assistance (ODA) from 0.47% of GNI in 2009 to EUR 9751 million (*preliminary*), i.e. 0.50% in 2010, nearly meeting the EU target.
- **Debt relief made up 25% of** French **ODA during the period 2004 – 2009,** the largest debt reduction operations being for Nigeria (2005-2006) and Iraq (2005-2008)

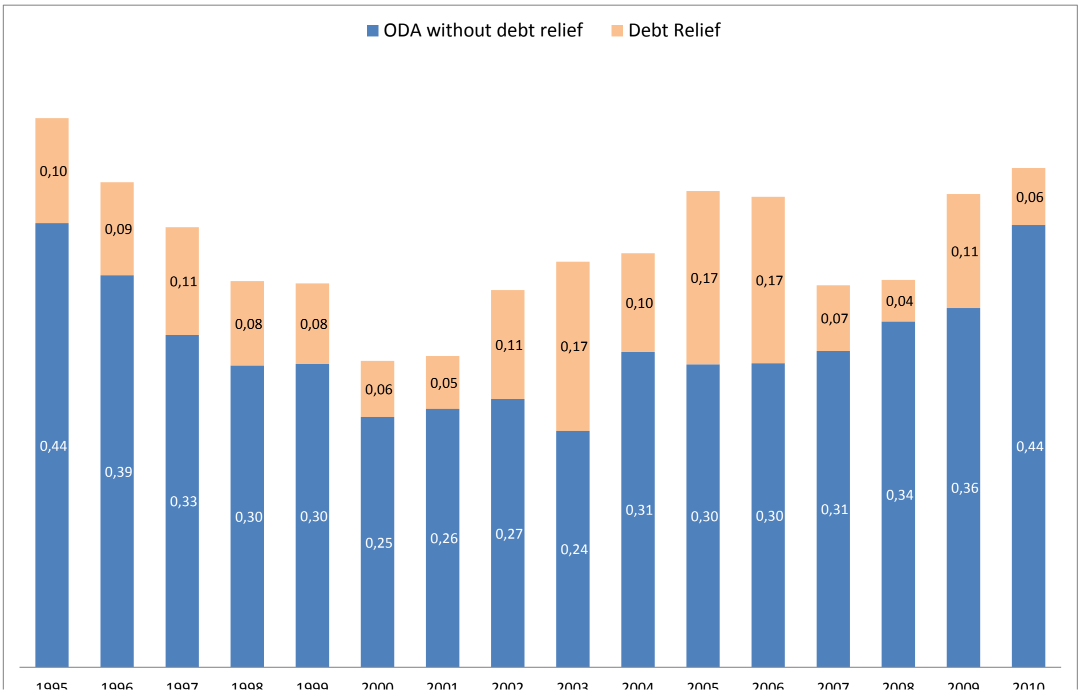
30 *Le Budget Pluriannuel De L'Etat 2011-2013, www.budget.gouv.fr/themes/finances_publiques/document_dofip2010.pdf and Plan d'Affaires 2009-2011, http://www.afd.fr/jahia/Jahia/lang/en/home/publications/Publications-institutionnelles/programme-d-activite*

31 *http://www.diplomatie.gouv.fr/en/france-priorities_1/development-and-humanitarian-action_2108/institutions-and-issues-of-development-economic-assistance_7404/index.html*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

France - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010: None.**
- **In 2009, ODA (bilateral and multilateral) attributed to Africa has increased and represents 55.8% of total net ODA**. France has formally reaffirmed its commitment to Africa, during the meeting of the Interministerial Committee for International Cooperation and Development. The 14 priority countries for the geographic concentration of French Aid are all sub-Saharan countries: these countries will receive 50% of grants allocated to helping to achieve the MDGs (not including interventions in countries emerging from crisis and subsidies).
- **France will not meet the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**, though total French ODA (bilateral and multilateral) for LDCs has increased from 0.11% in 2008 to 0.12% of GNI in 2009 and 0.13% in 2010.

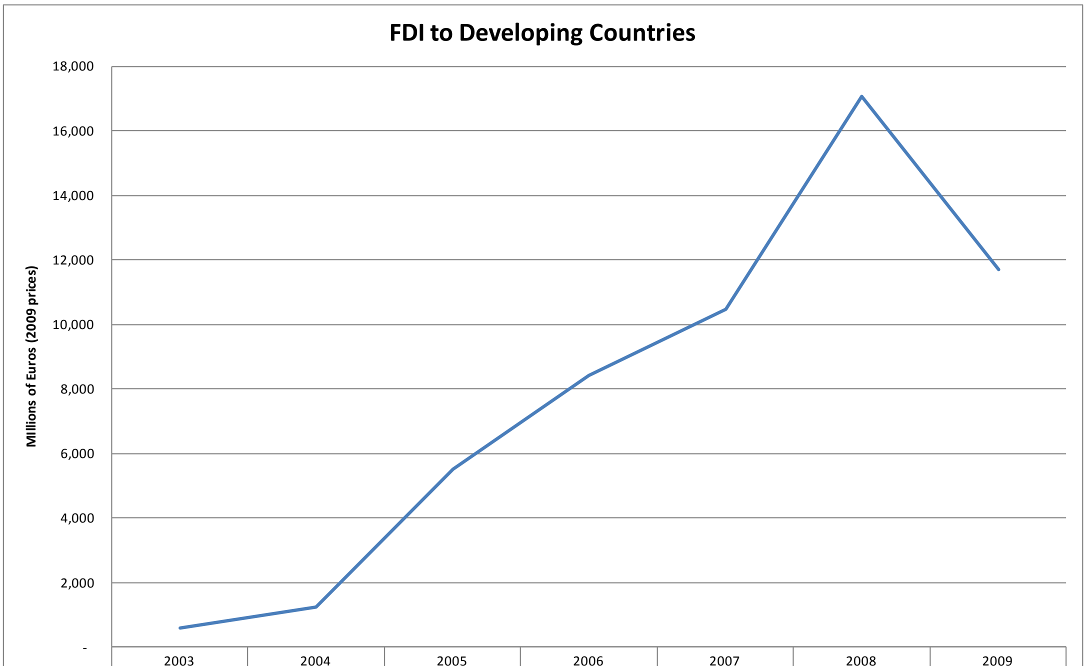
3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Innovative source of financing**: Airline Ticket Tax/contribution, ETS auctioning revenues, International Financing Facility for Immunisation (IFFIm), Advance Market Commitments (AMCs), Debt2Health
- **France intends to step up efforts for innovative financing mechanisms with significant revenue generation potential.** Among the avenues explored by the Leading Group on Innovative Financing (63 countries and the European Commission), France supports the idea of taxing financial transactions [32]. Next steps: UN, G20 and Europe.
- **Further work on innovative financing mechanism:** One of the challenges is to distinguish between technical issues and political opportunity. The Leading Group has entrusted a study on activities that have benefited from globalisation in order to determine how such activities can contribute to Development.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

Foreign Direct Investment:



	2003	2004	2005	2006	2007	2008	2009
France	603	1,235	5,516	8,436	10,473	17,061	11,705

Source: OECD/ DAC

32 Groupe pilote sur les financements innovants pour le développement, http://www.leadinggroup.org/rubrique1.html

Financial tools to support private investment

• Investment guarantees:	Yes
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	Yes
• Blending:	Yes
• Private public partnerships:	Yes
• Business and investment climate:	Yes
• Investment facilities:	Yes
• Export credits:	Yes

- **France promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. France supports initiatives such as the Global Compact, the recently adopted ISO 26000, or the EITI in the mining industry and mining. France is implementing the OECD guidelines for multinational companies. France promotes the adoption of regional/ sectoral commitments such as the Declaration adopted by African and French companies after the France-Africa Summit of 2010.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA**-**financed public procurement**
- **France has implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** Though there are no monitoring indicators for measuring the impact of these solutions on migrants' access to financial services, remittance transfer costs and remittance transfers volumes.
- **France implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).** In the meanwhile, France does not have robust and reliable data concerning the amounts and destination of remittances from France.

5. AID FOR TRADE

France, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	400	3 295	2 671	2 036
Building Productive Capacity (Focus on Trade Development, category 2)	105 774	211 646	13 809	81 534
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**106 174**	**214 941**	**16 479**	**83 571**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	400	3 295	2 671	2 036
Economic Infrastructure (category 3)	412 237	412 657	1 142 527	576 485
Building Productive Capacity (category 4)	331 759	600 822	593 016	511 581
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**744 395**	**1 016 774**	**1 738 213**	**1 090 103**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **France delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: implementing a lending policy that respects existing international commitments to maintain a sustainable medium-term debt of recipient countries (under the Debt Sustainability IMF and the World Bank, Principles and Guidelines OECD on export credit sustainable). France also supports international efforts to improve debt management by Developing Countries (such as the African Legal Support Facility and the DMFAS Programme, UNCTAD)
- **France favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (through the Paris Club with a role for International Financial Institutions, and through collective action clauses in debt contracts)
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: No.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, France supported ownership through consultations and coordination with partner countries in particular through the Partnership Framework Document (DCP)
- **On Conditionality**. In 2010, France progressed by reducing the number of conditionalities.
- **On Transparency and Predictability**. France publicly discloses information on aid volumes through the site "performance-publique.gouv" providing the citizen all budget documents, including the Policy Document section on French politics for development (inc. ODA forecasts 2011-2013) [33]
- **On Alignment**. France partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. The French Development Agency (AFD) was certified in June 2009 with the European Commission to qualify for management delegations of the European Commission. At the end of November 2010, eleven management delegations were in progress for the benefit of the AFD, for a total of EUR 53,9 million. The funds were disbursed for five of them in a variety of sectors and countries: Mali agriculture, food security in Haiti and Senegal, to support the Economic Partnership Agreements (EPAs) in Senegal…
- **On Mutual Accountability**. France established a joint framework for monitoring joint commitments.
- **On Managing for Development Results.** France does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** France does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice.
- **France favours stronger Brussels based coordination on issues related to the World Bank and MDBs**

33 *http://www.performance-publique.gouv.fr/*

GERMANY

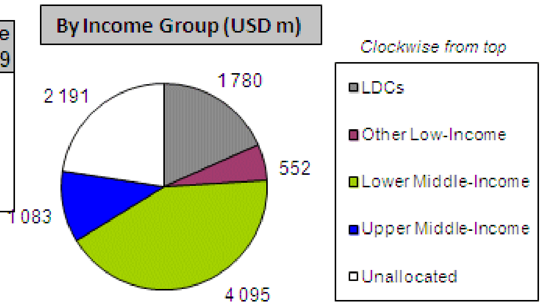
AT A GLANCE

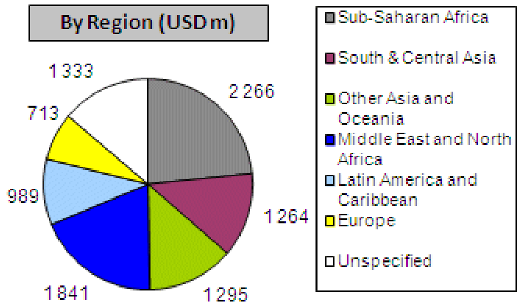
GERMANY

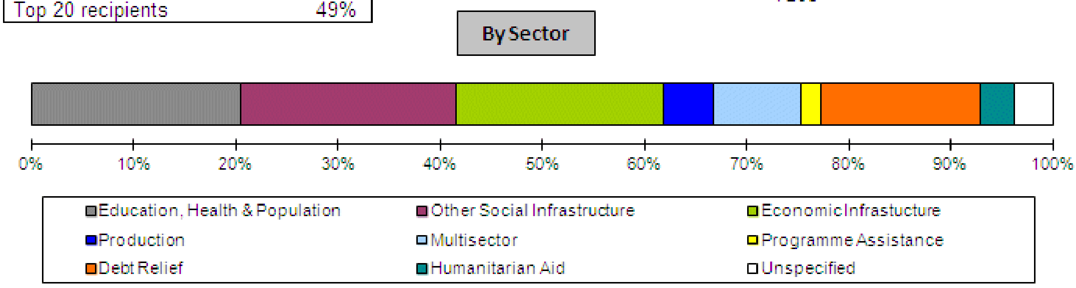
Net ODA	2008	2009	Change 2008/09
Current (USD m)	13 981	12 079	-13.6%
Constant (2008 USD m)	13 981	12 397	-11.3%
In Euro (million)	9 693	8 674	-10.5%
ODA/GNI	0.38%	0.35%	
Bilateral share	65%	59%	

Top Ten Recipients of Gross ODA (USD million)	
1 Iraq	946
2 China	566
3 India	358
4 Cameroon	336
5 Afghanistan	316
6 Liberia	243
7 Botswana	221
8 Egypt	205
9 Indonesia	198
10 Brazil	172
Memo: Share of gross bilateral ODA	
Top 5 recipients	26%
Top 10 recipients	37%
Top 20 recipients	49%

Gross Bilateral ODA, 2008-09 average, unless otherwise shown







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Germany's development co-operation policy is underpinned by the budgetary procedure (in particular the budget act passed by the Bundestag each year) and the Coalition Agreement that covers each legislative period.34 The latest Coalition Agreement (2009) defines the following key sectors for German development cooperation: good governance, education and training, health, rural development, protection of the climate, the environment and natural resources, and economic cooperation.[35] The Agreement expresses a willingness to work towards achieving the 0.7% ODA/GNI target. Policy making and oversight of German development cooperation is vested in the Federal Ministry for Economic Co-operation and Development (BMZ), with implementation carried out by

34 OECD DAC Peer Reviews Germany 2010
35 http://www.bmz.de/en/what_we_do/principles/koalitionsvertrag/index.html

a range of different ministries, federal states (Länder), agencies and organisations. The government intends to carry out organisational and structural reforms of the German aid structure, a first step being the consolidation of German technical cooperation organisations[36].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Germany provides support to developing countries' tax policy and administration, tax consultancy, tax procedures, exchange of information, double taxation agreements, tax harmonisation in EU candidate countries, Asia, Latin America and ACP countries. Supported administrations include customs, revenue authorities, ministries of finance and regional fora including the African Tax Administration Forum (ATAF), EAC, ECOWAS, OLACEFS (Organization of Latin American and Caribbean Supreme Audit Institutions), ECLAC (United Nations Economic Commission for Latin America and the Caribbean). In addition, support is provided to national parliaments, governments, audit institutions, civil society organisations and regional organisations to strengthen public financial management.
- **Promotes the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: Current information concerning TIEAs and DTCs – not only with developing countries – is regularly published in the official German Federal Law Gazette (Bundesgesetzblatt).
- Support to/ratification of/adherence to international conventions/initiatives on tax issues:

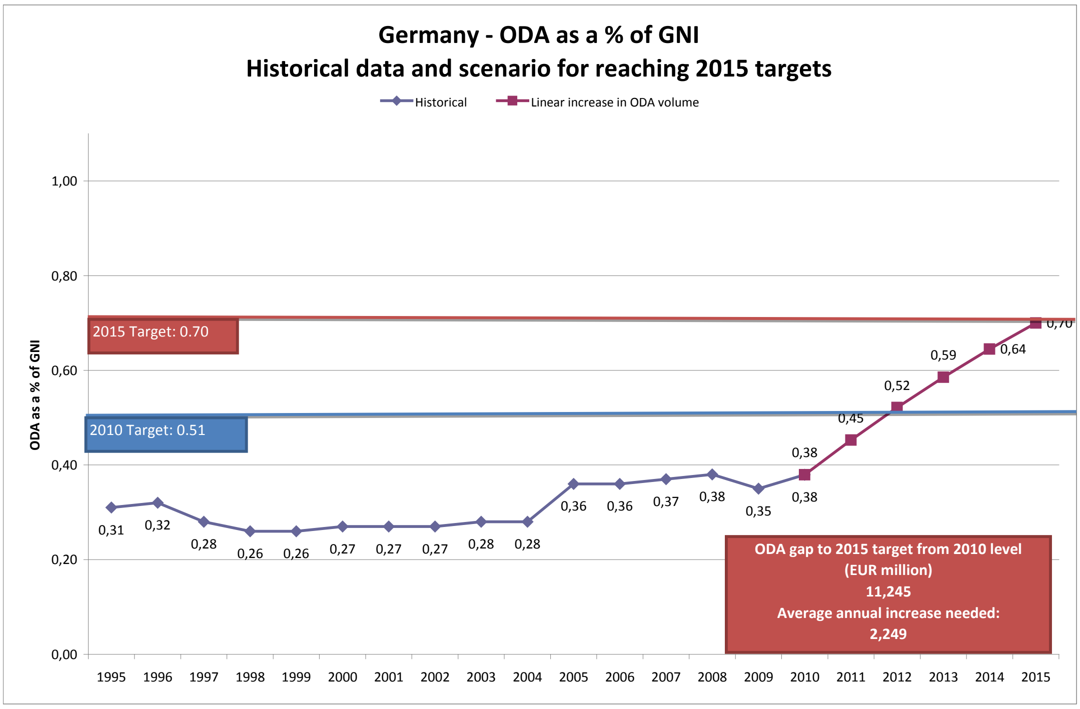
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	Yes
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	Yes
• IMF Topical Trust Fund on Tax policy and administration:	Yes
• South-South Sharing of Successful Tax Practices (S4TP):	Yes
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

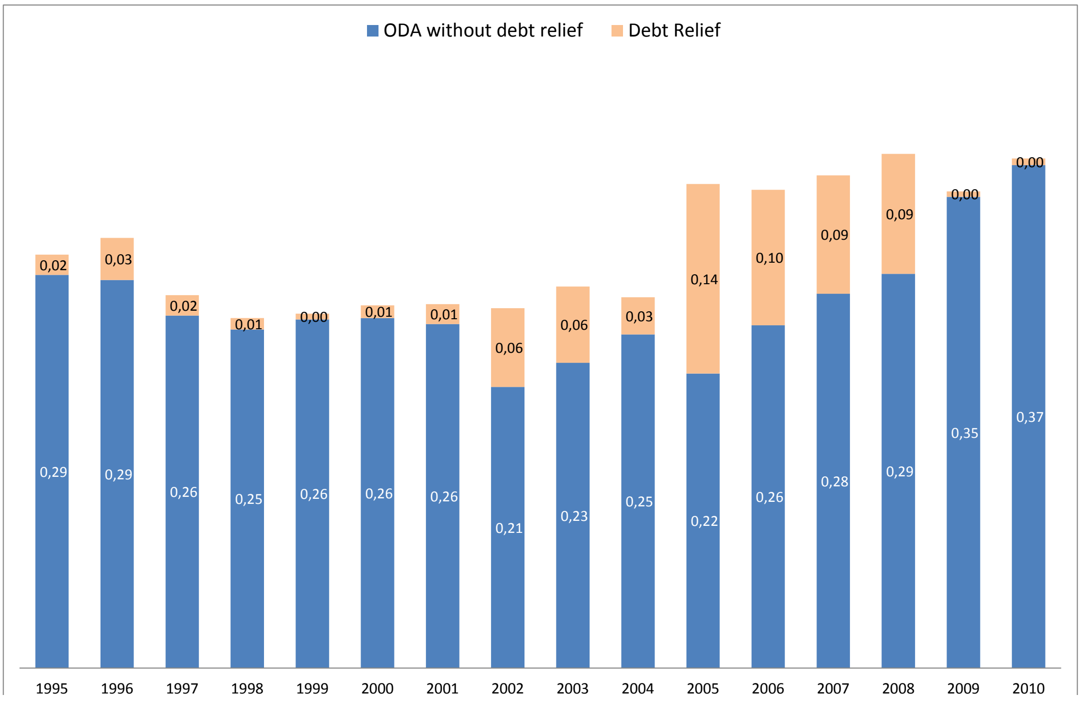
- **Germany is working towards the goal of meeting the 2015 0.7% ODA/GNI** target according to the latest Coalition Agreement (2009). **spent EUR 9606 million** (*preliminary*), reaching 0.38% in 2010 compared to 0.35% in 2009**,** a 9.9% increase in real terms compared to 2009.
- **Debt relief made up 21% of German ODA during the period 2004 – 2009**, fourth highest among Member States**.**

36 OECD DAC Peer Reviews Germany 2010



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Germany Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

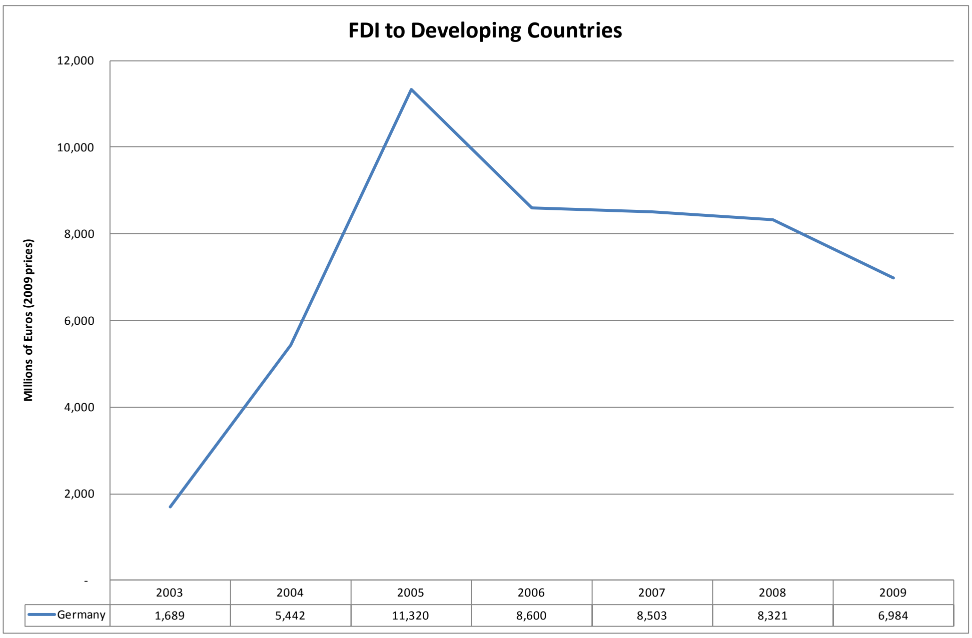
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** As part of the budget process for the financial year 2012 and the medium-term financial plan until 2015, the German government will define its intended budgets for development cooperation. Regardless of which the government and parliament will discuss the actual annual budgets 2013-2015 and how to attain the ODA goal in the annual budget processes each year.
- **Have you taken or do you plan to take measures to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa?** This is a confirmed objective of the German government and is taken into account in the annual allocation of the development cooperation budget.
- **It is an objective of the German government to strengthen development cooperation with LDCs**, but the ODA share to LDCs depends on the allocation made during the annual budget process.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Germany supports the following innovative financing mechanisms:**
  • ETS auctioning revenues (EUR 230 million in 2009)
  • Debt2Health (EUR 20 million in 2010)
- **Germany is open to engaging with IFMs in future.** Germany is setting up a new special fund under public law (Sondervermögen "Energie- und Klimafonds") to finance national and international programmes in the fields of energy efficiency, renewable energies and climate change. The fund is in operation since 2011 onwards, with a smaller amount of funding available from contractually agreed payments by energy utilities. From 2013 onwards, additional revenues from auctioning EU emissions allowances (revenues additional to the level of revenues in 2008 = EUR 915 million; excluding emissions trading in the aviation sector) will be channelled to the special fund. It is expected that hundred million Euros of climate and environment related ODA will be committed annually through this fund from 2013 onwards, subject to parliamentary budget approval. In 2011, EUR 31.5 million will be committed as climate and environment related ODA from this fund.
- Germany is currently considering innovative financing mechanisms that use general budget funds to leverage capital market funds ("blending") as well as private investors for the benefit of sustainable development.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

**Support to private investment in developing countries:
Foreign Direct Investment**



Source: OECD/ DAC

Financial tools to support private investment:

• Investment guarantees:	Yes
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	Yes
• Blending:	No
• Private public partnerships:	Yes
• Business and investment climate:	Yes
• Investment facilities:	Yes
• Export credits:	No

Germany promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies. See Box.

German support to Corporate Social and Environmental Responsibility

- Definition of a government CSR Strategy and a CSR Action Plan
- Application of and support to the OECD Guidelines for Multinational Enterprises
- Support to the UN Special Representative for Business and Human Rights, John Ruggie
- Support to the Global Reporting Initiative
- Support to the Business Anti-Corruption Portal
- Technical Cooperation in partner countries concerning the implementation of the UNCAC and the improvement of the framework for CSR.
- Development Partnerships with business companies (develoPPP.de)
- Signatory of the Kimberley process

- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: None
- **Germany has implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS)**. In addition, the German government has set up a remittances price comparison website (www.geldtransfair.de) in cooperation with the Frankfurt School of Finance and Management. The objective is the reduction of transfer costs for formal remittances from migrants living in Germany to their countries of origin.

5. AID FOR TRADE

Germany, AfT Commitments (EUR million)

		2006	2007	2008	2009
Trade-Related Assistance					
	Trade Policy and Regulations (category 1)	14.333	30.770	33.762	33.857
	Building Productive Capacity (Focus on Trade Development, category 2)	16.489	207.240	646.247	666.561
	Other Trade Development (category 6)	0	0	0	0
	Total Trade-Related Assistance	**30.822**	**238.010**	**680.008**	**700.418**

Wider Aid for Trade Agenda		**2006**	**2007**	**2008**	**2009**
	Trade Policy and Regulations (category 1)	14.333	30.770	33.762	33.857
	Economic Infrastructure (category 3)	634.741	406.768	1,037.126	746.676
	Building Productive Capacity (category 4)	846.121	775.445	965.506	1,108.401
	Trade related adjustment (category 5)	0	0	0	0
	Other Trade Related Needs (category 6)	0	0	0	0
	Total Aid for Trade	**1,495.196**	**1,212.984**	**2,036.394**	**1,888.934**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Germany has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Germany would like to see a reform of the international architecture for the restructuring of sovereign debts**, based on the Paris Club, IFIs and collective action clauses in debt contracts. The German government supports the creation of a debt workout mechanism and wants to promote any relevant discussions.
- **Germany has taken no specific measure to prevent aggressive litigation against HIPCs**, but welcomes the activities of the African Legal Support Facility (ALSF).

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Germany supported country ownership in 2010 through consultation and coordination with partner countries and support to partner capacity development. German development cooperation is based on partner countries' demands which are expressed in regular bilateral consultations and negotiations.
- **On Conditionality.** Germany supported harmonisation with other donors in 2010.
- **On Transparency and Predictability**. Germany publicly discloses information on aid volume on the internet centrally and through some field offices.
- **On Alignment.** Germany has integrated the principles of the Code of Conduct on Complementarity and

Division of Labour in strategies, staff guidance and programming processes/guidelines.

- **On Harmonisation**. Germany has arrangements in place for delegated cooperation and there is a mechanism in place at headquarters level to track cases of delegated cooperation. Cases of delegated cooperation agreed to in 2010 in table below.
- **On Mutual Accountability**. Germany has established a joint framework for monitoring joint commitments in Burkina Faso, Ghana, Mali, Malawi, Mozambique, Peru, Zambia, Tanzania and Uganda**.**
- **On Managing for Development Results**. Germany provides capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Germany does not share the view that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies. Germany believes the EU should speak with one voice according to its responsibilities, such as Art. IV consultations of the EURO AREA; this is ensured through efficient EU coordination within the IMF and the World Bank (regular meetings of all EU Executive Directors (EURIMF meetings)) as well as through close cooperation between the EURIMF and the SCIMF (subcommittee of the EFC) on all relevant EU matters. All other matters outside the responsibility of the EU are represented by each country in its own interest.
- **Germany does not support stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.**

GREECE

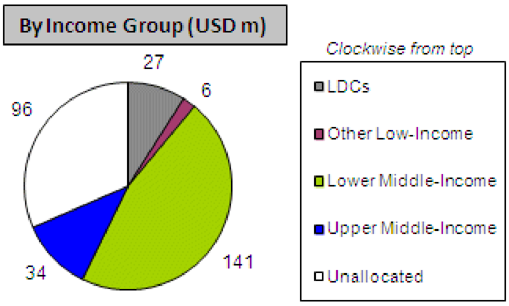
AT A GLANCE

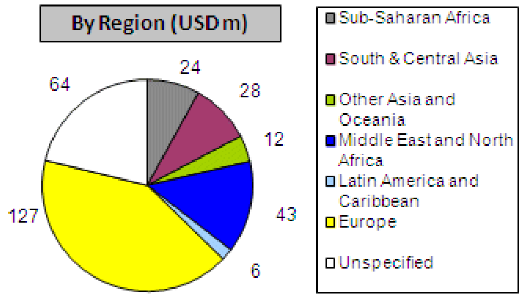
GREECE

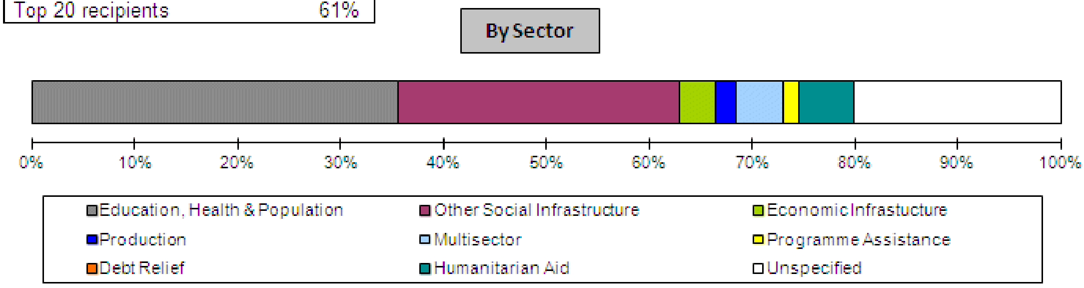
Net ODA	2008	2009	Change 2008/09
Current (USD m)	703	607	-13.6%
Constant (2008 USD m)	703	618	-12.1%
In Euro (million)	488	436	-10.5%
ODA/GNI	0.21%	0.19%	
Bilateral share	44%	49%	

Top Ten Recipients of Gross ODA (USD million)	
1 Albania	63
2 Serbia	19
3 Kosovo	16
4 Afghanistan	14
5 Egypt	14
6 Palestinian Adm. Areas	9
7 Turkey	6
8 Syria	5
9 Bosnia and Herzegovina	5
10 China	4
Memo: Share of gross bilateral ODA	
Top 5 recipients	41%
Top 10 recipients	51%
Top 20 recipients	61%

Gross Bilateral ODA, 2008-09 average, unless otherwise shown







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Greece's development assistance is guided by five-year Development Cooperation and Assistance Programmes.[37] The financial crisis has caused a fundamental rethink of Greek development activities and a revision of the current five-year programme, which is not yet finalised.[38] The process to achieve international ODA target levels has had to be abandoned.[39] Hellenic Aid, a general directorate within the Ministry of Foreign Affairs, is the coordinating

37 *OECD DAC Peer Review Greece 2006*
38 *Reply to the questionnaire for the 2011 Accountability Report*
39 *http://www.hellenicaid.gr/appdata/documents/report-2009-eng-final.pdf*

agency of Greek development cooperation. The role of the Ministry of Foreign Affairs in implementation is limited with the bulk of the funds being managed by the Ministry of Economy and Finance for multilateral aid and a larger number of line ministries for bilateral aid.[40]

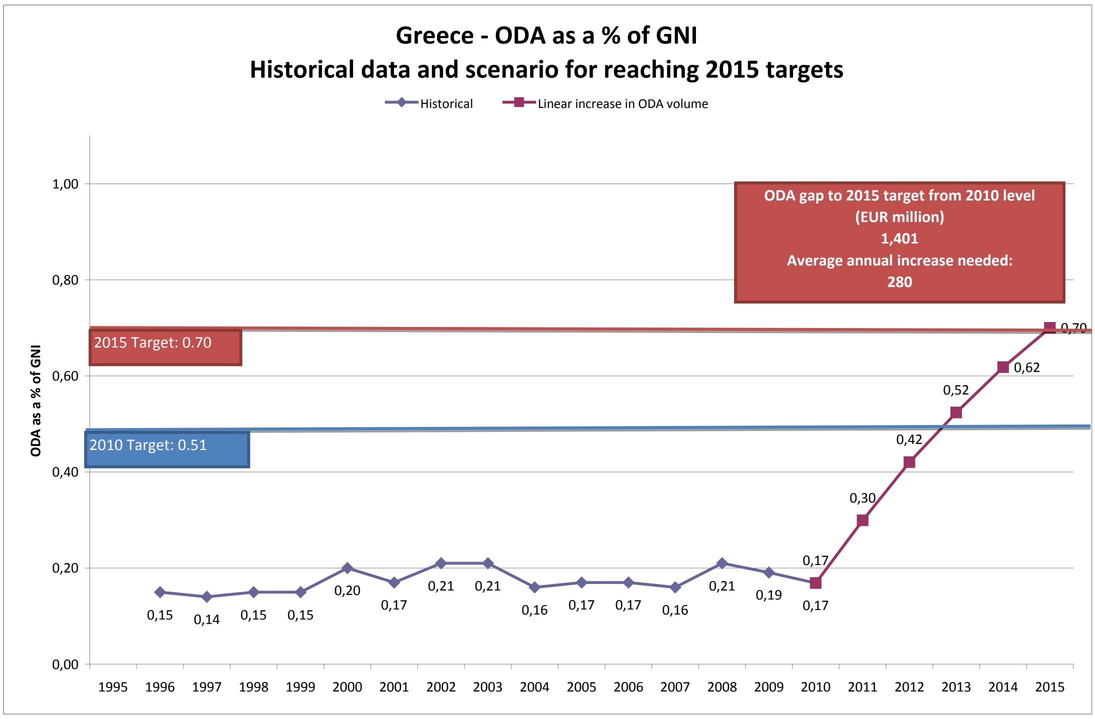
I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Greece does not provide support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries.**
- **Promotes the principles of good governance in tax matters**: N/A
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: N/A
- **State of ratification of/ adherence to international conventions/ initiatives on tax issues**: N/A

2. SCALING UP ODA

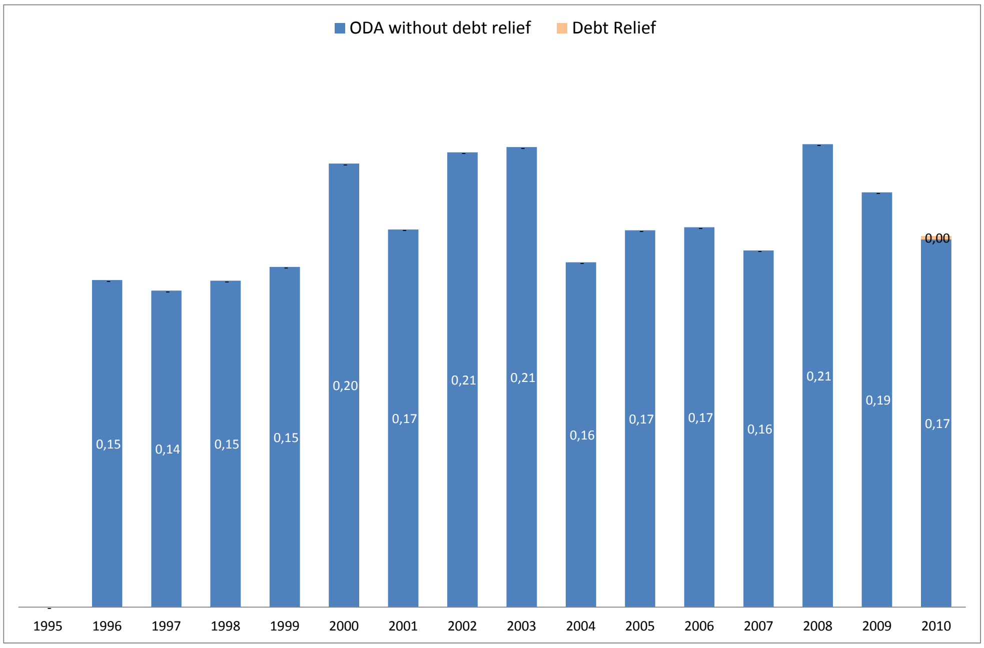
- **ODA individual commitments/gap to agreed targets**
- **Greece spent EUR 378 million on ODA in 2010** (*preliminary*), **corresponding to 0.17% of GNI in 2010**, down from 0.19% in 2009. Consequently Greece is far from reaching the 2010 0.51% target.
- **No debt relief was included in Greek ODA during the period 2004 – 2009.**



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

40 *OECD DAC Peer Review Greece 2006*

Greece - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

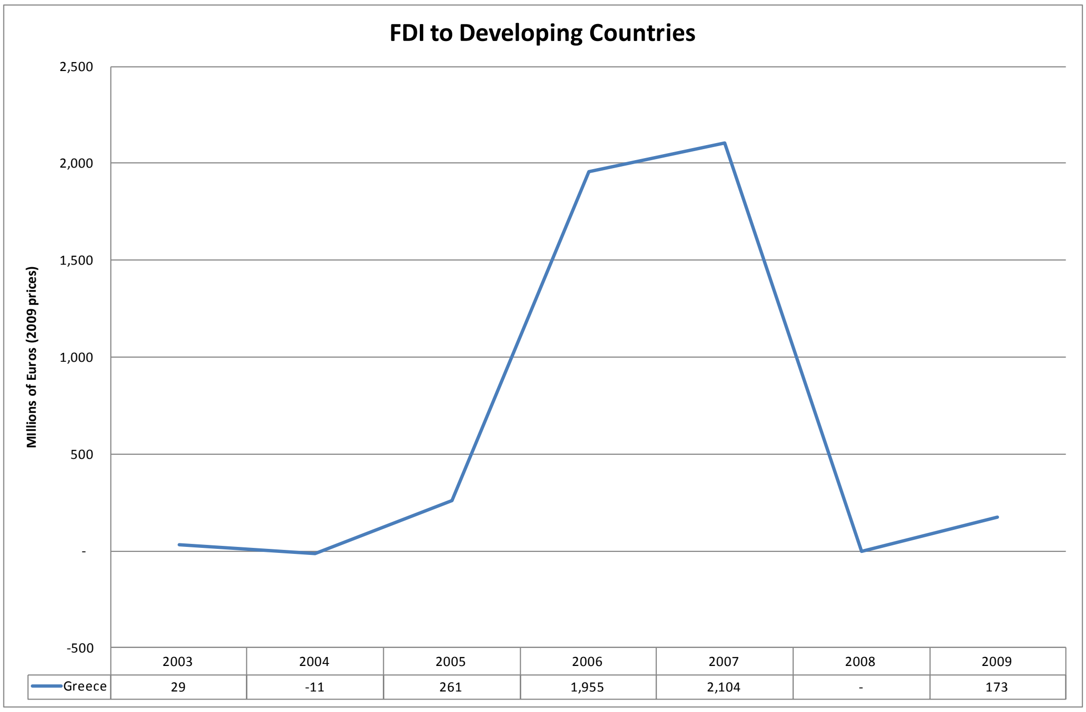
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** Projected ODA volumes for the years 2011-2015 are not available for the time being since they are pending the 5-year National Development Plan, which is under review because of the financial crisis and budgetary constraints. Greece undertook its international commitments under the supposition that fiscal circumstances would be favourable and would allow for the anticipated significant increase in ODA. However, despite the relevant efforts, the expected increase of ODA proved not to be feasible, due to fiscal restraints. Furthermore, the current international financial crisis had a negative influence on the economic situation of Greece. Consequently, it is not likely that Greece will fulfil its quantitative commitments as regards ODA grants in the near future.
- Greece will concentrate the allocation of its resources on a core group of partner-countries – including some LDCs.
- **Greece has taken measures to ensure that at least 50% of EU collective aid increases are channelled to Africa.**
- **Greece will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**. It would be extremely difficult for Greece to reach the target of 0.15%-0.20% ODA/GNI to LDCs in 2010 or 2011, due to budgetary constraints. There will be targeted actions to LDCs (i.e. climate change adaptation projects) as these countries will constitute part of our geographical priorities in the 5-year National Development Plan.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Greece does not support any innovative financing mechanisms and has no plans to do so.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:
Foreign Direct Investment



Source: OECD/ DAC

Financial tools to support private investment:

- Investment guarantees: No
- Improvement of the overall banking system: No
- Microfinance/ access to financial services: No
- Risk management initiatives: No
- Blending: No
- Private public partnerships: No
- Business and investment climate: No
- Investment facilities: No
- Export credits: No
- Other: Greece provides subsidies to private productive investments in the framework of implementation of the "Hellenic Plan for the Economic Reconstruction of the Balkans" (HiPERB)

- **Greece does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.**
- **Greece does not provide support to the** Kimberley Process and FAO Code of Conduct for Responsible Fisheries.
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: None.
- **Greece has not implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** However, a plan for improving the impact of remittances on development is under consideration by Greek authorities to improve local growth within the developing country.
- **Greece has implemented the General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).**

5. AID FOR TRADE

Greece, AfT Commitments (EUR million)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	0	31	1 353	509
Building Productive Capacity (Focus on Trade Development, category 2)	3 513	5 944	2 594	4 148
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**3 513**	**5 974**	**3 947**	**4 657**

Wider Aid for Trade Agenda	**2006**	**2007**	**2008**	**2009**
Trade Policy and Regulations (category 1)	0	31	1 353	509
Economic Infrastructure (category 3)	11 592	1 544	4 359	7 237
Building Productive Capacity (category 4)	10 113	9 293	4 178	5 283
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**21 705**	**10 868**	**9 891**	**13 030**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Greece has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Greece sees a need for reform of the international architecture for the restructuring of sovereign debts**, based on the Paris Club and involving International Financial Institutions.
- Greece has planned no specific interventions to prevent aggressive litigation against HIPCs.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Greece supported country ownership in 2010 through consultation and coordination with partner countries and by supporting partner capacity development.
- **On Conditionality.** Greece has carried out no actions on conditionalities in 2010.
- **On Transparency and Predictability**. Greece publicly discloses information on aid volume on the internet and upon request of developing partner or civil society organisations.
- **On Alignment.** Integration of the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines is subject to the forthcoming 5-year National Development Plan.
- **On Harmonisation**. Greece has legal and/or administrative arrangements in place for delegated coopera-

tion and there is a mechanism in place to track cases of delegated cooperation. There is ad hoc delegated cooperation (managing Greek funds) with EU Member States for implementing projects in Afghanistan.

- **On Mutual Accountability**. Greece has not established a joint framework for monitoring joint commitments.
- **On Managing for Development Results**. Greece does not provide capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Greece shares the view that EU27 should speak with one voice in the IMF, World Bank and the main multilateral development banks' governing bodies** by reaching a common position within the EU before discussing important issues in these institutions.
- **Greece supports stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.**

HUNGARY

POLICY FRAMEWORK

The Hungarian Government approved the concept paper of the Hungarian Development Cooperation in 2001. Resolution 1/2008 of the International Development Cooperation (IDC) Governmental Committee41, approved by the Government in spring 2008, acknowledges the fact that IDC is identified as one of the important activities in Hungary's External Relations Strategy. It determines the principles, the goals and the means of Hungary's international activity.

The Ministry of Foreign Affairs of the Republic of Hungary is responsible for planning and coordinating the Hungarian international development cooperation and humanitarian aid activities via the International Development Cooperation Department. In 2008, a Tendering Unit was formed to deal with the management of all the legal and financial issues related to project implementation.

The main decision-making body related to the development cooperation policy and strategy is the Development Cooperation Governmental Committee, which is an inter-ministerial forum, chaired by the Minister for Foreign Affairs. The work of the Committee is supported by an inter-ministerial Working Group of Experts. The Ministry of Foreign Affairs is also responsible for coordinating the work of the Inter-ministerial Working Group for the Coordination of Humanitarian Aid. The expert-level working group coordinates humanitarian aid issues between the relevant line ministries and the National Directorate for Disaster Management and is chaired by the state secretary of the Ministry of Foreign Affairs.

HUN-IDA, a not-for-profit company contracted by the Ministry of Foreign Affairs is the implementing agency of the Hungarian development cooperation activities. It is mainly responsible for organising and implementing technical assistance programmes with our partner countries and for preparing, monitoring the calls for tender, providing advice and taking part in the capacity building activities.[42]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Hungary provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries, Asia, Latin America and ACP Countries (support to administrations and policy of Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Signed with Hong Kong, Taiwan, San Marino, USA; (ii) under negotiation with Bahrain, Jordan; (iii) planned with Bermuda, British Virgin Islands, Gibraltar, Guernsey, Jersey, Isle of Man, Liechtenstein.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	No
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No

41 http://www.mfa.gov.hu/kum/en/bal/foreign_policy/international_development/

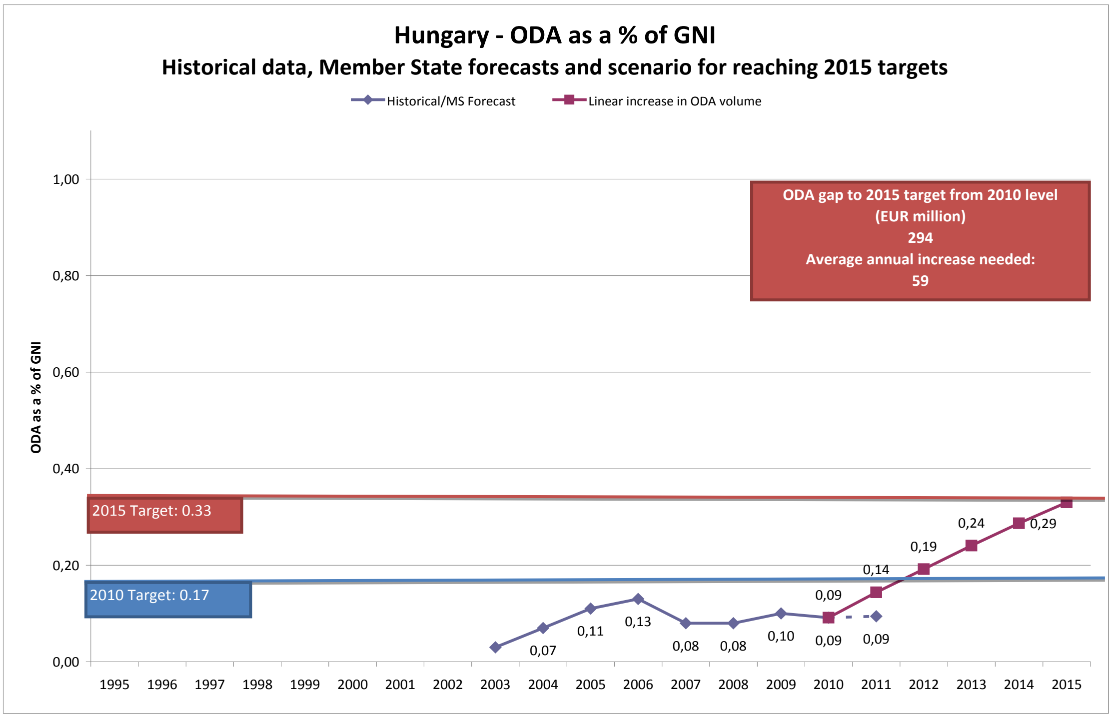
42 http://www.mfa.gov.hu/NR/rdonlyres/09524B2E-76D7-4DCC-ADF6-67D3E1A14FA7/0/InspiredByExperience.pdf

• International Tax Dialogue:	Yes
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

- **Hungary did not reach the ODA target to provide 0.17% of GNI by 2010**, spending **EUR 85 million** (*preliminary*), i.e. **0.09% of GNI** in 2010, down from 0.10% in 2009.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **No realistic, verifiable actions for meeting individual ODA commitments until 2015 taken in 2010**: Hungary's goal is to overcome the difficulties caused by the annual budget planning, where Hungary would strive to give better projections to our partners on funds available for multi-year cooperation.
- **No measure taken nor planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa**. Hungary "takes into account its commitments in the planning process"
- **Hungary will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Hungary did not use innovative financing mechanisms for development.**
- **Hungary intends to step up efforts for innovative financing mechanisms with significant revenue generation potential.** Hungary would consider supporting innovative financial mechanisms, which are applied globally. Hungary has been working very closely with the Ministry of National Economy to analyse the feasibility of the various IFM initiatives. Apart from this, the annual national budget for 2011 will reallocate the contribution for 2011 (EUR 2,000,000) to the area of climate financing by selling carbon emission quotes.
- **No other work** on innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	No
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	No
• Investment facilities:	No
• Export credits:	Yes

  • Hungary also provides concessional loans through bilateral agreements.
- **Hungary does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility.**
- **No reported information on Remittances.**

5. AID FOR TRADE

- **No information available**

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Hungary delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Hungary favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (involving a role for International Financial Institutions).
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: No

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Hungary supported ownership through consultations and coordination with partner countries, through guidance and incentives for staff in partner countries, by supporting partner capacity development.
- **On Conditionality**. No action.
- **On Transparency and Predictability**. Hungary publicly discloses information on aid volumes on the Ministry of Foreign website[43] and through a database at country level.
- **On Alignment**. Hungary partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. No legal and/or administrative arrangements in place to manage funds for another Member States or the EU , and/ for another Member States or the EU to manage Hungarian funds (delegated cooperation).
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Hungary does not provide capacity building support for this.

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43 http://www.mfa.gov.hu/kum/en/bal/foreign_policy/international_development/

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Hungary supports a single EU Chair for the IMF in order for the EU27 to speak with one voice on common positions.
- **Hungary favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

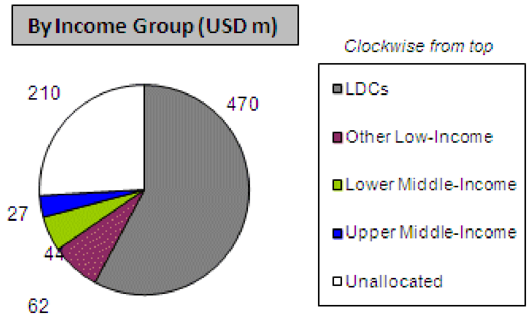
IRELAND

AT A GLANCE

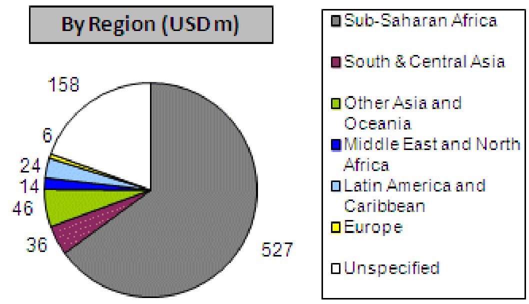
IRELAND

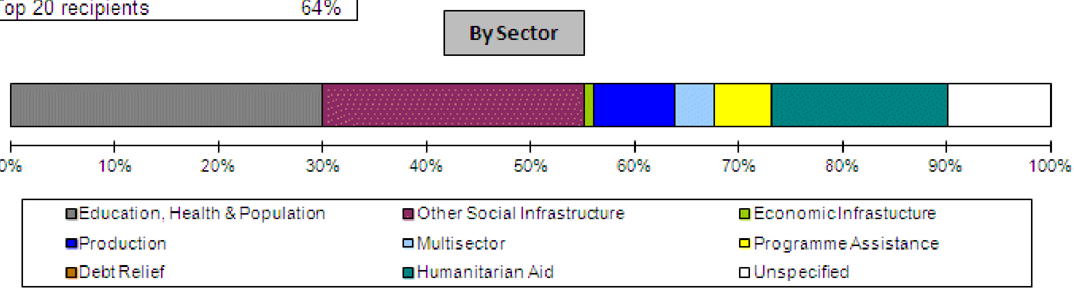
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	1 328	1 006	-24.3%
Constant (2008 USD m)	1 328	1 083	-18.4%
In Euro (million)	921	722	-21.5%
ODA/GNI	0.59%	0.54%	
Bilateral share	70%	69%	



Top Ten Recipients of Gross ODA (USD million)	
1 Uganda	73
2 Mozambique	69
3 Ethiopia	63
4 Tanzania	60
5 Zambia	41
6 Viet Nam	26
7 Malawi	23
8 South Africa	22
9 Sudan	20
10 Lesotho	19
Memo: Share of gross bilateral ODA	
Top 5 recipients	38%
Top 10 recipients	51%
Top 20 recipients	64%





Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Irish Aid is the Government of Ireland's programme of assistance to developing countries. Ireland's 2006 White Paper on Irish Aid provides the vision and orientation for the development programme. Irish Aid's Operational Plan 2008-2012 lays out the roadmap for managing and implementing that programme. In 2008 Irish Aid's headquarters was moved from Dublin to Limerick as part of the government-wide effort to decentralise the public administration. It has proven a major challenge for Irish Aid in particular as a result of loss of expertise and institutional memory, and the need to maintain close linkages with other government departments, embassies and other organisations and NGOs based in Dublin.

Responsibility for Irish foreign policy, including assistance to developing countries (Irish Aid) lies in the first instance with the Minister for Foreign Affairs. However, particular responsibility for policy on Overseas Development Assistance is assigned to the Minister of State for Overseas Development at the Department of Foreign Affairs. The Development Cooperation Directorate, a Division of the Department of Foreign Affairs, is responsible for administering the Irish Aid programme. It also has a coordinating role in relation to Overseas Development Assistance by other Government Departments.

In 2009, the Government established the Irish Aid High Level Steering Group which is chaired by the Secretary General of the Department of Foreign Affairs and includes the Heads of the Corporate Services, Political and Promoting Ireland Abroad Divisions, as well as the Director General and the deputy Director General of the Development Cooperation Directorate[44].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Ireland provides aid in these fields to ACP countries (support to administrations and policy of: Customs, Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (ia) Double Taxation Conventions signed with Hong Kong, Albania, Kuwait, Montenegro, Morocco, Singapore, United Arab Emirates; (ib) Tax Information Exchange Agreements were concluded with St. Lucia, The Marshall Islands, Belize; (ii) under negotiation with Saudi Arabia, Thailand, Armenia, Azerbaijan, Panama, (iii) planned with Algeria, Jordan, Libya.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

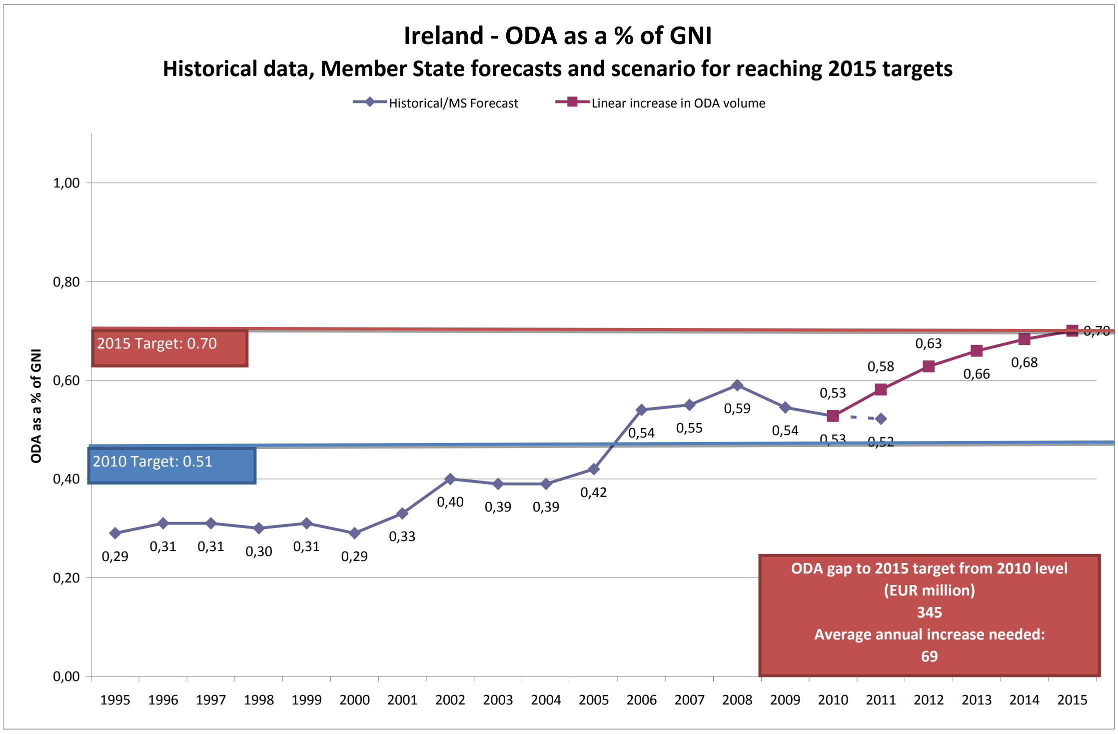
• United Nations Convention against Corruption (Merida):	No
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

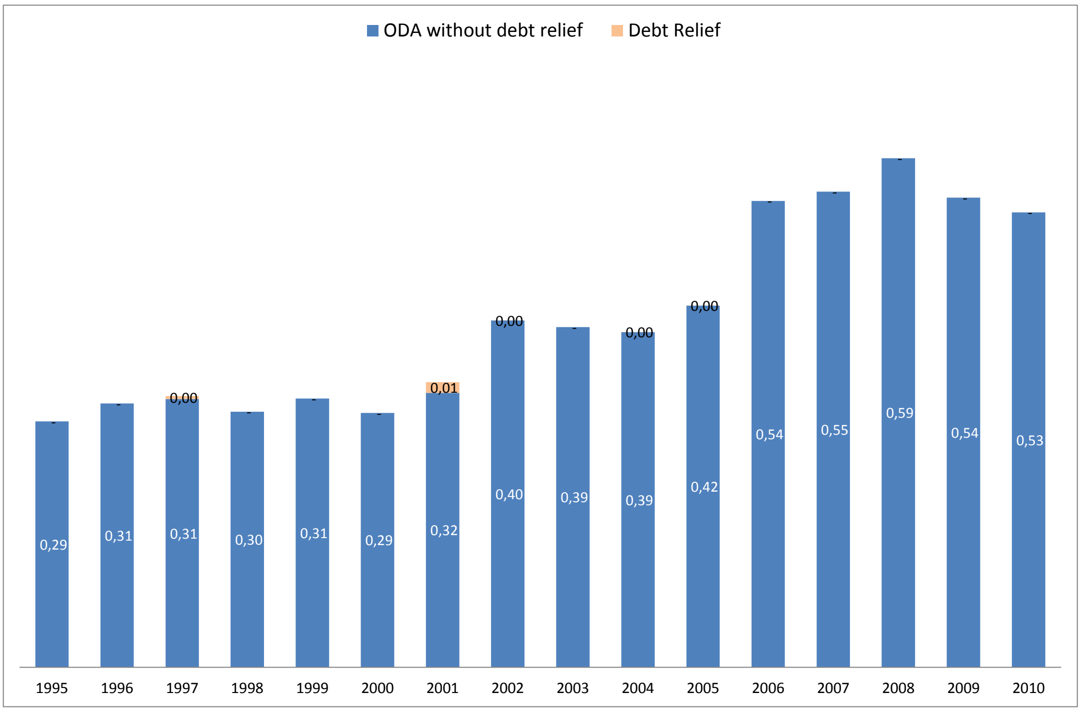
- Ireland's ODA grew steadily over the years to 2008 from modest beginnings. ODA **in 2010 was EUR 676 million** (*preliminary*)**, 0.53% of GNI**, a decline from 0.54% in 2009. Ireland still exceeded the minimum ODA target of 0.51% for 2010.
- Ireland did not have any debt relief operations during the period 2004 – 2009

44 http://www.irishaid.gov.ie/about.asp



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Ireland - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: Ireland's target for ODA as a percentage of national income is aligned to the EU target of reaching 0.7% by 2015. Annual allocations are negotiated during the annual budget estimates process. The provisional outturn for 2010 (ODA/GNI of 0.53%) means that Ireland has met its 2010 EU interim target.
- **Sub-Saharan Africa remains the primary geographic focus for Ireland's development programme.** Seven of Ireland's nine programme countries are in Africa: Tanzania, Zambia, Lesotho, Mozambique, Uganda, Ethiopia and Malawi, with almost 50% of the bilateral aid programme directed to those countries alone. In total, almost 80% of our bilateral ODA is directed to African countries.
- **Ireland has reached the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards, being** already above 0.20%.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Ireland did not use innovative financing mechanisms for development.**
- **Ireland does not intend to step up efforts for innovative financing mechanisms with significant revenue generation potential**.
- **No other work** on innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Ireland does not provide financial tools to support private investment.**
- **Ireland promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies;** including: OECD Guidelines for Multilateral Enterprises, OECD Convention on bribery of foreign public officials, International Labour Organisation (ILO) core conventions on labour standards, UN Global Compact.
- **Ireland does not support the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**
- **Ireland did not implement the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS), neither plan to implement solutions to improve the impact of remittances on development.** As migrants in Ireland do not originate primarily in less developed countries, relatively little research has been carried out into obstacles to financial inclusion.
- **No other initiatives to increase competition and transparency in the remittance market and to reduce remittance transfers costs:** At present, the Financial Regulator does not have a mandate to provide information to consumers comparing the costs of using different money transmission businesses. While there is a desire to reduce remittance costs, there is no specific action planned at this stage.

5. AID FOR TRADE

Ireland, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	103	16	2 500	295
Building Productive Capacity (Focus on Trade Development, category 2)	4 761	8 150	13 325	0
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**4 864**	**8 166**	**15 825**	**295**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	103	16	2 500	295
Economic Infrastructure (category 3)	3 127	1 493	2 088	664
Building Productive Capacity (category 4)	26 099	28 588	47 742	43 310
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**29 329**	**30 097**	**52 330**	**44 269**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Ireland delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: providing support to the UNCTAD DMFAS programme.
- **Ireland favours reform of the international architecture for restructuring of sovereign debts**, but such reform will have to be preceded by a period of extensive reflection on the achievements so far and issues remaining before deciding on which mechanism would be the most appropriate.
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: Yes

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

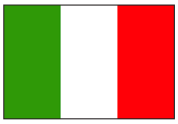
- **On Ownership**. In 2010, Ireland supported ownership through consultations and coordination with partner countries, through guidance and incentives for staff in partner countries, and through partner capacity development.
- **On Conditionality**. In 2010, Ireland progressed by harmonising conditionalities with other donors.

- **On Transparency and Predictability**. Ireland publicly discloses information on aid volumes through the Irish Aid web site [45] and through a database at country level.
- **On Alignment**. Ireland partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Irish Aid's guidance note on division of labour notes: "Before undertaking a delegated cooperation agreement Heads of Missions must seek prior approval from the relevant Head of Programme Countries. It is the responsibility of Programme Countries to get no objections from the Director General, Evaluation and Audit and Legal Division to ensure the proposed memorandum of understanding satisfies Irish Aid management and audit requirements".
- **On Mutual Accountability**. Ireland established a joint framework for monitoring joint commitments with some of its priority countries. Though Ireland has not established any 'new' mutual accountability mechanisms in 2010, it has fully engaged with mechanisms in-country, where they exist. Mozambique uses a performance assessment framework, Vietnam has a regional peer review and Tanzania in 2010 conducted its independent monitoring group report. Ireland believes this should be a country led process if possible.
- **On Managing for Development Results.** Ireland provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Ireland does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. For some years, Ireland has continuously supported calls by the EU for better coordination of common positions at the IMF, WB and other multilateral development banks governing bodies. Progress has been made on coordination in this area. Ireland believes, however, it would be premature to reach agreement on this issue in advance of further detailed proposals on how it would work in practice and negotiation on individual EU Member State's positions being best protected in the future. For example, Ireland would need to reflect on how their internal processes and mechanisms in the EU can ensure that, in areas like fiscal policy, an individual Member State's position is best conveyed in an effective manner in any changed external representation arrangements.
- **Ireland favours stronger Brussels based coordination on issues related to the World Bank and MDBs**

45 *http://www.irishaid.gov.ie/publications_report.asp*



ITALY

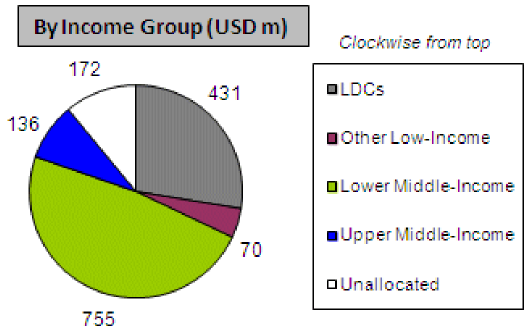
AT A GLANCE

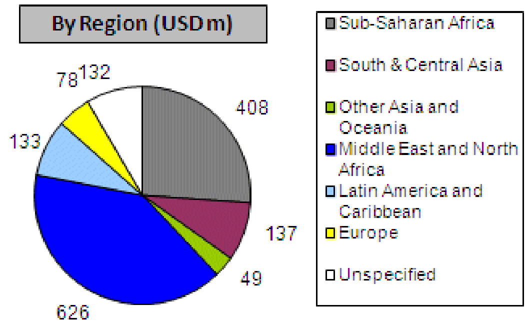
ITALY

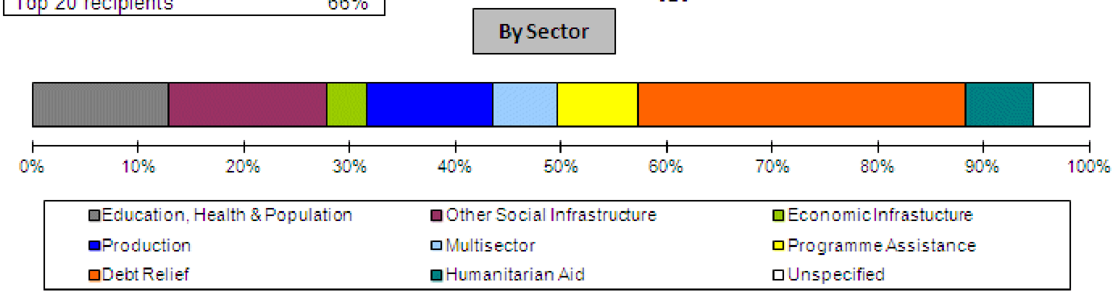
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	4 861	3 297	-32.2%
Constant (2008 USD m)	4 861	3 334	-31.4%
In Euro (million)	3 370	2 368	-29.7%
ODA/GNI	0.22%	0.16%	
Bilateral share	38%	27%	

Top Ten Recipients of Gross ODA (USD million)	
1 Iraq	429
2 Afghanistan	92
3 Ethiopia	60
4 Palestinian Adm. Areas	55
5 Lebanon	48
6 Albania	43
7 Liberia	38
8 Côte d'Ivoire	34
9 Mozambique	30
10 Sudan	27
Memo: Share of gross bilateral ODA	
Top 5 recipients	44%
Top 10 recipients	55%
Top 20 recipients	66%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Law 49/1987 provides the legal and political foundations for Italian Co-operation, establishing development co-operation as an integral part of Italian foreign policy, and giving the Ministry of Foreign Affairs (MFA) responsibility for development co-operation while the Ministry of Foreign Affairs (MFA) and the Ministry of Economy and Finance (MEF) are the main providers of Italian ODA. The 2009 DAC peer review considered the law outdated and constraining for Italian Co-operation.[46]

46 DAC Peer Review 2009

According to the MFA, the multi-annual Programming Guidelines and Directions (2009-2011) serve this purpose of reform. At the end of June 2010, both the Ministry of Foreign Affairs and the Ministry of Finance (MEF) invited all Italian stakeholders in international development cooperation (NGOs, foundations and all ministries) to a round table to discuss the creation of a regular coordination mechanism.[47]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Italy provides aid in these fields to ACP countries administrations (support to: Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed Cuba, (ii) under negotiation with Bahamas, Barbados, Bosnia-Herzegovina, Chile, Colombia, Costa Rica, Iraq, Kosovo[48], Philippines, S.A.R. Hong-Kong, Yemen; (iii) planned with The Isle Of Man, Anguilla, The British Virgin Islands, The Cayman Islands, Montserrat, The Turks and Caicos Islands.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

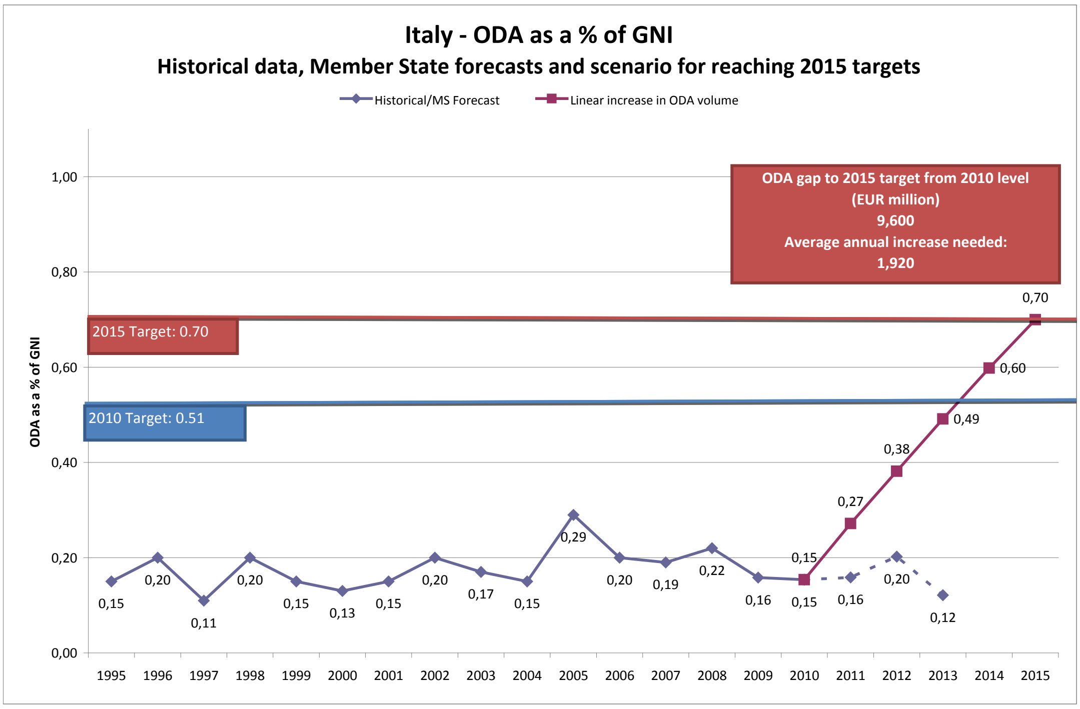
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

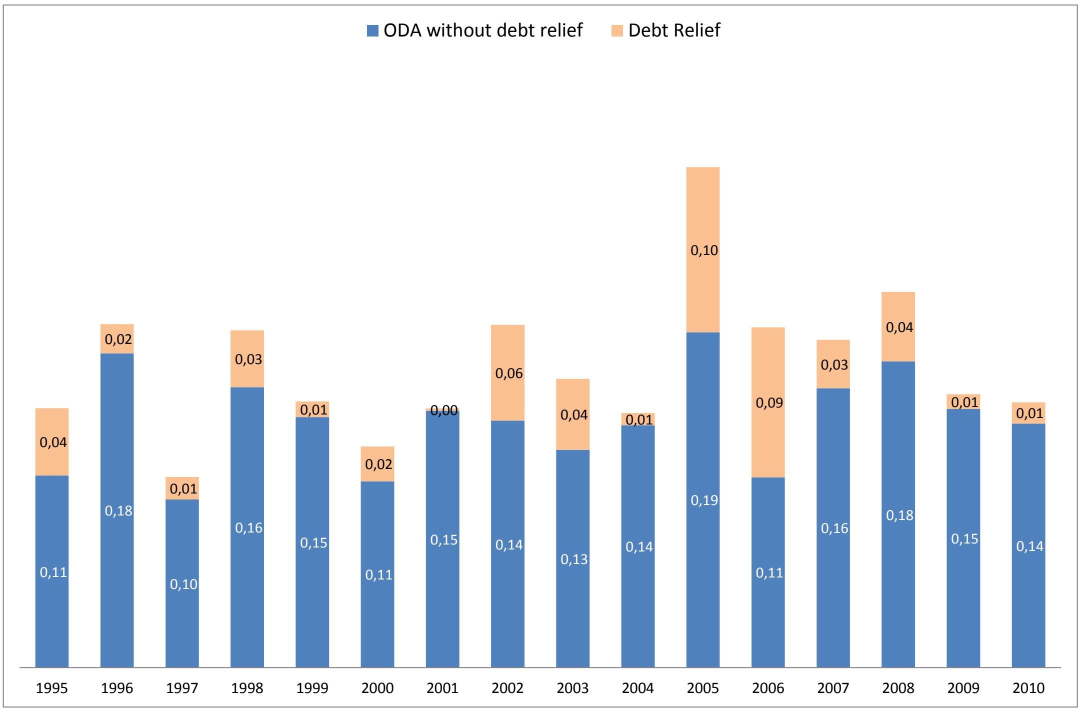
- **Italy's ODA of EUR 2349 million** (*preliminary*) **corresponded to 0.15% of GNI in 2010**, down from 0.16% in 2009, a decrease of 1.5% in real terms compared to 2009. The 2011 Italian Budget proposal from the Government is a further cut to the ODA after the 56% reduction in 2009 [49] (due to a decrease in overall aid and reduced debt relief). The official directorate of Development and Cooperation is currently drafting a mid-term budget plan to ensure required new ODA will be available to maintain ODA/GNI around 0.7% after 2010[50].
- **Debt relief made up 22% of Italian ODA during the period 2004 - 2009**

47 *http://actionaiditaly.blogspot.com/*
48 *under UNSCR 1244/1999*
49 *http://actionaiditaly.blogspot.com/*
50 *Quote from this year survey : EU Development Accountability and Monitoring, Questionnaire for the 2011 Report.*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Italy - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

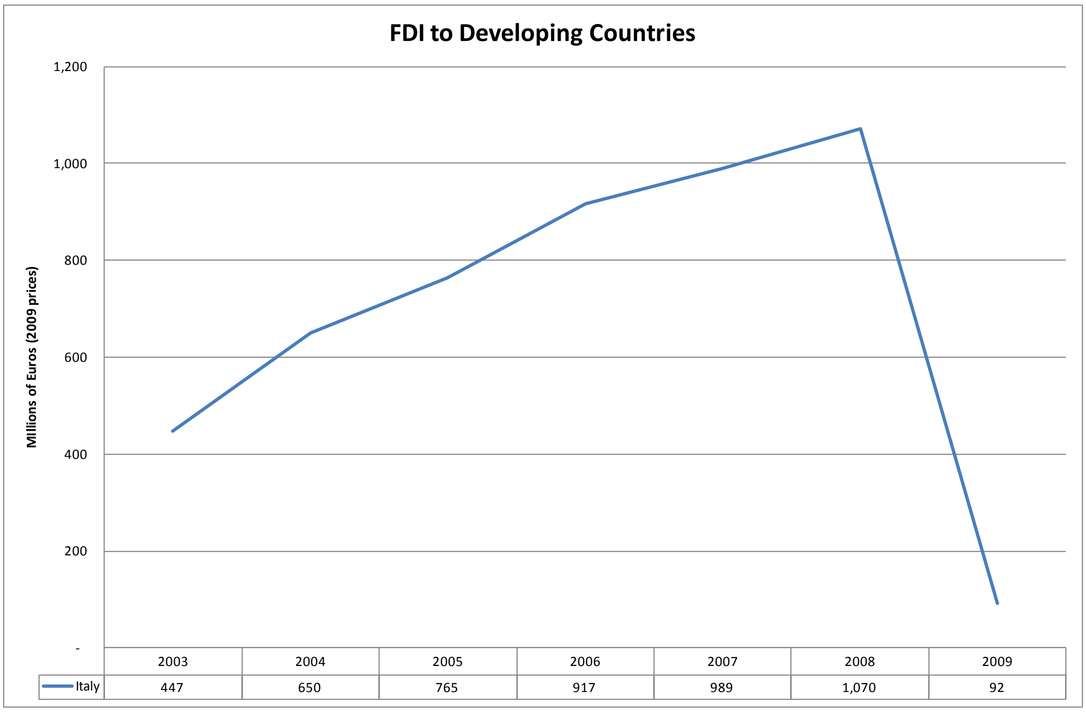
- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: In 2010, the Italian Government – in the run up to the High Level Event on MDGs, held in New York last September - has been called on by the Parliament to give a renewed attention towards ODA commitments. Nevertheless, the need for Italy to curb its public deficit has delayed so far the process to define the plan for realigning the ODA/GNI in order to reach the international commitments by 2015.
- **50% of the amount available for new bilateral grant aid initiatives in the 2010-2012 budget of the Italian Cooperation will be devoted to Africa**, as specified in the guidelines on the Italian Development Cooperation adopted by the Ministry of Foreign Affairs in December 2009. Moreover, Africa remains a priority also as far as finalised contributions to multilateral donors, agencies and development banks are concerned.
- **Will you reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**: No, but Italy provides an important share of its ODA to some LDC countries.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Innovative sources of financing:** International Financing Facility for Immunisation (IFFIm), Advance Market Commitments (AMCs).
- **Italy intends to step up efforts for innovative financing mechanisms with significant revenue generation potential**.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:
Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment**

• Investment guarantees:	Yes
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	Yes
• Blending:	No
• Private public partnerships:	Yes
• Business and investment climate:	Yes
• Investment facilities:	Yes
• Export credits:	Yes

- **Italy promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. Italy is implementing – among others – the following multilateral initiatives: (i) the UN Global Compact, (ii) the ongoing revision of the "OECD Guidelines for Multinational Enterprises", through a National Contact Point – PCN and a multi-stakeholder consultation extended to the major enterprises federations; Italian industrial districts; SMEs and agencies specialised on the internationalisation of the Italian economy; (iii) the OECD initiative concerning a "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas"; (iv) the Extractive Industry Transparency Initiative–EITI, (v) the various "CSR Europe" Initiatives; and (vi) Global Reporting Initiative (UNEP).
- **Italy supports the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**
- **Italy implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services;** including monitoring indicators for measuring the impact of these solutions on migrants' access to financial services, remittance transfer costs
- **Italy implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).**
- **There are other initiatives to increase competition and transparency in the remittance market and to reduce remittance transfers costs**: The Bank of Italy has actively collaborated in the elaboration of the General Principles. In 2009 Italy promoted the adoption of a quantified and ambitious objective in the field of remittances and in particular the reduction of the cost of sending remittances. At the L'Aquila Summit G8 leaders set for the first time at international level a significant and quantified commitment: the reduction of the average global cost of sending remittances from the present 10% to 5% in 5 years (the so called "5x5" objective). Italy launched in November 2009 the "Rome Road Map for Remittances" and an International Conference. A dedicated website on the costs of remittances has been elaborated by stakeholders and co-funded by Ministry of Foreign Affairs and is operating since 2009 (www.mandasoldiacasa.it) and has been the first certified by the World Bank as compliant to current applicable standards. Italy together with other partners is providing support to competent organisations such as the World Bank - Global Remittances Working Group. Italy in 2010 has proposed with other partners the enlargement and enhancement of the "5x5" adopted at the G20 Summit in Seoul.
- **Meanwhile, Italy has robust and reliable data** concerning the amounts and destination of remittances from Italy.
- **Finally, Italy adopted the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group"**

5. AID FOR TRADE

Italy, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	338	13	577	84
Building Productive Capacity (Focus on Trade Development, category 2)	5 554	15 055	28 905	32 452
Other Trade Development (category 6)	0	0	0	5 200
Total Trade-Related Assistance	**5 892**	**15 067**	**29 482**	**37 736**

Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	338	13	577	84
Economic Infrastructure (category 3)	170 731	58 366	37 070	34 168
Building Productive Capacity (category 4)	68 297	52 701	148 546	162 624
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	5 200
Total Aid for Trade	**239 365**	**111 079**	**186 194**	**202 076**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Italy delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: (i) Italy has been in the lead, as a co-sponsor, of the "Principles and Guidelines to promote sustainable lending practices in the provision of official export credits to LICs". By internal regulation Italian Development cooperation decides the concession of loans according to Debt Sustainability Framework /Debt Sustainability Analysis. (ii) In addition, Italy is fully involved in all initiatives aimed at fostering the dialogue with other creditors and helping borrowers, mainly within the OECD/ECG and the Paris Club. In this framework, Italy has supported the decision not to sell on claims on HIPC countries and encourages the provision of IFI's technical assistance to low-income debtor countries facing litigating creditors or needing assistance to receive comparable treatment by non-PC and commercial creditors. Italy has adhered to the PC publication of data on its debt stock and supports moves by the IFIs to adapt the Debt Sustainability Framework to rapidly evolving debt patterns in LICs. It is financially supporting the World Bank Debt's Debt Management Facility and also participating in the African Legal Support Facility.
- **Italy is open to discuss improvements in the international architecture for the restructuring of sovereign debt,** provided that principles followed so far in multilateral fora (i.e. Paris Club) are retained, as they have proven to be effective.
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds"):** Yes, within the Paris Club.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

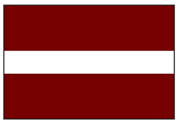
7. MORE EFFECTIVE EU AID

- **On Ownership.** In 2010, Italy supported ownership through consultations and coordination with partner countries and supporting partner capacity development.
- **On Conditionality.** In 2010, Italy progressed by harmonising with other donors and by reducing the number of conditionalities.
- **On Transparency and Predictability.** Italy publicly discloses information on aid volumes through the Italian Development Cooperation web site 51 and through two annual reports (according to Law 49/87 for the Italian Development Cooperation (DGCS).
- **On Alignment.** Italy partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy. Italy is gradually implementing a more effective concentration of its aid, in consistency with the principles of the EU Code of Conduct and DAC recommendations.
- **On Harmonisation.** Italy recently adopted the necessary legislative and administrative changes to allow its Development Cooperation to sign transfer and delegation agreements both with the European Commission and EU Member States, in the framework of delegated cooperation. In August 2010 Italy officially expressed its interest to start cooperating with the European Commission in the Indirect Centralised Management mode, and it is waiting for the assessment procedure (so-called "6 pillars audit") to be confirmed eligible for delegated cooperation.
- **On Mutual Accountability.** Italy did not establish a joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Italy does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Italy supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. Though, in the short term, improved coordination mechanisms can be preferred, also considering the different institutional arrangements in the various MDBs.
- **Italy favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

51 *http://www.cooperazioneallosviluppo.esteri.it/pdgcs/inglese/intro.html*



LATVIA

POLICY FRAMEWORK

- The Development Cooperation Policy Programme of the Republic of Latvia 2006-2010 was prepared taking into account Latvia's growing role in the resolution of global problems. It is in accordance with the foreign policy guidelines of the Republic of Latvia as of 2005 and "The Basic Principles for the Development Cooperation Policy of the Republic of Latvia".
- The Ministry of Foreign Affairs is responsible for forming the development cooperation policy and for coordination of the Programme. Individual tasks require the involvement of other governmental institutions as well (pursuant to Cabinet of Ministers Order No. 107 of 19 February 2003 "On the "Basic Principles for the Development Cooperation Policy of the Republic of Latvia")[52].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

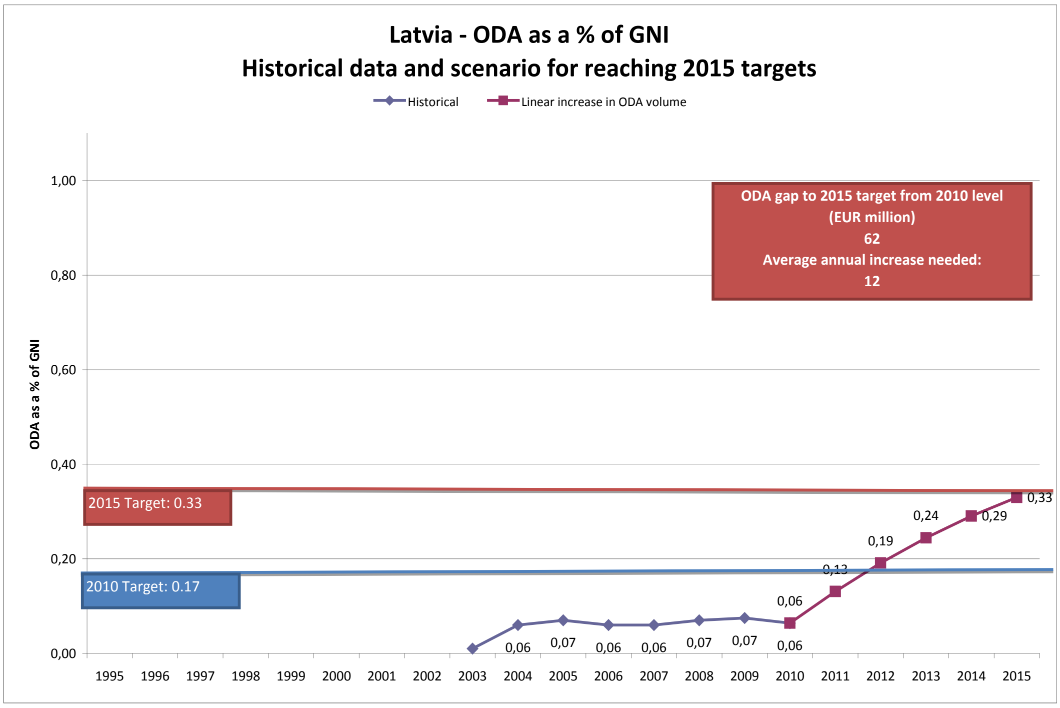
- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Latvia provides aid in these fields to EU Neighbourhood Policy countries (support to administrations and policy of: Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Egypt (discussion on good governance in tax policy during tax treaty negotiations); (ii) under negotiation with India, Pakistan, (iii) planned with Thailand (DTC), Philippines (DTC), Chile (DTC), Peru (DTC).
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

52 *http://www.mfa.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Programme/*

2. SCALING UP ODA

Latvia's ODA/GNI was EUR 12 million (*preliminary*), i.e.0.06% in 2010, down from 0.07% in 2009. Latvia spent EUR 12 million on ODA in 2010.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **No realistic, verifiable actions for meeting individual ODA commitments until 2015 taken in 2010.**
- **Latvia has been providing assistance to Africa through multilateral channels**. In 2010 and also in 2011 Latvia's priority partner countries remain the same (Georgia, Moldova, Ukraine and Belarus) and at this stage it is not planned to change the geographical focus of Latvia's bilateral development cooperation policy.
- **Latvia will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Latvia did not use innovative financing mechanisms for development.**
- **Latvia does not intend to step up efforts for innovative financing mechanisms with significant revenue generation potential**.
- In the context of the current economic and financial crisis, Latvia is cautious regarding the introduction of new innovative sources of financing.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- Latvia does not provide financial tools to support private investment.
- **Latvia promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**; Signature of "Memorandum of CSR principles of Latvia" in February 2010 with Employers' Confederation of Latvia (LDDK) together with social partners, NGOs, ministries and governmental institutions.
- **Latvia does not support the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**

- **No new initiatives** in relation to the inclusion of social and environmental clauses in ODA-financed public procurement as already included in the government regulations (updated in 2009).

Remittances

- **Latvia did not implement the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS), neither does it plan to implement solutions to improve the impact of remittances on development.** Due to the small number of migrants in Latvia, at this stage it is not planned to implement solutions to improve the impact of remittances on development.
- **Other initiatives in order to increase competition and transparency in the remittance market and to reduce remittance transfers costs:** Yes. As cross – border remittance flows are not regulated in Latvia, there is no special handling for migrant remittances. All payments, including cross-border credit transfers, are handled according to common standards set out in the Latvian legislation.

5. AID FOR TRADE

Latvia, AfT Commitments (in EUR thousands)

		2006	2007	2008	2009
Trade-Related Assistance					
	Trade Policy and Regulations (category 1)	n/a	n/a	257	38
	Building Productive Capacity (Focus on Trade Development, category 2)	n/a	n/a	0	0
	Other Trade Development (category 6)	n/a	n/a	0	0
	Total Trade-Related Assistance	**80**	**77**	**257**	**38**
Wider Aid for Trade Agenda					
	Trade Policy and Regulations (category 1)	n/a	n/a	257	38
	Economic Infrastructure (category 3)	n/a	n/a	0	0
	Building Productive Capacity (category 4)	n/a	n/a	0	0
	Trade related adjustment (category 5)	n/a	n/a	0	0
	Other Trade Related Needs (category 6)	n/a	n/a	0	0
	Total Aid for Trade	**80**	**77**	**257**	**38**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Latvia has not delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB). Outstanding balance for IDA 15 and MDRI for FY 2009-2010 is EUR 0.52 million. Latvian authorities are resolving the issue and negotiating on postponement of payment schedule.
- **No actions/steps taken in 2010** to help restore and preserve debt sustainability in low-income countries.
- **Latvia does not favour reform of the international architecture for restructuring of sovereign debts.**
- **No specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds").**

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Latvia supported ownership through consultations and coordination with partner countries, through partner capacity development and guidance / incentives for staff in partner countries.
- **On Conditionality**. No action.
- **On Transparency and Predictability**. Latvia publicly discloses information on aid volumes through the web site of Ministry of Finance. [53]
- **On Alignment**. Latvia partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Latvia has special government regulations in place for delegated cooperation.
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Latvia provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Latvia supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. In respect to IMF, main issues are already discussed within SCIMF (Subcommittee on IMF matters), and sometimes also WB (World Bank) issues were discussed within SCIMF, therefore we believe that creation of similar committee for WB issues would be valuable.
- **Latvia favours stronger Brussels based coordination on issues related to the World Bank and MDBs**.

53 *http://www.mfa.gov.lv/en/DevelopmentCo-operation/BasicDocuments/Programme/*

LITHUANIA

POLICY FRAMEWORK

- The first legal framework for Lithuanian development cooperation and humanitarian assistance was set in May 2003 when the government adopted a concept paper on Lithuania's development cooperation for 2003-2005. Lithuanian development cooperation is based on Government resolution No.561 of 8 June 2006 Decision No. 561 on Policy Guidelines for Development Cooperation in 2006-2010[54] (Official Journal, 2006, No. 106-3910). This document provides the framework for Lithuania's current development cooperation policy and outlines its mission, main objectives, principles and priorities as well as coordination, financial commitments and measures for ensuring effectiveness.[55] A concept of a new Law on development cooperation should be worked out by 2012.
- Lithuania's Ministry of Foreign Affairs is the central institution implementing the country's foreign policy and development cooperation. Within the Ministry, the Department of Development Cooperation and Democracy Promotion administers the country's bilateral ODA programmes, i.e. Lithuanian Development Cooperation.

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Lithuania does not promote the principles of good governance in tax matters**. But it does assess the level of commitment of the beneficiary to the principles of good governance in tax matters.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

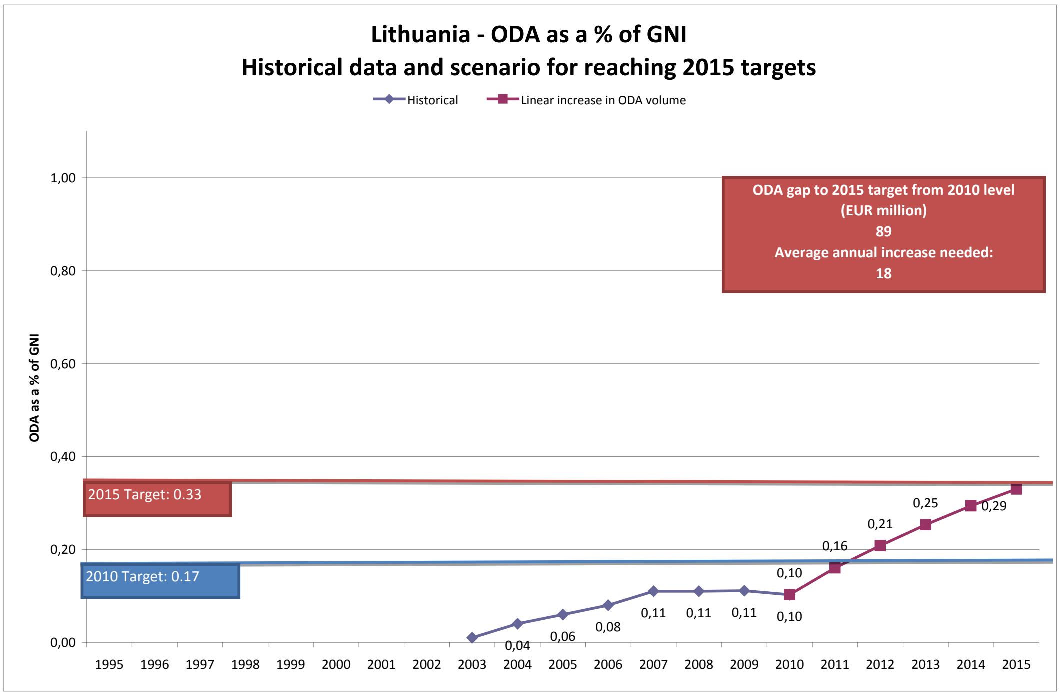
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

54 http://www.lrv.lt/main_en.php
55 Development Cooperation in LITHUANIA, Country Study, Annika Kool, on behalf of TRIALOG, December 2007

2. SCALING UP ODA

ODA Individual commitments and gap to target

- Lithuania's ODA was EUR 28 million in 2010 (*preliminary*), 0.10% of GNI – a small decrease from 0.11% in 2009.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **No realistic, verifiable actions for meeting individual ODA commitments until 2015 taken in 2010.**
- **No measures taken nor planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa**.
- **Lithuania will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Lithuania did not use innovative financing mechanisms for development.**
- Lithuania does not intend to step up efforts for innovative financing mechanisms with significant revenue generation potential.
- No other work on innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- Lithuania does not provide financial tools to support private investment.
- Lithuania does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.
- Lithuania does not support the Kimberley process and the FAO Code of Conduct for Responsible Fisheries. No new initiative taken in 2010 in this field.
- Immigrant communities in Lithuania are very small with no significant remittances.

5. AID FOR TRADE

Lithuania, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	60	273	232	74
Building Productive Capacity (Focus on Trade Development, category 2)	0	0	60	144
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**60**	**273**	**292**	**218**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	60	273	232	74
Economic Infrastructure (category 3)	77	4	426	87
Building Productive Capacity (category 4)	39	183	114	144
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**176**	**460**	**772**	**305**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Lithuania did not deliver on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB). After graduation from the IBRD borrower status in 2006, Lithuania is in the process of becoming an IDA member and donor. Although the formal procedures for IDA membership are postponed until 2011, Lithuania will make a decision with regards to MDRI when the membership in IDA is finalised. Lithuania is planning to join the HIPC initiative through IDA.
- **Lithuania favours reform of the international architecture for restructuring of sovereign debts** based on collective action clauses in debt contracts.
- **No specific interventions to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of "vulture funds").

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Lithuania supported ownership through consultations and coordination with partner countries.
- **On Conditionality**. No action in 2010.

- **On Transparency and Predictability**. Lithuania publicly discloses information on aid volumes through the web site of Ministry of Foreign Affairs.[56]
- **On Alignment**. Lithuania partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. According to the Agreement on delegated cooperation between Lithuania's MFA and Sweden's SIDA, Lithuanian is leading the programme "Belarus: Delegated cooperation with Lithuania 2008-2011".
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Lithuania does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Lithuania does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. Lithuania acknowledges the importance of coordination within the EU but that does not mean that the EU should speak with one voice.
- **Lithuania favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

56h ttp://www.urm.lt/index.php?-450921326

LUXEMBOURG

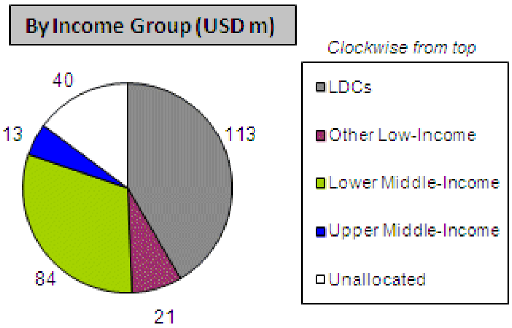
AT A GLANCE

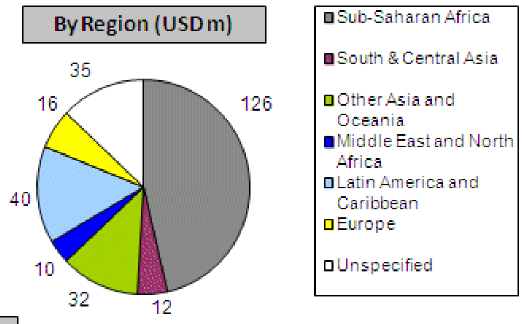
LUXEMBOURG

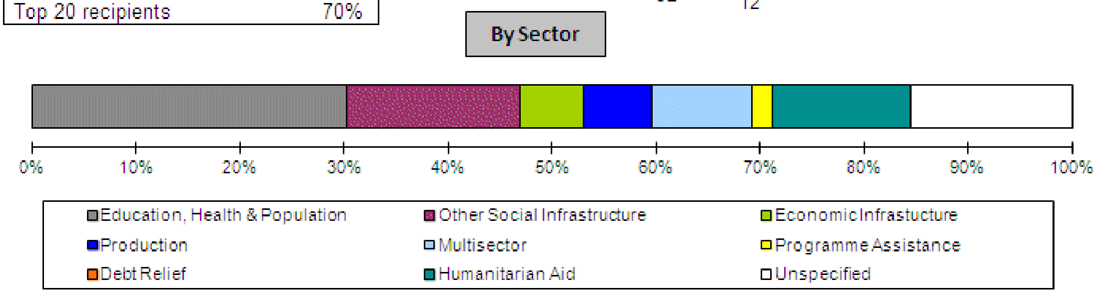
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	415	415	-0.1%
Constant (2008 USD m)	415	435	5.0%
In Euro (million)	288	298	3.5%
ODA/GNI	0.97%	1.04%	
Bilateral share	67%	64%	

Top Ten Recipients of Gross ODA (USD million)	
1 Senegal	22
2 Mali	21
3 Cape Verde	17
4 Viet Nam	15
5 Nicaragua	14
6 Burkina Faso	14
7 El Salvador	12
8 Laos	11
9 Niger	11
10 Namibia	8
Memo: Share of gross bilateral ODA	
Top 5 recipients	33%
Top 10 recipients	54%
Top 20 recipients	70%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The legal framework of Luxembourg's development cooperation activities is the Development Co-operation Act (1996). The key policy document is the one page "strategy and principles" statement on development co-operation from the Ministry of Foreign Affairs. The statement includes commitments to reach 1% ODA/GNI and to concentrate on 10 priority countries in Central America, Western and Southern Africa and South-East Asia. Focus sectors are the social sectors: health, education and local development and water and sanitation in particular). Responsibility for co-operation policy is vested in the Development Cooperation Directorate of the Ministry of Foreign Affairs. The Development Co-operation Directorate is responsible for multilateral ODA (excluding the Bretton Woods institutions) and uses an executing agency, Lux-Development, to design and implement bilateral projects.[57]

57 OECD DAC Peer Review Luxembourg 2008

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Luxembourg provides support to developing countries' tax systems in Asia, Latin America and ACP countries. In addition, support is provided to national governments in public financial management.
- **Luxembourg promotes the principles of good governance in tax matters**.
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**:

Agreements **concluded** with (country)	**Assistance provided (Yes/No)**	Agreements **planned** with (country):	
1. Armenia	No	1. Burkina Faso	TBD
2. Azerbaijan	No	2. Kenya	TBD
3. Georgia	No	3. Liberia	TBD
4. India	No	4. Mali	TBD
5. Moldova	No	5. Nigeria	TBD
		6. Zambia	TBD
Agreements **under negotiation** with (country):			
1. Botswana	No		
2. Laos	No		
3. Mexico	No		
4. Pakistan	No		
5. Philippines	No		
6. Senegal	No		
7. Seychelles	No		

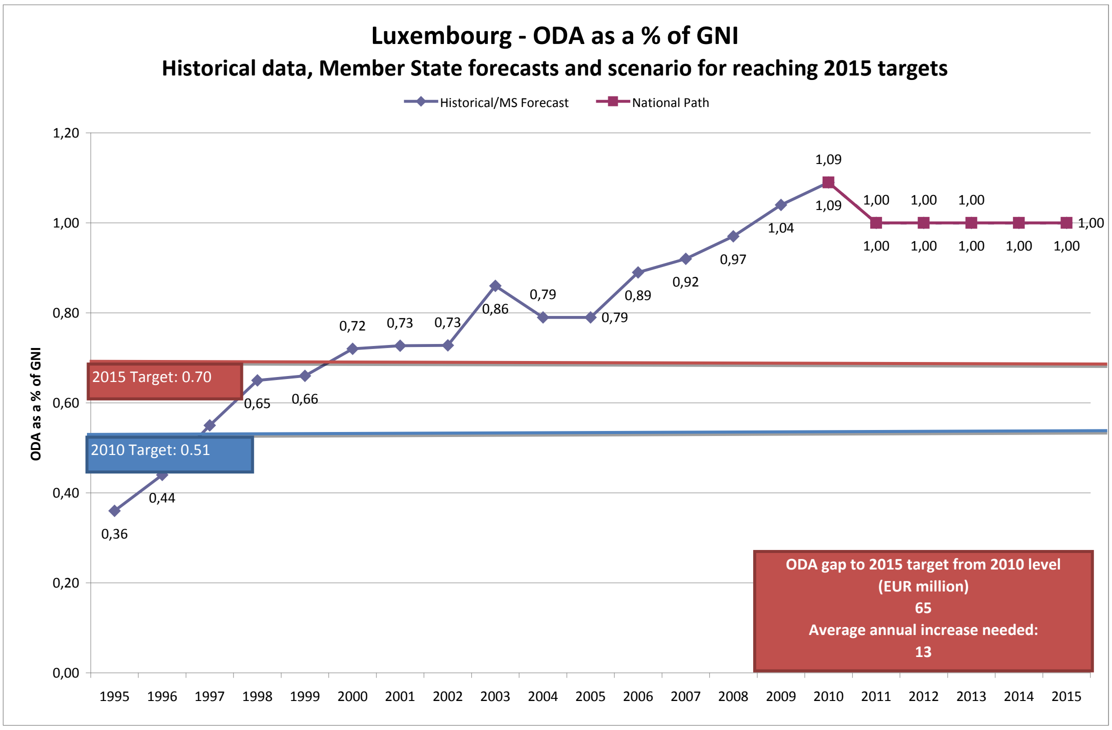
- **State of support to/ ratification of/ adherence to international conventions/ initiatives on tax issues:**
  - IMF Regional Technical Assistance Centres: No
  - International Tax Dialogue: No
  - International Tax Compact: No
  - African Tax Administration Forum (ATAF): No
  - Centro Inter-Americano de Administraciones Tributarias (CIAT): No
  - IMF Topical Trust Fund on Tax policy and administration: No
  - United Nations Convention against Corruption (Merida): Yes
  - OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions: Yes
  - Stolen Assets Recovery initiative (STAR): Yes
  - Extractive Industry Transparency Initiative (EITI): No

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

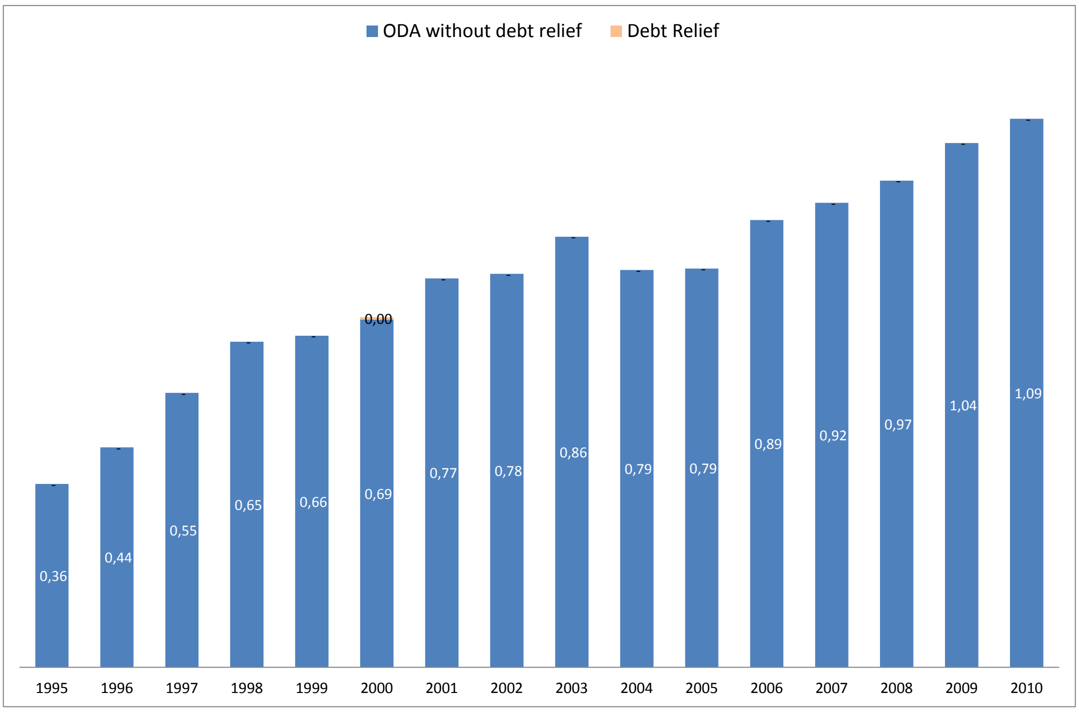
- **Luxembourg has since long reached the EU 2015 0.7% ODA/ GNI target.** The country's ODA reached EUR 301 billion (*preliminary*), i.e.1.09% in of GNI in 2010, up from 1.04% in 2009.

- **Luxembourg spent EUR 301 million on ODA in 2010**, virtually unchanged compared to 2009.
- **There was no debt relief in Luxembourg's ODA during the period 2004 – 2009.**



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Luxembourg - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** Luxembourg reached an ODA/GNI level of 1% in 2009 and intends to maintain this level for the years to come. The government programme for 2009-2014 provides for ODA volume equivalent to 1.0% of GNI during the period.[58]
- **More than half of Luxembourg's assistance is channelled to Africa.**
- **Luxembourg will continue to exceed the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Luxembourg supports UNITAID's Airline Ticket Tax/contribution with 500 000 EUR in 2009 and 2010 (not reported as ODA).** There are no plans to step up efforts in this area.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment:**

• Investment guarantees:	No
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	Yes
• Investment facilities:	No
• Export credits:	No

- **Luxembourg promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** The government set up a coordination committee for corporate social responsibility in 2008. It associates the relevant actors at the state level - including the Directorate of Development Cooperation of the Ministry of Foreign Affairs - and the private sector (companies and associations).
- **Luxembourg is not supporting the Kimberley Process and the FAO Code of Conduct for Responsible Fisheries.**
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: Lux-Development is examining the possibility to include environmental clauses in its calls for tenders in partner countries.
- **Luxembourg has implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** There is also a monitoring system in place. Luxembourg launched a 2009-2010 action plan to develop microfinance and remittances from migrants in Cape Verde in collaboration with the NGO Appui au Développement *Autonome* (ADA) has. This Action Plan contains indicators.
- **Luxembourg has not implemented the General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).**

58 *http://www.gouvernement.lu/gouvernement/programme-2009/programme-2009/programme-gouvernemental-2009.pdf*

5. AID FOR TRADE

Luxembourg, AfT Commitments (EUR million)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	345	128	300	N/A
Building Productive Capacity (Focus on Trade Development, category 2)	N/A	N/A	N/A	N/A
Other Trade Development (category 6)	0	0	0	N/A
Total Trade-Related Assistance	**345**	**128**	**300**	**N/A**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	345	128	300	0
Economic Infrastructure (category 3)	2 197	6 344	3 456	590
Building Productive Capacity (category 4)	9 513	20 717	24 292	21 215
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**12 056**	**27 189**	**28 048**	**21 805**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Luxembourg has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Luxembourg believes that questions on the international architecture for the restructuring of sovereign debts do not apply to Luxembourg.**

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Luxembourg supported country ownership in 2010 through consultation and coordination with partner countries, guidance and incentives for staff in partner countries and by supporting partner capacity development.
- **On Conditionality.** Luxembourg has carried out the following actions on conditionalities in 2010: harmonisation with other donors.
- **On Transparency and Predictability**. Luxembourg publicly discloses information on aid volume on the internet and in an annual report of development cooperation.
- **On Alignment.** Luxembourg has integrated the principles of the Code of Conduct on Complementarity and

Division of Labour in strategies, staff guidance and programming processes/guidelines.

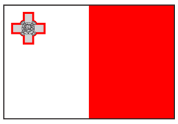
- **On Harmonisation**. Luxembourg has legal and/or administrative arrangements in place for delegated co-operation and there is a mechanism in place to track cases of delegated cooperation. Lux-Development is allowed to manage community funds under delegated cooperation since June 2009. There is a monitoring system in place to track delegated cooperation. Cases of delegated cooperation agreed to in 2010:

Recipient country	Partner for delegated cooperation	Modality/explanation
Laos	Belgium	Health Sector (implementation through Lux-Development)
Montenegro	EU Delegation	Forestry (implementation through Lux-Development)
Nicaragua	EU Delegation	Tourism (implementation through Lux-Development)

- **On Mutual Accountability**. Luxembourg has established a joint framework for monitoring joint commitments in all ten priority countries: El Salvador, Nicaragua, Burkina Faso, Cape Verde, Mali, Namibia, Niger, Senegal, Laos, and Vietnam.
- **On Managing for Development Results**. Luxembourg does not provide capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Luxembourg shares the view that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies. Luxembourg believes that there is no clear cut answer to this question. Speaking with one voice may definitely enhance the EU's position in these governing bodies but may at the same further polarise the Boards of these institutions. Whether the latter would be in the interests of the concerned institutions (and their mandates) remains debatable. Now to the question how to bring this about, the straightforward answer would be the establishment of a single European seat. But the answer may differ according to the institution concerned. The IMF, for instance, is first and foremost a financial institution and one EU27 voice might make little sense in this context; a Euro zone representation maybe more sensible in this particular case.
- **Luxembourg supports stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.** However, Luxembourg believes that it is important to clarify what Brussels based coordination means. If it is meant to be a Commission-run exercise, we would strongly beg to differ. If it means that EU countries would be coordinating along the lines of the Brussels-based IMF coordination (IMF coordination is taking place in the context of the Ecofin) the answer is definitely yes. Of course, since (unlike in the case of IMF coordination) development aid matters are often a shared Ministerial responsibility, coordination is likely to become an institutional challenge.



MALTA

POLICY FRAMEWORK

Significant progress can be seen in the short span of five years (2004–2009) immediately following the country's accession to the EU and its consequent shift to donor-country status. The Government established a written policy regarding overseas aid and enhanced transparency in showing how the ODA funds are being distributed. In October 2007 the Government launched its first Overseas Development Policy document[59], based on the values that underlie Malta's Foreign Policy (Strategic Objective 18 of Malta's Foreign Policy) which states that the Ministry of Foreign Affairs will "Elaborate and action a Policy and Work Programme of humanitarian and development assistance[60].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Malta does not provide concrete development cooperation to support developing countries' tax systems due to resources constraints.**
  - No support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries.
  - No support to promote good governance in tax matters.
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Jersey (ratified by both parties); (ii) under negotiation with Belgium, Bahrain, China, Germany (awaiting ratification).
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

- In 2010, Malta spent **€7 million as ODA** (*preliminary*)**,** i.e. **0.11% of its GNI,** down from EUR 10 million, i.e. 0.18% of GNI in 2009.

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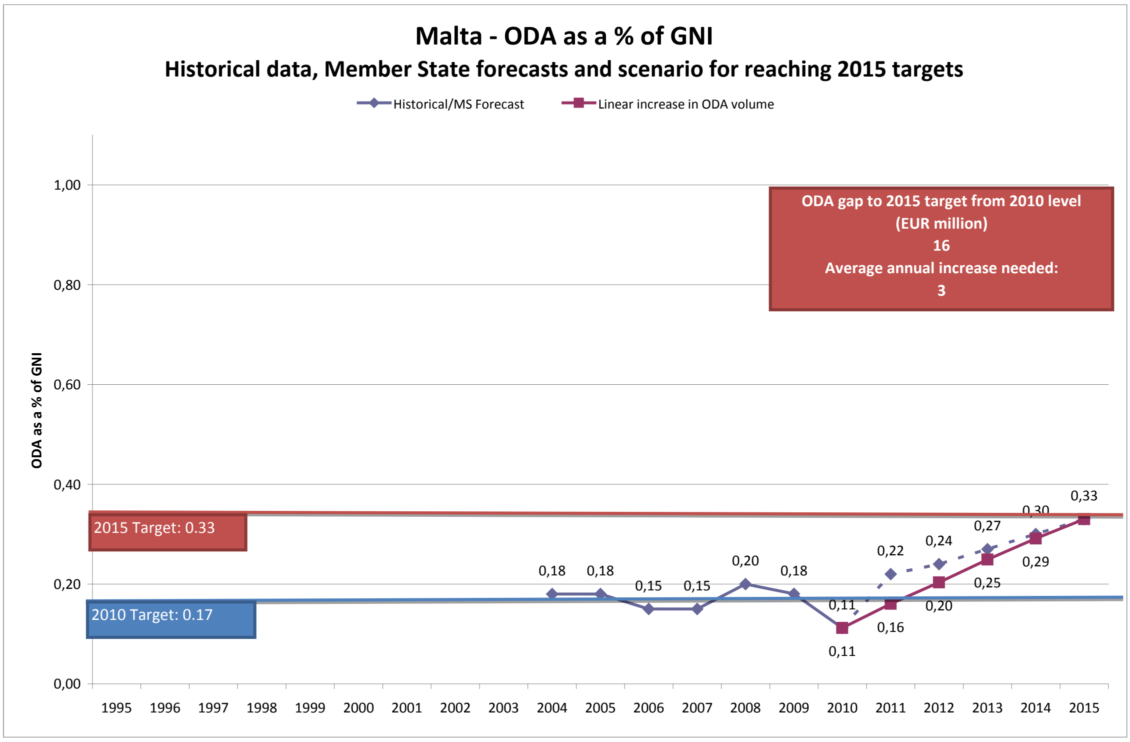
59 http://www.foreign.gov.mt/Library/PDF/Malta%27s%20Overseas%20Development%20Policy%20eng.pdf
60 http://www.foreign.gov.mt/default.aspx?MDIS=21&NWID=664



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: The Government is committed to the objective to reach the ODA targets and is allocating more funds within its budget so as to increase its ODA/GNI ratio to meet its commitments by 2015. Priority is given to public support for the MDG agenda, with a particular focus on areas of public interest where common development goals with development are important like education, health, trade, environment and climate change and migration.
- **The Ministry of Foreign Affairs has been co-funding projects implemented by local NGOs in Africa.** In its multilateral contributions, Malta will also try to earmark its funds to Africa.
- **Malta will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.** Malta supports EU initiatives to this effect.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Malta is currently not implementing any innovative source of financing, although this might be considered in the future.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Malta does not provide financial tools to support private investment.**
- **Malta does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. As yet, there are no social and environmental clauses included in Malta's public procurement regulations.
- **Malta does not support the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**

Remittances

- **Malta did not implement the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS), neither plan to implement so-**

lutions to improve the impact of remittances on development. As local institutions have no data on remittances as these are treated like any other transactions

5. AID FOR TRADE

No information available on Malta's commitments for Aid for Trade.

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Malta has not delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB).
- **No actions/steps taken in 2010** to help restore and preserve debt sustainability in low-income countries.
- **Malta favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (through the Paris Club with a role for International Financial Institutions).
- **No specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds").**

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Malta supported ownership through consultations and coordination with partner countries, through Guidance and incentives for staff in partner countries and through partner capacity development.
- **On Conditionality**. No action.
- **On Transparency and Predictability**. Malta publicly discloses information on aid volumes through Press release.
- **On Alignment**. Malta did not integrate the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy. Still undergoing further internal study.
- **On Harmonisation**. No legal and/or administrative arrangements in place to manage funds for another Member States or the EU and for another Member States or the EU to manage Malta's funds (delegated cooperation).
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Malta does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Malta supports a single EU Chair for the IMF in order for the EU27 to speak with one voice. One common position on a single EU seat, or failing that, of a single euro zone seat.
- **Malta favours stronger Brussels based coordination on issues related to the World Bank and MDBs**.

THE NETHERLANDS

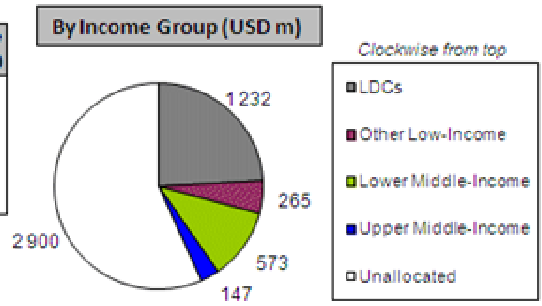
AT A GLANCE

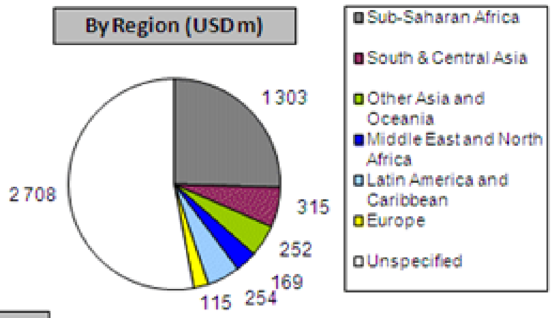
NETHERLANDS

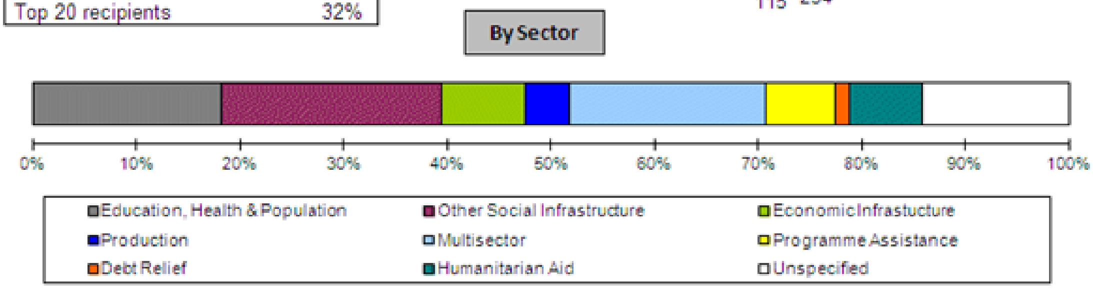
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	6 993	6 426	-8.1%
Constant (2008 USD m)	6 993	6 676	-4.5%
In Euro (million)	4 848	4 615	-4.8%
ODA/GNI	0.80%	0.82%	
Bilateral share	74%	75%	

Top Ten Recipients of Gross ODA (USD million)	
1 Indonesia	165
2 Afghanistan	130
3 Sudan	127
4 Ghana	109
5 Mozambique	103
6 Ethiopia	100
7 Suriname	92
8 Tanzania	89
9 Mali	78
10 Bangladesh	78
Memo: Share of gross bilateral ODA	
Top 5 recipients	12%
Top 10 recipients	21%
Top 20 recipients	32%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The Government presented a major overhaul of Dutch development policy in a letter to Parliament in November 2010.[61] Aid spending will be reduced permanently from 0.8% to 0.7% of GNI and the number of partner countries will be reduced from 33 to 16. The number of themes will also be reduced in parallel with a shift from social to economic sectors. The administration of Dutch development cooperation is integrated into the Ministry of Foreign Affairs, with the Directorate General for International Cooperation as the leading unit.[62]

61 http://www.minbuza.nl/en/Key_Topics/Development_Cooperation/Dutch_development_policy/Less_fragmentation_means_more_effective_aid

62 DAC Peer Review 2006

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

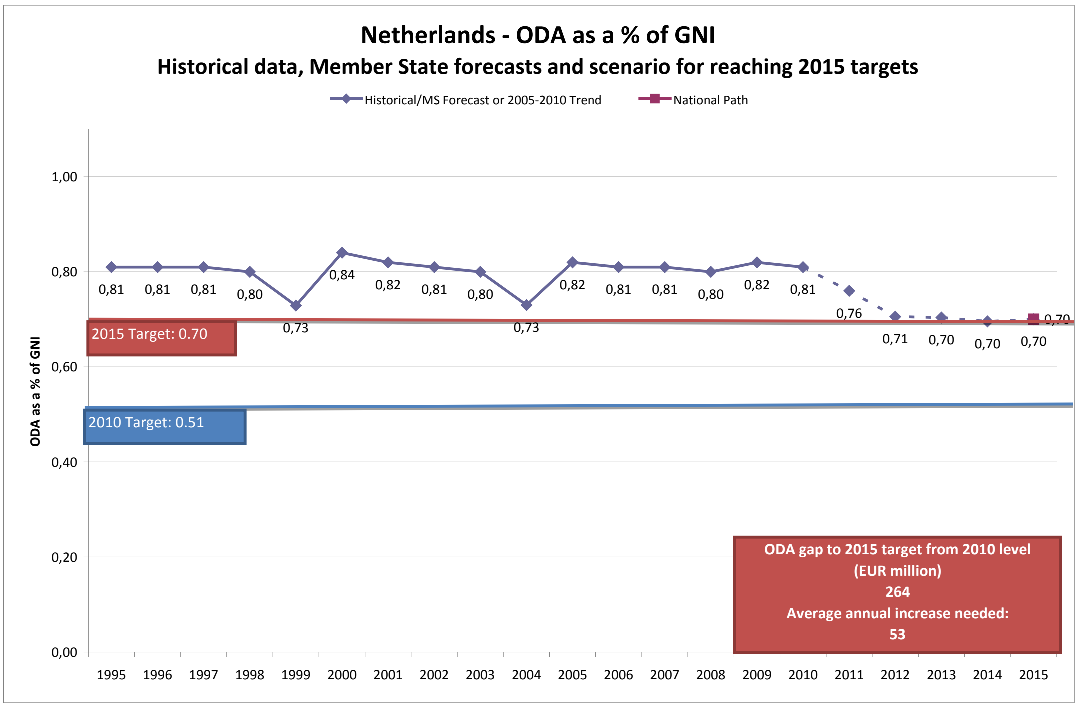
- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: The Netherlands provides support to developing countries' tax policy and administration (customs, semi-autonomous revenue authorities and ministries of finance) in EU candidate and Neighbourhood Policy countries, Asia and ACP countries.
- **Promote the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: Agreements concluded with Andorra, Anguilla, Antigua & Barbuda, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Dominica, Gibraltar, Grenada, Guernsey, Isle of Man, Jersey, Liberia, Liechtenstein, Marshall Island, Monaco, Montserrat, Saint Kitts and Nevis, Samoa, San Marino, Seychelles, Singapore, Saint Lucia, Saint Vincent and Grenadines, Turks & Caicos Islands. Agreements under negotiations with Brunei, Costa Rica, Guatemala, Mauritius, Nauru, Niue, Uruguay, Vanuatu.
- State of ratification of/ adherence to international conventions/ initiatives on tax issues:

• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	Yes
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	Yes
• IMF Topical Trust Fund on Tax policy and administration:	Yes
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes

2. SCALING UP ODA

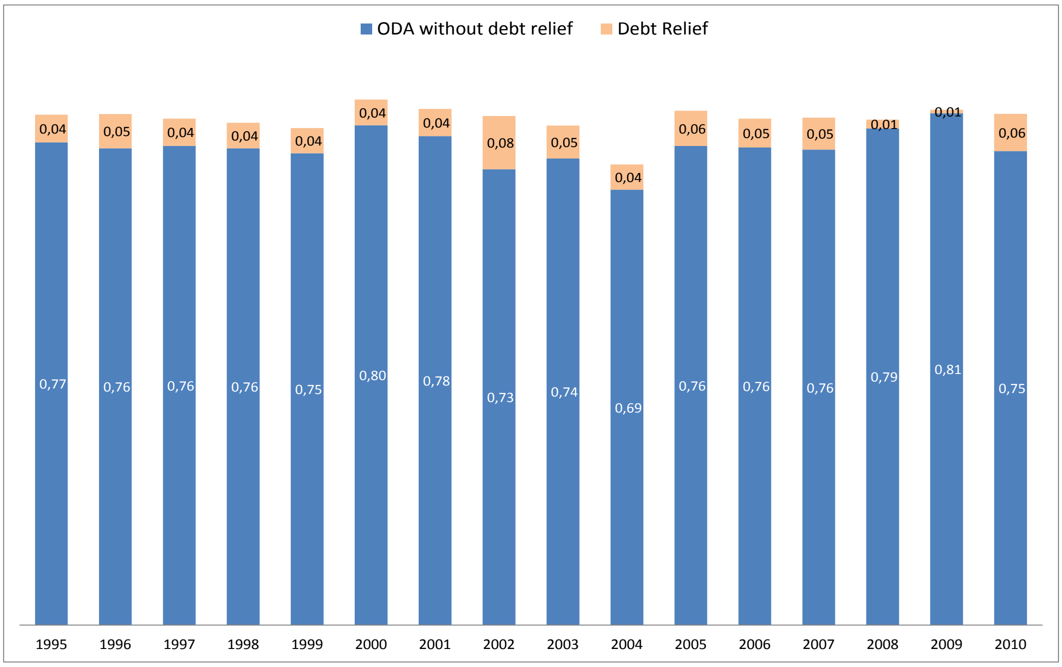
ODA individual commitments/gap to agreed targets

- **The ODA levels of the Netherlands have been consistend at or above 0.7% ODA/ GNI since many years..** The new Dutch Government, in its coalition agreement of 2010 ODA, while confirming a spending level of 0.7% of GNI for development aid until 2015, at the same time decided to scale down from the > 0.8% foreseen for 2010 to 0.75% in 2011 and 0.7% from 2012 onwards.
- **In 2010 the Netherlands spent EUR 4795 million as ODA** (*preliminary*), 0.81% of its GNI. This was an increase by 2.2% in real terms compared to 2009.
- **Debt relief made up only 4% of Dutch ODA during the period 2004** - **2009**



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

The Netherlands - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

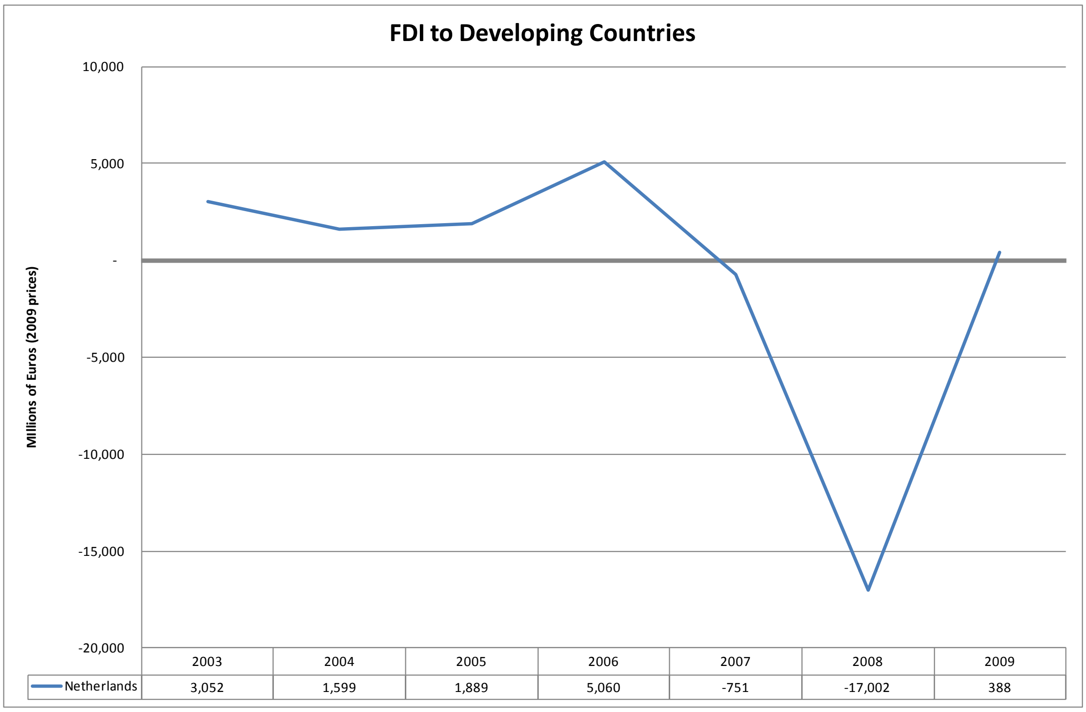
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The ODA commitments until 2015 are agreed upon in the coalition agreement and in the government budget for 2011. The current plan is to commit 0.8% in 2010, 0.75% in 2011 and 0.7% from 2012 onwards**.**
- **No specific measures are needed to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa.** Overall monitoring ensures that at least 50% of total ODA is spent on Africa. Netherlands' choice of partner countries is largely focused on Sub Sahara Africa and Netherlands' bilateral regionally focused ODA has already met the 50% target.
- **The Netherlands will continue to exceed the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **The Netherlands supports the International Financing Facility for Immunisation (IFFIm).** The contribution to IFFIm is EUR 80 million for 8 years (2009-2016), but is expected to continue thereafter.
- **The Netherlands plans to step up efforts for innovative financing mechanisms**, i.a. by exploring the potential of financial instruments to leverage private investments in sectors that directly relate to development (water, energy, health, financing). In contrast to the currently applied levy type of instruments, these mechanisms are characterised by linking revenue generation directly with utilisation/investment (guarantee type of interventions). The Netherlands are to some extent involved with these types of instruments but in a modest way.
- **The Netherlands is also ready to further research into initiatives concerning innovative finance for education**, especially at a time when the education sector is hard hit by budget cuts from donor agencies.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries: Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment:**

• Investment guarantees:	Yes
• Improvement of the overall banking system:	Yes
• Microfinance/ access to financial services:	Yes
• Risk management initiatives:	Yes
• Blending:	No
• Private public partnerships:	Yes
• Business and investment climate:	Yes
• Investment facilities:	Yes
• Export credits:	No

- **The Netherlands promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** The Netherlands has formulated eligibility criteria for companies that apply for grants to invest in developing countries. These criteria prevent child and forced labour (including the first supplier). In assessing the social and environmental aspects of the applications, the Dutch government has formulated criteria which are related to international standards such as the OECD Guidelines, ILO Conventions (Core Labour Standards) and the IFC Performance Standards
- **The Netherlands supports the Kimberley process and the FAO Code of Conduct for Responsible Fisheries.**
- **The Netherlands has taken new initiatives in relation to including social and environmental clauses in ODA-financed public procurements**. In 2010 the Netherlands' started to implement its new policy on sustainable public procurement. Environmental criteria have been applied from January 2010 and social criteria will be applied from 2011. See Box for details.

In the Netherlands, public procurement is used to pursue various policy objectives, including development objectives. The government links its public procurement policy to economic diplomacy, activities of multilateral organisations (e.g. ILO) and supply chain initiatives (e.g. the Dutch Sustainable Trade Initiative and 'fair trade municipalities'). The government has chosen to apply fundamental labour standards and human rights on a generic basis (i.e. in a uniform manner in all public procurement). The development aim is to realise improvements in the entire supply chain (a process-oriented approach). For a limited number of products, for which community-supported supply chain initiatives exist, supplementary standards apply. These standards relate to living wages/income (or fair trade), working hours, and occupational health and safety. The system is designed to be as simple as possible for both contracting parties and suppliers, and to be consistent with actual practice. It only applies to large contracts (above EUR 133,000 for goods and services). Companies will be held accountable for the way they fulfil their supply chain responsibilities with regard to the product, work or service they deliver.

- **The Netherlands have implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** The focus is on reinforcing a positive link between remittances and development. The Netherlands gives support to a remittances comparison website www.geldnaarhuis.nl (evaluated in 2010), which provides information in eight languages on money transfer costs charged by banks and money transfer offices. The Netherlands contributes to financial sector development in countries of origin. The aim is a more sustainable development impact of remittances. Finally, the Netherlands aims to increase the poverty alleviation effect of money transfers through promoting small scale initiatives of migrants.

5. AID FOR TRADE

The Netherlands, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	50 206	35 779	62 356	40 348
Building Productive Capacity (Focus on Trade Development, category 2)	146 221	90 305	N/A	N/A
Other Trade Development (category 6)	0	0	0	33 100
Total Trade-Related Assistance	**196 428**	**126 084**	**62 356**	**73 448**

Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	50 206	35 779	62 356	40 348
Economic Infrastructure (category 3)	107 106	69 461	237 787	204 559
Building Productive Capacity (category 4)	528 650	405 096	165 495	237 193
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	33 100
Total Aid for Trade	**685 962**	**510 337**	**465 638**	**515 200**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **The Netherlands delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **The Netherlands has taken new actions/steps to help restore and preserve debt sustainability in low-income countries** by supporting the World Bank's Debt Management Facility (DMF), UNCTAD Debt Management and Financial Analysis System (DMFAS) and the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).
- **The Netherlands sees a need for reform of the international architecture for the restructuring of sovereign debts** based on the Paris Club and the creation of an International Arbitration Court.
- No specific interventions to prevent aggressive litigation against HIPCs have been taken.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** The Netherlands supported country ownership in 2010 through consultation and coordination with partner countries, guidance and incentives for staff in partner countries and by supporting partner capacity development.
- **On Conditionality.** The Netherlands have carried out the following actions on conditionalities in 2010:

reduction of the number of conditionalities, harmonisation with other donors and making conditionalities public.

- **On Transparency and Predictability**. The Netherlands publicly discloses information on aid volume on central and field office websites. An important tool to disclose information on aid volume is the biannual Results Report, which reports on aid policy and results. The report is meant to inform parliament, stakeholders and the public and is a coproduction of the Ministry of Foreign Affairs and Dutch CSOs.
- **On Alignment.** The Netherlands has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. The Netherlands agreed on the following cases of delegation in 2010:

Recipient country	Partner for delegated cooperation	Modality/explanation
Bangladesh	UNDP	Project
Benin	Royal Danish Embassy	Basket Funding
Georgië	IBRD	General Budget Support
Jemen	Care International	Project
Nicaragua	CIDA Canada	Basket Funding
Palestinian Administered Areas	DFID	Project
Sudan	DFID	Project
Zambia	NORAD	Project

- **On Mutual Accountability**. The Netherlands has established a joint framework for monitoring joint commitments in Mozambique, Rwanda, Burkina Faso, Tanzania, Uganda and Zambia.
- **On Managing for Development Results**. The Netherlands provides capacity support for Managing for Development Results (MfDR).

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **The Netherlands believes that the EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies.
- **The Netherlands supports stronger Brussels based coordination** on issues related to the World Bank and multilateral development banks.

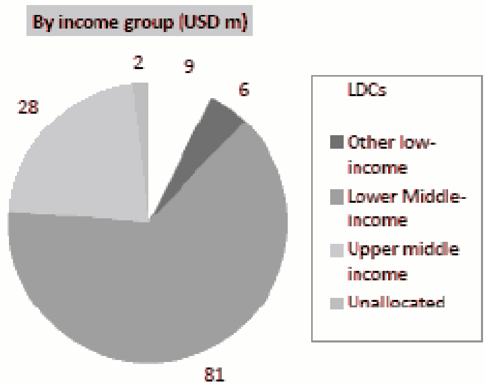
POLAND

AT A GLANCE [63]

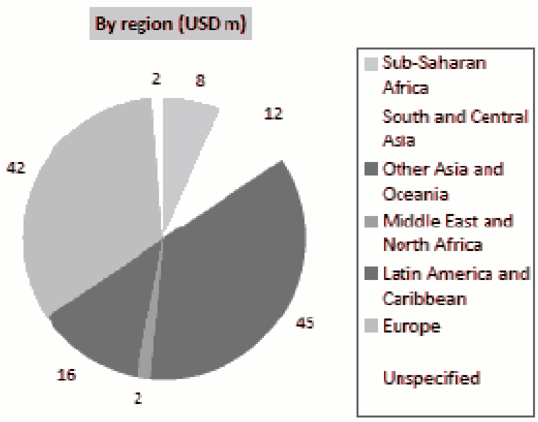
POLAND

Gross bilateral ODA, 2007-2008 average, unless otherwise shown

NET ODA	2007	2008	Change 2007/2008
Current (USD m)	363	372	2.6%
Constant (USD m)	363	318	-12.3%
In Zlotys (million)	1003	910	-9.3%
ODA/GNI	0.10%	0.08%	
Bilateral share	43%	23%	



Top Ten Recipients of Gross ODA (USD million)	
1 China	44
2 Belarus	17
3 Nicaragua	15
4 Ukraine	13
5 Montenegro	8
6 Angola	4
7 Uzbekistan	3
8 Georgia	2
9 Moldova	2
10 Afghanistan	2



POLICY FRAMEWORK

Poland's development cooperation is guided by a strategy that was approved by the Council of Ministers in 2003. The main focal point for development cooperation strategy and policy leadership within the national system is the Development Co-operation Department of the Ministry of Foreign Affairs (DCDMFA). DCDMFA manages only 15% of Poland's ODA. The delivery of Polish aid is very much a team effort involving other departments of MFA, the Ministry of Finance (EU and multilateral channels), the Ministry of Science and Higher Education (scholarships), the Ministry of Defence (Afghanistan), Ministry of the Interior and Administration (aid to refugees) and a range of other ministries, government agencies and NGOs. MFA is therefore both the policy maker for development co-operation and also the co-ordinator of a host of actors and agencies that are not always under its direct control but which are responsible for delivering Poland's aid.

63 *Poland DAC Special Review 2010: http://www.oecd.org/dataoecd/58/43/45362587.pdf http://www.oecd.org/document/56/0,3343,en_2649_34603_45367800_1_1_1_37413,00.html*

Poland plans legislation to strengthen the legal basis for development co-operation and a draft law is being prepared for approval by Parliament. The law, as currently drafted, will create an agency for development co-operation implementation from the existing institutional structures.

The government intends to maximise the opportunity presented by the recent merger of the Office of the Committee for European Integration (UKIE) with MFA which more than doubles the Ministry's capacity for development cooperation and has put in place a new DCDMFA structure in anticipation of the creation of the agency envisaged in the new legislation[64]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Poland does not provide aid in these fields.
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (ii) under negotiation with Turkmenistan; (iii) planned with Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Marshall Islands, Nauru, Samoa, Vanuatu, Seychelles, The Bahamas, Liberia.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	No
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

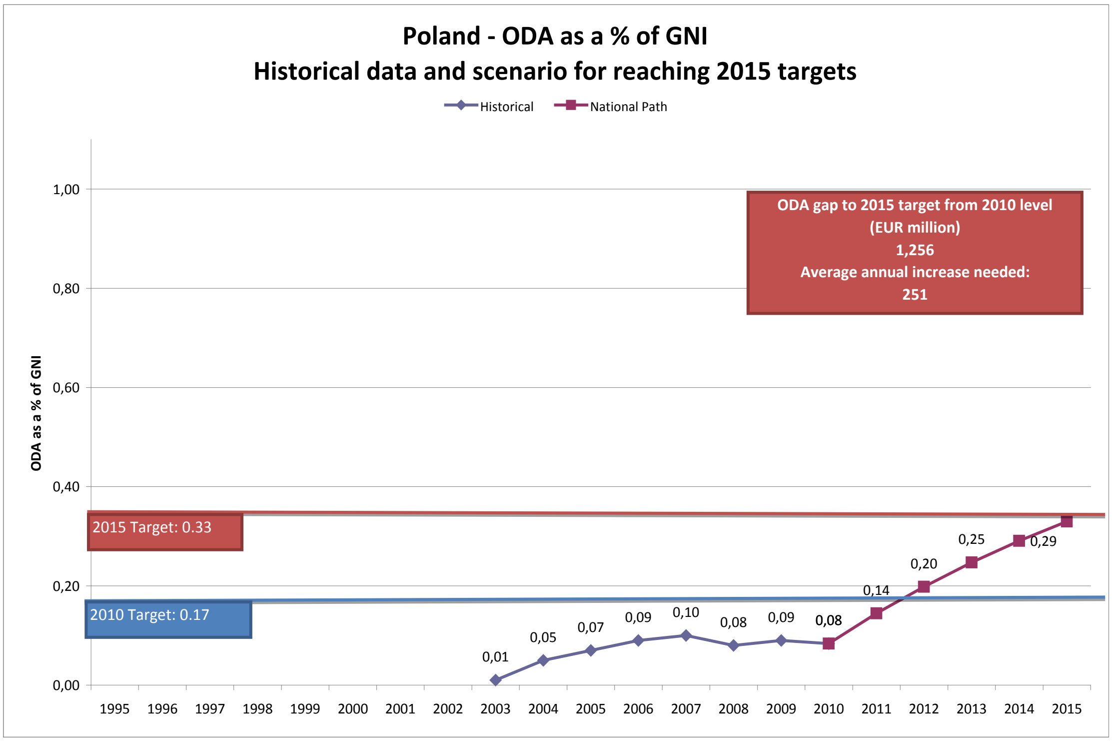
2. SCALING UP ODA

ODA Individual commitments and gap to target

- **Poland's ODA spent EUR 285 million as ODA in 2010** (*preliminary*)**, i.e. 0.08% of GNI in 2010**, down from 0.09% in 2009, falling short of the commitment to reach 0.17% of GNI by 2010.
- A recent DAC Peer review noted Poland's commitment to reach an ODA/GNI ratio of 0.33% by 2015 is looking increasingly problematic.[65]

64 *Poland DAC Special Review 2010: http://www.oecd.org/dataoecd/58/43/45362587.pdf http://www.oecd.org/document/56/0,3343,en_2649_34603_45367800_1_1_1_37413,00.html*

65 *Poland DAC Special Review 2010: http://www.oecd.org/dataoecd/58/43/45362587.pdf http://www.oecd.org/document/56/0,3343,en_2649_34603_45367800_1_1_1_37413,00.html*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **No realistic, verifiable actions for meeting individual ODA commitments until 2015 taken in 2010**: Having in mind meeting the accepted EU commitment of 0.33 % GNI of Polish ODA in 2015 when reporting annually to the Parliament on issues of Polish foreign affairs, the Minister of Foreign Affairs recalls the relevant commitment and underlines the importance of scaling up of Polish ODA volumes.
- **Poland participates in co-financing of the 10th European Development Fund that is the main instrument of financing cooperation between the European Union and African, Caribbean and Pacific countries.** Majority of assistance is directed to Africa. As far as bilateral assistance is concerned, Poland is going to continue to provide ODA to African countries through Polish embassies that are responsible for implementing projects financed from the so-called Small Grant Fund in these countries. Moreover Poland will continue to realise projects in Angola that is the priority country of Polish foreign aid in Africa according to Polish comparative advantages.
- **Poland will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010**. Poland finances EDF10, provides contributions to the EU ODA budget and continues to assist LDCS bilaterally. All these efforts taken together should contribute to achieving the EU target on LDCs after 2010.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Poland did not use innovative financing mechanisms for development.**
- **Poland does not participate in international cooperation in the field of innovative financing sources and mechanisms.** However, Poland considers them very useful in the context of supporting international efforts of scaling up volumes of ODA and achieving Millennium Development Goals. Therefore Poland seriously takes into consideration its future engagement in international cooperation as far as innovative financing sources and mechanisms are concerned.
- **No other work** on innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	No
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	No
• Investment facilities:	No
• Export credits:	Yes

- **Poland does not promote the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility.**
- **No reported information on Remittances.**

5. AID FOR TRADE

- **No information available on Poland's commitments for Aid for Trade.**

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Poland delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **No actions/steps taken in 2010** to help restore and preserve debt sustainability in low-income countries.
- **Poland does not favour reform of the international architecture for restructuring of sovereign debts.**
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: None

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Poland supported ownership through consultations and coordination with partner countries, through guidance and incentives for staff in partner countries, by supporting partner capacity development.
- **On Conditionality**. No action.
- **On Transparency and Predictability**. Poland publicly discloses information on aid volumes on Polish aid web site[66] (annual reports enclosing complete information on Polish ODA volumes and covering all activities undertaken in the field of development cooperation). Moreover Poland publishes analyses, booklets and leaflets and cooperates with press and media.
- **On Alignment**. Poland partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. No legal and/or administrative arrangements in place to manage funds for another Member States or the EU , and/ for another Member States or the EU to manage Polish funds (delegated cooperation).
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** N/A

66 *http://www.polishaid.gov.pl/Assistance,in,figures,184.html*

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Poland does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. Whereas Poland sees some merit in EU27 speaking with one voice on particular issues raised in the IMF, Poland also believes that the current size of the Executive Board in the Fund reasonably strikes the right balance between legitimacy and an effective functioning of the Fund. Lowering the number of chairs would be unlikely to yield efficiency gains, while reducing notably the variety of views of the Fund's membership. Poland is therefore not in favour of a reduction of the size of the Board and a single EU chair. Poland believes that the current EU system of coordinating positions and of representation in the IMF works well.
- **Poland favours stronger Brussels based coordination on issues related to the World Bank and MBB's.** With regard to the World Bank and other MDBs issues, Poland supports the concept of coordination of the EU Member States' positions. It might significantly enhance governance process of the aforementioned institutions and make the EU more visible at international fora.

PORTUGAL

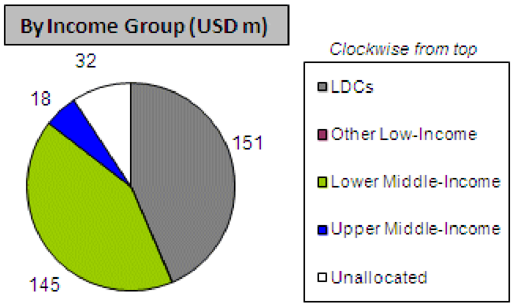
AT A GLANCE

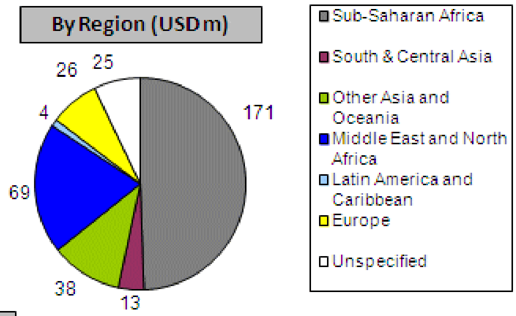
PORTUGAL

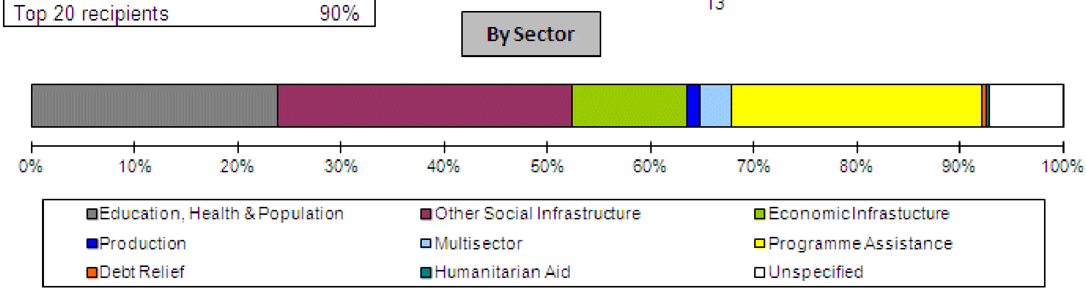
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	620	513	-17.3%
Constant (2008 USD m)	620	528	-14.9%
In Euro (million)	430	368	-14.4%
ODA/GNI	0.27%	0.23%	
Bilateral share	60%	54%	

Top Ten Recipients of Gross ODA (USD million)	
1 Cape Verde	64
2 Morocco	58
3 Mozambique	48
4 Timor-Leste	37
5 Angola	19
6 Guinea-Bissau	16
7 Sao Tome & Principe	14
8 Bosnia and Herzegovina	14
9 Afghanistan	13
10 Lebanon	10
Memo: Share of gross bilateral ODA	
Top 5 recipients	65%
Top 10 recipients	84%
Top 20 recipients	90%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

In 2003, Portugal established IPAD (Instituto Português de Apoio ao Desenvolvimento) with the legal mandate to coordinate development cooperation[67]. Since then, Portugal has made significant progress in building an overall strategic framework for its development co-operation. The "2005 Strategic Vision for Portuguese Development Co-operation" has provided a solid foundation for this change, on which other policies have been built. The Strategic Vision sets out some guiding principles and priorities for Portuguese development co-operation, by drawing on Portugal's own experiences, foreign policy priorities and international obligations. Thus, it emphasises Portugal's commitment to the Millennium Development Goals, human security, sustainable economic develop-

67 *Portugal Development Assistance Committee (DAC) Peer Review 2010 http://www.oecd.org/dataoecd/33/19/46552896.pdf*

ment, contributing to international development discussions, and also promoting the Portuguese language. It also acknowledges some of the challenges for Portugal, including the fragmentation of the Portuguese development co-operation programme and the importance of co-ordination. As such, it has been a useful tool for IPAD as it seeks to fulfil its co-ordination mandate. While there are still 16 ministries involved in development co-operation, they are now officially obliged to obtain IPAD's approval for all new ODA-funded activities.

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

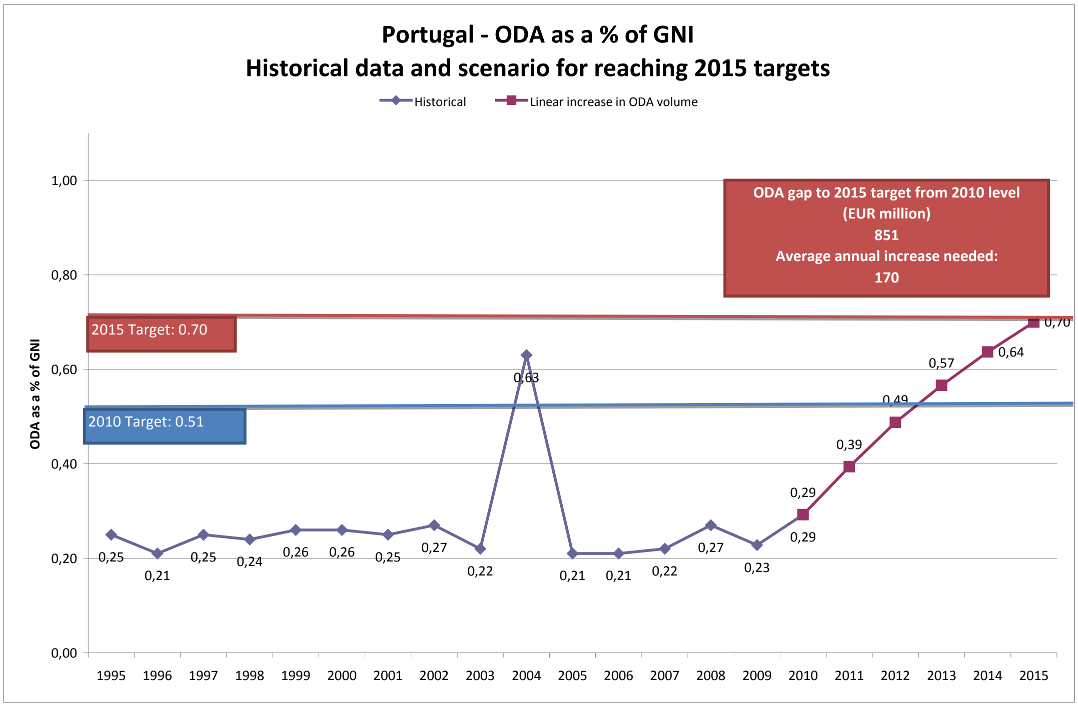
- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Portugal provides aid in these fields to ACP Countries (support to administrations and policy of: Customs and Ministries of Finance).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Bilateral Tax Information Exchange Agreements signed with: Antigua Barbuda, Belize, Andorra, Gibraltar, Bermuda, Cayman Islands, Dominican Republic, Guernsey, Isle of Man, Jersey, Liberia, Santa Lucia, St. Kitts, (iia) under negotiation with: Aruba, Cook Islands, Marshall Islands, Samoa, Vanuatu, Montserrat, Monaco, St. Vincent & Grenadines, (iib) DTAs under negotiation with Botswana, East Timor, Egypt, Kenya, Malaysia, Thailand, Vietnam, Hong Kong (iii) planned with Angola, Bosnia Herzegovina, Cameroon, Ethiopia, Georgia, Mauritius, Peru, Senegal, Serbia, Sao Tomé & Principe, Turkmenistan.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

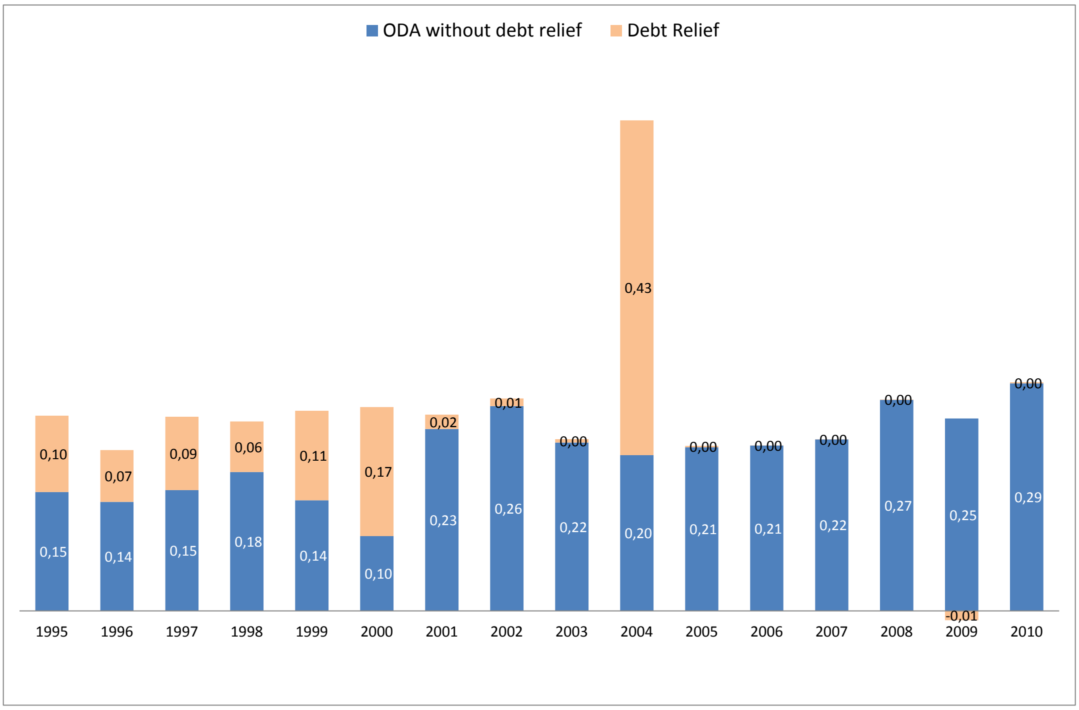
ODA Individual commitments and gap to target

- **Portugal missed the ODA target to provide 0.51% of GNI by 2010.** Portugal's ODA reached **EUR 489 million, i.e.0.29% of GNI in 2010** (*preliminary*), up from 0.23% in 2009 – an increase in real terms of 31.5%.
- Portuguese development co-operation is strongly focused on six partner countries with which it has historical connections, a shared language and close relationships: Angola, Cape Verde, Guinea Bissau, Mozambique, Sao Tome and Principe, and Timor-Leste. Five of these countries are least developed countries (LDCs) and four are fragile states.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Portugal - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

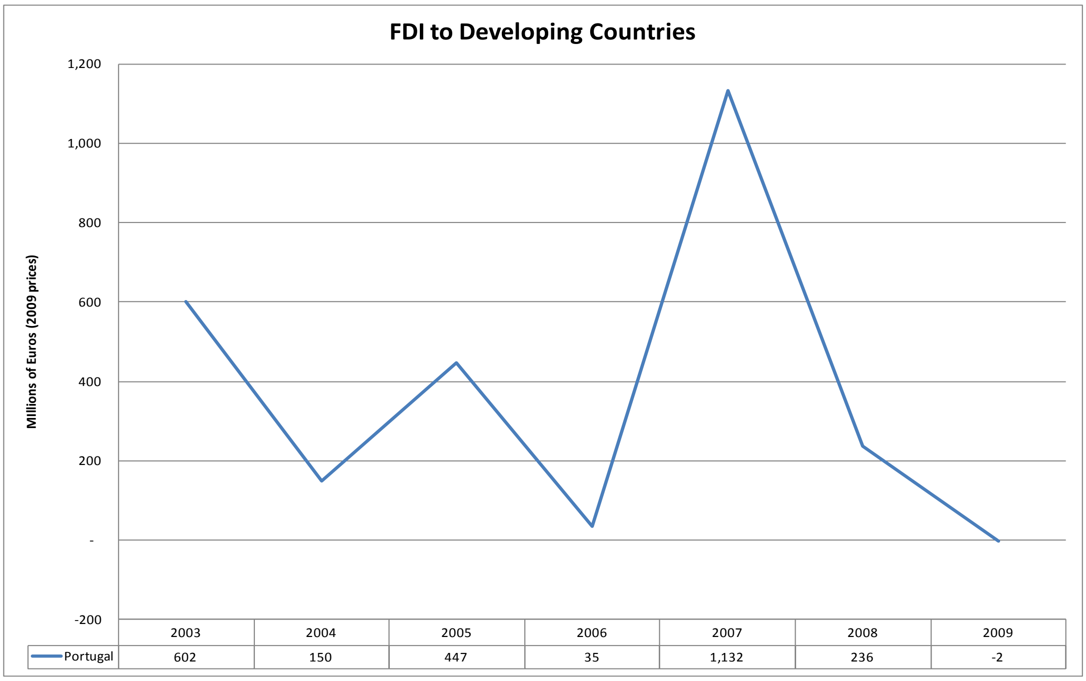
- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: Even with a restrictive budget stemming from the international financial crisis, it was possible at a Cabinet level to avoid any restrictions in the cooperation state budget for 2011. Portugal is committed to accelerating progresses towards its aid volume commitments as soon as the economic situation improves.
- **Portugal will remain committed to channelling the majority of its aid to Africa**, which represents, since 2003, around 64% of bilateral ODA on average.
- **Portugal will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010**. Due to the effort of fiscal consolidation in Portugal, it is difficult to set out a precise date. Nevertheless, Portugal is firmly committed to maintaining LDCs as the main beneficiaries of Portuguese aid and thereby strives to achieve the 0.15%-0.20% of ODA/ GNI.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Portugal does not use innovative sources of financing.**
- **Portugal intends to step up efforts for innovative financing mechanisms** through Political Support to a Transaction Tax.
- **No further work on innovative financing mechanisms.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries: Foreign Direct Investment



Source: OECD/ DAC

- **Financial tools to support private investment**
  - • Investment guarantees: Yes
  - • Improvement of the overall banking system: No
  - • Microfinance/ access to financial services: No
  - • Risk management initiatives: No
  - • Blending: Yes

- Private public partnerships: Yes
- Business and investment climate: Yes
- Investment facilities: Yes
- Export credits: Yes

- **Portugal promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. Legislation and advocacy, namely through the National Strategy for Development Education, the Development Cooperation Forum (joining public and private entities, such as NGOs, Foundations and Private Sector Associations), as well as through policy coherence for development work.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA-financed public procurement.**
- **On Remittances,** Portugal's Central Bank (Banco de Portugal) has established regulations according to which a list of all fees and charges applied by credit institutions and payment institutions, when selling their products and services, must be easily accessible to customers in all branches and internet sites. This initiative ensures full transparency regarding the cost of products and services, including the remittance costs charged by each institution.
- **Portugal has robust and reliable data** concerning the amounts and destination of remittances from Portugal. Portugal adopted/ intends to adopt the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group".

5. AID FOR TRADE

Portugal, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	43	150	33	91
Building Productive Capacity (Focus on Trade Development, category 2)	974	N/A	1 483	3 910
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**1 017**	**150**	**1 516**	**4 001**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	43	150	33	91
Economic Infrastructure (category 3)	4 759	44 239	9 845	61 515
Building Productive Capacity (category 4)	2 352	2 715	2 957	4 189
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**7 153**	**47 104**	**12 835**	**65 795**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Portugal delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: Bilateral technical assistance and training to strengthen debt management capacities of low income countries.
- **Portugal does not favour reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries.
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: None.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Portugal supported ownership through consultations and coordination with partner countries.
- **On Conditionality**. In 2010, Portugal progressed by harmonising with other donors.
- **On Transparency and Predictability**. Portugal publicly discloses information on aid volumes through IPAD website[68] and through a database at country level.
- **On Alignment**. Portugal partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Portuguese Institute for Development Cooperation was recently certified by the EC to manage EC funds in the external field.
- **On Mutual Accountability**. Portugal established a joint framework for monitoring joint commitments with two of its priority countries.
- **On Managing for Development Results.** Portugal provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Portugal does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. There are not yet appropriate mechanisms for EU coordination and preparation of EU common positions on IFI issues (apart from IMFWG). Portugal believes the diversity of viewpoints and the representativeness of MDBs concerning their member countries is paramount. There is scope to improve the voice and participation of EU-27 in the BWIs and other MDBs by close and constructive coordination, and dialogue.
- **Portugal favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

68 *http://www.ipad.mne.gov.pt/index.php?option=com_content&task=view&id=200&Itemid=220*

ROMANIA

POLICY FRAMEWORK

Romania's development cooperation policy was first defined in the National Strategy on the International Development Cooperation Policy adopted in 2006.

The Romanian Ministry of Foreign Affairs (MFA) is the main institution in charge of managing and implementing the national development cooperation policy. The development assistance, including humanitarian assistance, is financed from the MFA's budget, through a separate budgetary line, in accordance with the existing legal framework. The Development Assistance Unit (UAsD) that manages development cooperation. UAsD is part of the General Directorate for Economic Diplomacy (DGDE), subordinated to the State Secretary for Global Affairs.[69]

The main framework for inter-institutional dialogue is the Commission for Economic Cooperation and International Development, established through the GD 747/2007. The Commission is a forum for analysis, debate and planning in terms of the implementation process. The Commission's chairmanship and the secretariat are provided by the MFA[70].

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Romania provides aid in these fields through technical consultations on tax administration with the Ministries of Finance from Bosnia-Herzegovina, Uruguay and the Republic of Moldova.
- **Support to promote good governance in tax matters**: Yes.
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Bosnia and Herzegovina (to be signed in 2011, depending of the conclusion of the domestic procedures in both countries for signature), (ii) under negotiation with Uruguay (to be signed in February 2011), (iii) planned with Republic of Moldova (preliminary consultation concerning the conclusion of a TIEA already took place).
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

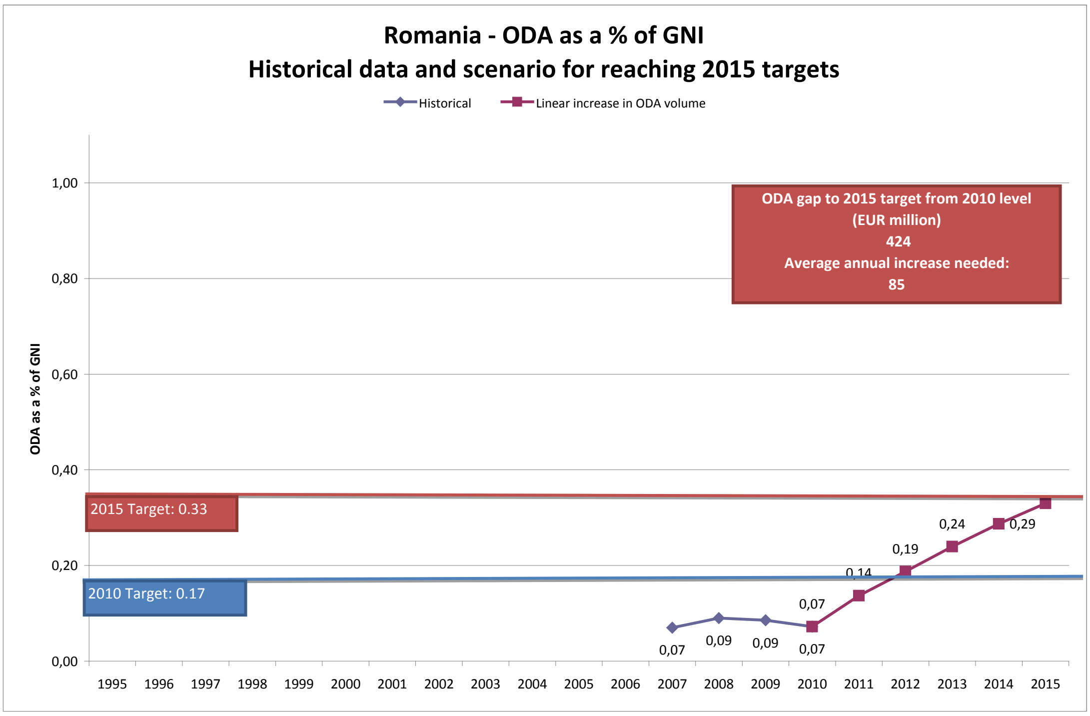
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	No
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	No
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

69 *http://www.mae.ro/en/node/2062*
70 *http://www.mae.ro/sites/default/files/file/2010/brosura_(4).pdf*

2. SCALING UP ODA

ODA Individual commitments and gap to target

- **In 2010, Romania spent EUR86 million as ODA, 0.07% of its GNI** (*preliminary*), down from 0.09% in 2009 missing the interim target of 0.17% ODA/GNI in 2010.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010.** Romania is making efforts to annually increase its ODA budget. In addition, the government announced the engagement to contribute EUR 100 million to the development of the Republic of Moldova, for the period 2010-2012, that would also add to the total ODA contribution. The debut of payment of Romania's contribution to the 10th EDF since 2011 (EUR 84 million in total) will also reinforce its commitments.
- **No measure taken nor planned to contribute to the EU27 target to channel at least 50% of EU collective ODA increase to Africa**.
- **Romania did not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Romania did not use innovative financing mechanisms for development.**
- **Romania intends to step up efforts for innovative financing mechanisms with significant revenue generation potential**. In May 2009, Romania became an observer to the Pilot Group for Innovative Financing. Internal consultations at government level are currently on-going concerning the opportunity of introducing the airline ticket levy (the UNITAID mechanism).
- **No other work** on innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	No
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	Yes
• Investment facilities:	No
• Export credits:	Yes

- **Romania promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. During 2010, the Ministry of Environment and Forests of Romania carried out promotion activities (workshops, seminars, participation at the different conferences) in EMAS (Eco-Management and Audit Scheme) field and initiated the legislation establishing measures for the application of EMAS at national level.
- **No new initiatives** were started **in 2010** to include social and environmental **clauses in ODA**-**financed public procurement.**
- **Romania has not implemented solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** No specific solution has been implemented beside that provided by the relevant acquis i.e. Directive 2007/64 (Payment services Directive) and further action in this field has not yet been considered.
- **Romania implemented or plans to implement other initiatives in order to increase competition and transparency in the remittance market and to reduce remittance transfers costs**. Romania implemented Directive 2007/64 (Payment Services Directive) which transposed partially CPSS principles.[71]

71 *'General principles for international remittance services', published by the Committee on Payment and Settlement Systems (CPSS)*

5. AID FOR TRADE

Romania, AfT Commitments (in EUR thousands)

		2006	2007	2008	2009
Trade-Related Assistance					
	Trade Policy and Regulations (category 1)	n/a	n/a	0	n/a
	Building Productive Capacity (Focus on Trade Development, category 2)	n/a	n/a	93	n/a
	Other Trade Development (category 6)	n/a	n/a	0	n/a
	Total Trade-Related Assistance	**n/a**	**100**	**93**	**n/a**

		2006	2007	2008	2009
Wider Aid for Trade Agenda					
	Trade Policy and Regulations (category 1)	n/a	n/a	0	n/a
	Economic Infrastructure (category 3)	n/a	n/a	0	n/a
	Building Productive Capacity (category 4)	n/a	n/a	93	n/a
	Trade related adjustment (category 5)	n/a	n/a	0	n/a
	Other Trade Related Needs (category 6)	n/a	n/a	0	n/a
	Total Aid for Trade	**n/a**	**100**	**93**	**n/a**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Romania delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **No actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries.**
- **Considering its limited experience on the issue of international architecture for restructuring of sovereign debts, Romania is not in the position to make any assessment on it.**
- **No specific intervention to prevent aggressive litigation against HIPCs** (in particular to prevent the actions of “vulture funds”).

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Romania supported ownership through consultations and coordination with partner countries.
- **On Conditionality**. No action.

- **On Transparency and Predictability**. Romania publicly discloses information on aid volumes through the website of Ministry of Foreign Affairs site.[72]
- **On Alignment**. Romania partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. Romania established legal and/or administrative arrangements in place to manage funds for another Member State or the European Commission, and/ for another Member State or the European Commission to manage Romanian funds (delegated cooperation).
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Romania does not provide capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Romania does not deem it necessary for the EU countries to speak with one voice as long as the positions are well coordinated. The current system of constituencies has proven to work efficiently.
- **Romania favours stronger Brussels based coordination on issues related to the World Bank and MDBs**.

72 http://www.mae.ro/en/node/2062

SLOVAK REPUBLIC

POLICY FRAMEWORK

Slovakia's development aid is regulated by the Official Development Aid Law from 5th December 2007. The overall planning of the assistance is determined by the Midterm Strategy of Development Aid for years 2009 – 2013, which focuses Slovak aid on Afghanistan, Serbia and Kenya, in addition to 16 project countries mainly in the Balkans and Eastern Europe. Each year the Ministry of Foreign Affairs prepares a Yearly National Program on ODA priorities and spending for government authorisation.[73] The 2011 National Programme was adopted in January 2011; it reduces the number of priority countries and narrows the scope of sectors addressed in order to increase the effectiveness of Slovak aid.[74] The Ministry of Foreign Affairs coordinates Slovak aid, while the Slovak Agency for International Development Cooperation is in charge of the implementation of bilateral assistance.[75]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

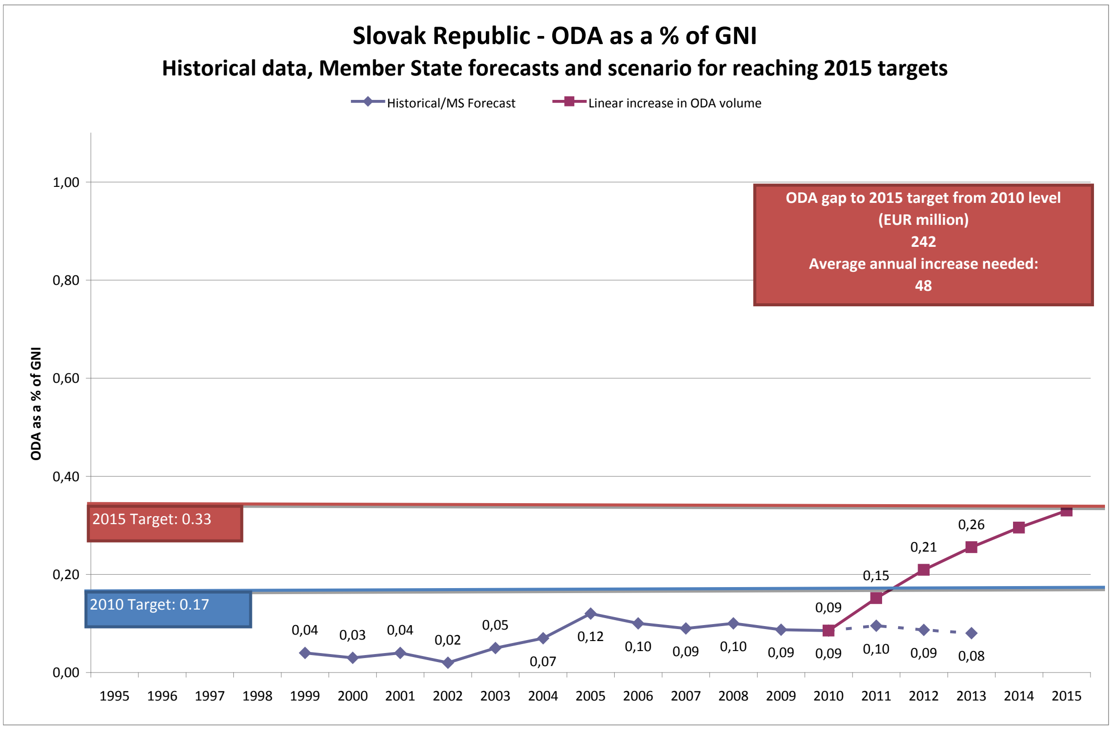
- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Slovakia provides support to developing countries' customs, ministries of finance and tax administration in EU candidate and Neighbourhood Policy countries. In addition, support is provided to national governments to strengthen public financial management.
- **Promotes the principles of good governance in tax matter**: Yes, by analysing the situation of the country concerned with regard to its commitment and implementation of international standards of transparency and exchange of information.
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: i) Agreements concluded: Protocol to the DTC with Switzerland, DTC with Oman and DTC with Iran; ii) Agreements under negotiation: TIES with Guernsey and TIES with British Virgin Islands; iii) Agreements planned: TIES with several countries under the South Caribbean Project.
- State of ratification of/ adherence to international conventions/ initiatives on tax issues:
  - IMF Regional Technical Assistance Centres: No
  - International Tax Dialogue: No
  - International Tax Compact: No
  - African Tax Administration Forum (ATAF): No
  - Centro Inter-Americano de Administraciones Tributarias (CIAT): No
  - IMF Topical Trust Fund on Tax policy and administration: No
  - OECD Global Forum: Yes
  - United Nations Convention against Corruption (Merida): Yes
  - OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions: Yes
  - Stolen Assets Recovery initiative (STAR): No
  - Extractive Industry Transparency Initiative (EITI): No

73 *http://www.mvro.sk/en/development-aid/development-aid-slovakia?start=1*
74 *http://www.mzv.sk/App/WCM/main.nsf?Open*
75 *http://www.mvro.sk/en/development-aid/development-aid-slovakia?start=1*

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

- **Slovakia missed the ODA target to provide 0.17% of GNI by 2010.** Slovakia's ODA reached only EUR 56 million 0.09% of GNI in 2010 (*preliminary*), unchanged since 2009.
- **Slovakia spent EUR 56 million on ODA in 2010**, a 4% rise in nominal terms.
- **Share of debt relief in ODA:** N/A.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The Ministry of Foreign Affairs is constantly involved in negotiations primarily with the Ministry of Finance with the aim of increasing financing. It has been doing so also in the light of the preliminary observations prepared by the OECD/DAC following the Special Peer Review of the Slovak aid in December 2010 stipulating that the whole of the government approach to financing the development assistance is crucial. Further consultations will follow with the Governmental Office as well as with the Ministry of Finance.
- **No measure have been taken or are being taken to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa.**
- **Slovakia will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**. Slovakia's Medium Term Strategy for ODA includes one least developed country - Afghanistan - as a programme country and Sudan and Ethiopia as project countries. As Serbia, which is currently a programme country, progresses towards joining the EU, Slovakia's support will decrease and the financial savings will supposedly be redirected to LDCs. This shift will be reflected in the National Programmes for subsequent years.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Slovakia does not support any innovative financing mechanisms and has no plans to do so.**

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries

- **Financial tools to support private investment:**

• Investment guarantees:	Yes
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	No
• Private public partnerships:	No
• Business and investment climate:	No
• Investment facilities:	No
• Export credits:	Yes

- **On Corporate Social and Environmental Responsibility:** N/A
- **On the Kimberley Process and FAO Code of Conduct for Responsible Fisheries:** N/A
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: N/A
- **Slovakia has currently no plans to implement solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.**
- **Slovakia has not implemented the General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS).**

5. AID FOR TRADE:

No information available.

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Slovakia has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Slovakia sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- Slovakia has planned no specific interventions to prevent aggressive litigation against HIPCs.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Slovakia supported country ownership in 2010 through consultation and coordination with partner countries.
- **On Conditionality.** N/A
- **On Transparency and Predictability**. Slovakia publicly discloses information on aid volume on the internet and through printed documents.
- **On Alignment.** Slovakia has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. Slovakia has no legal and/or administrative arrangements in place for delegated co-operation.

- **On Mutual Accountability**. Slovakia has not established any joint frameworks for monitoring joint commitments in priority countries.
- **On Managing for Development Results**. Slovakia does not provide capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Slovakia considers it premature that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies.
- **Slovakia supports stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.**

SLOVENIA

POLICY FRAMEWORK

International development cooperation is regulated by the International Development Cooperation of the Republic of Slovenia Act (Official Gazette of the Republic of Slovenia No. 70/06), adopted in June 2006. The Act defines the objectives and methods of long-term planning, financing and implementation of international development cooperation of Slovenia.

In 2008 the National Assembly adopted the Resolution on international development cooperation for the period until 2015, which defines the geographical and content priorities of Slovenia's development cooperation and determines the mechanisms for its implementation.[76]

The Ministry of Foreign Affairs is the national coordinator for international development cooperation. In terms of expertise, this field is covered by the Department for International Development Cooperation and Humanitarian Assistance within the Directorate for Economic Diplomacy and Development Cooperation.

At the Government level, an Inter-ministerial Working Body for International Development Cooperation has been set up and tasked with the following[77]:

- Planning, coordinating and monitoring the implementation of international development cooperation;
- Discussing estimated funds to be allocated to international development cooperation;
- Collaborating in the performance assessment of the Resolution's implementation.

In Slovenia, the majority of non-governmental organisations that work in the field of international development co-ordination formed an umbrella platform in 2005 called SLOGA (Slovenian Global Action[78]).

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Slovenia provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries (support to administrations and policy of: Customs, Ministries of Finance, Government Supervisory Office, Office of Prevention of money Laundering).
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Double Taxation Conventions signed with Armenia, Belarus; (ii) under negotiation with Morocco.
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	No
• Extractive Industry Transparency Initiative (EITI):	No
• IMF Regional Technical Assistance Centres:	Yes

76 *http://www.slovenia.si/en/slovenia/state/slovenia-in-the-world/slovenias-international-development-co-operation-and-humanitarian-aid/*

77 *Sloven'Aid: http://www.mzz.gov.si/en/foreign_policy/international_development_cooperation_and_humanitarian_assistance/slovenaid/*

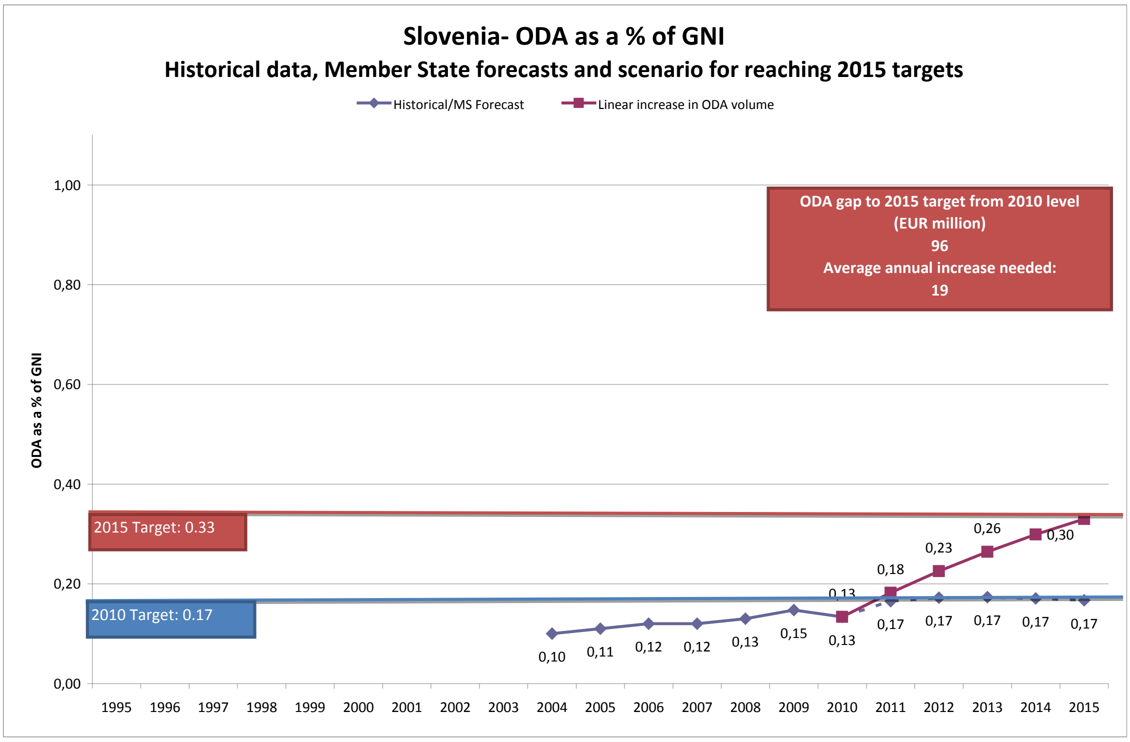
78 *www.sloga-platform.org*

• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No

2. SCALING UP ODA

ODA Individual commitments and gap to target

- **Slovenia's ODA** was 0.13% of GNI or **EUR 48 million** in 2010 (*preliminary*), down from 0.15% in 2009, missing the ODA target to provide 0.17% of GNI by 2010. This marks a decrease in comparison to the 2009 level for multilateral as well as bilateral contributions.[79]



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: The central strategic document on development cooperation (Resolution on International development co-operation of the Republic of Slovenia until 2015), that was adopted by the Parliament only entails a vague commitment on reaching the ODA targets: "Slovenia will endeavour to allocate 0.17 per cent of GNI for ODA by 2010 and 0.33 per cent of GNI by 2015." So far, those commitments have been maintained. As a reaction to recent budgetary constraints, the MFA has (this year, for the first time) requested the Government to give more exact (budget) indications on ODA expenditure until 2015 in order to secure the predictability of ODA funds and increase overall ODA volumes, as opposed to rather pessimistic projections until 2015. This is to be done as part of negotiating the Stability and Growth Pact (2012-2014(2015)), which is to serve as a reference document for future biannual budget allocations. The Stability and Growth Pact should be finished by 15 April 2011.

79 *Annex 2 Monterrey Survey 2011: Slovenia Development cooperation, Background note. Submitted in March 2011*

- **Slovenia will double its disbursements to Africa in 2011** by starting to contribute to the EDF. Slovenia is also actively engaged in establishing a bilateral development programme in Cape Verde.
- **Slovenia will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010.** Slovenia will endeavour to comply with its commitment of reaching 0.33% of GNI for ODA by 2015, hence increasing its share to the LDCs as part of overall Slovenia's ODA disbursements. In addition, Slovenia will continue to support the poverty focus of the EDF, as part of its general policy to channel most of its aid to LDCs via multilateral channels.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Slovenia does not use innovative sources of financing.**
- **Slovenia does not intend to step up efforts for innovative financing mechanisms with significant revenue generation potential.**
- **No further work on innovative financing mechanisms**.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries:

- **Financial tools to support private investment**

• Investment guarantees:	No
• Improvement of the overall banking system:	No
• Microfinance/ access to financial services:	No
• Risk management initiatives:	No
• Blending:	Yes
• Private public partnerships:	No
• Business and investment climate:	No
• Investment facilities:	Yes
• Export credits:	No

- **Slovenia promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies**. By voluntary codes.
- **Regarding Remittances,** Slovenia did not plan to implement solutions to improve the impact of remittances on development as there are very small amounts of remittances transferred from Slovenia.

5. AID FOR TRADE

Slovenia, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	0	0	634	350
Building Productive Capacity (Focus on Trade Development, category 2)	1 000	1 200	900	N/A
Other Trade Development (category 6)	n/a	n/a	0	N/A
Total Trade-Related Assistance	**1 000**	**1 200**	**1 534**	**350**

	2006	2007	2008	2009
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	n/a	n/a	634	350
Economic Infrastructure (category 3)	n/a	n/a	0	38
Building Productive Capacity (category 4)	n/a	n/a	900	0
Trade related adjustment (category 5)	n/a	n/a	0	0
Other Trade Related Needs (category6)	n/a	n/a	0	0
Total Aid for Trade	**1 000**	**1 200**	**1 534**	**388**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Slovenia delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **No actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries.**
- **Slovenia favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (involving a role for International Financial Institutions). EU should support discussion regarding a united approach within the IFIs.
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: No.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Slovenia supported ownership through consultations and coordination with partner countries, through Guidance and incentives for staff in partner countries and supporting partner capacity development.
- **On Conditionality**. In 2010, Slovenia carried out actions on conditionality (reported as unspecified in Slovenia answer to Monterrey Questionnaire).
- **On Transparency and Predictability**. Slovenia publicly discloses information on aid volumes through the Ministry of Finance website.[80]
- **On Alignment**. Slovenia did not integrate the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy.
- **On Harmonisation**. There are no legal and/or administrative arrangements in place to manage funds for another Member States or the EU, and/ for another Member States or the EU to manage Slovenian funds (delegated cooperation).
- **On Mutual Accountability**. No joint framework for monitoring joint commitments.
- **On Managing for Development Results.** Slovenia provides capacity building support for this.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Slovenia does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. In the World Bank, Slovenia supports EU27 speaking with common statements (terms of reference) on the basis of good coordination (especially for important issues). However, Slovenia does not support the creation of the single EU Chair in the Board of directors for fear that for important decisions it (like many other small EU member states) would be outvoted by the big EU member states. Even if not outvoted, Slovenia fears that its relative influence on taking EU positions would weaken under a single EU chair. For a small country like Slovenia, representation at the IFIs in a form of a permanent position is crucial.
- **Slovenia favours stronger Brussels based coordination on issues related to the World Bank and MDBs.**

80 *http://www.mf.gov.si/en/areas_of_work/state_aid_monitoring/*

SPAIN

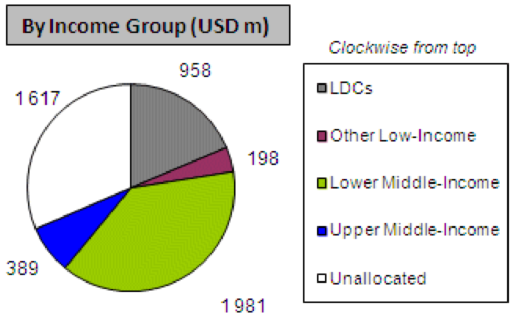
AT A GLANCE

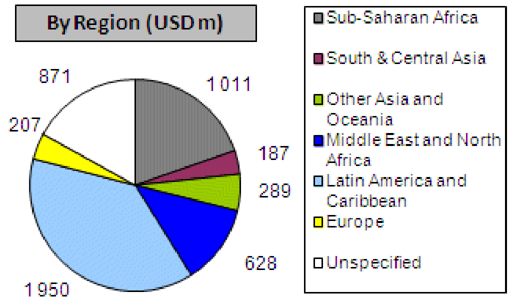
SPAIN

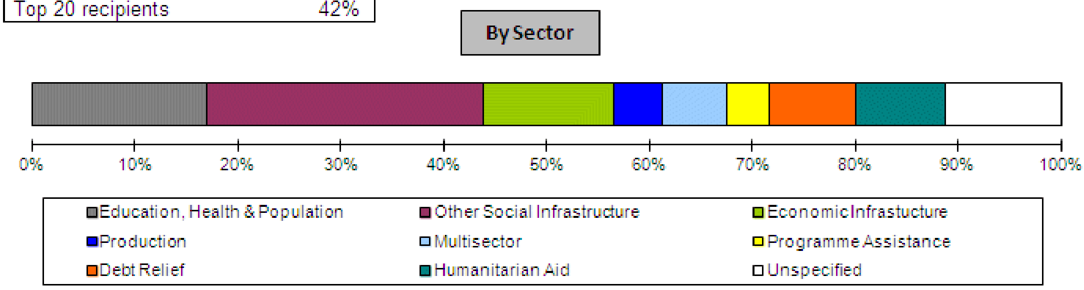
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	6 867	6 584	-4.1%
Constant (2008 USD m)	6 867	6 800	-1.0%
In Euro (million)	4 761	4 728	-0.7%
ODA/GNI	0.45%	0.46%	
Bilateral share	70%	68%	

Top Ten Recipients of Gross ODA (USD million)	
1 Guatemala	185
2 Morocco	178
3 Nicaragua	164
4 Honduras	159
5 Colombia	125
6 Peru	120
7 Turkey	115
8 El Salvador	106
9 Palestinian Adm. Areas	101
10 Bolivia	98
Memo: Share of gross bilateral ODA	
Top 5 recipients	16%
Top 10 recipients	26%
Top 20 recipients	42%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

Spain's Law 23/1998 on International Development Cooperation provides the main legal framework for Spanish aid. The Master Plan, updated every four years, sets a comprehensive framework for development policy, including strategic objectives, geographic and sectoral priorities, and the roles of various players and instruments. Parliament provides oversight, particularly through the International Cooperation for Development Commission, a permanent body in the Congress and - since the last legislature - also in the Senate.

The Secretariat of State for International Co-operation (SECI) is part of the Ministry of Foreign Affairs and Co-operation (MAEC) – and has the primary responsibility for Spanish aid policy and implementation. In 2011 there is going to be a change in the institutional setup of Spanish cooperation, in response to demands stemming from civil society. A new tool –the Development Promotion Fund- will be managed by the Spanish Agency for International Development Cooperation –AECID-. SECI also houses the Spanish Agency for International Development Cooperation (AECID) that manages Spanish Aid. AECID is the main implementing agency for bilateral assistance; the agency is undergoing a reform since 2009 to increase its capacity for bilateral aid delivery. The Ministry of Economy and Finance (MEH) manages Spanish contributions to international financial institutions and the European Commission.

Spain has set itself ambitious goals for its development cooperation through to 2012 (3rd Master Plan 2009-2012)[81]. The previous Master Plan (2005-2008) set out major improvements on past policy and practice, and Spain now faces the challenge of putting the overall vision into practice. Political support and the framework for policy coherence are strong, yet further progress depends on their more strategic and systematic use. Spain is among the few DAC members to include policy coherence for development in its legal and planning framework

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of customs, judiciary and tax administrations in developing countries:** Spain provides aid in these fields to EU candidate countries, EU Neighbourhood Policy countries, Asia, Latin America and ACP Countries (support to administrations and policy of: Customs, Semi-autonomous Revenue Authorities and Ministries of Finance).
- **Spain has been actively involved in the Task Force on Taxes on International Financial Transactions for Development** and in the Secretariat of the Experts Committee of Taxes on International Financial Transactions. In his speech at the General Assembly of United Nations (September 2010), the President of the government of Spain announced its support to this mechanism and its coordinated implementation worldwide.
- **Support to promote good governance in tax matters**: Yes
- **Bilateral Tax Information Exchange Agreements and Double Taxation Conventions since 2010**: (i) Signed with Andorra (TIEA), The Netherlands Antilles(TIEA), Aruba(TIEA),Bosnia and Herzegovina (DTC),Costa Rica(DTC),Luxembourg (DTC), Serbian (DTC); (ii) under negotiation with Bahamas (TIEA), San Marino (TIEA), Albania(DTC), Barbados (DTC), Georgia (DTC), Pakistan (DTC), Panama (DTC), Uruguay (DTC), Singapore (DTC), Switzerland (DTC)
- **State of ratification of/adherence to international conventions/initiatives on tax issues:**

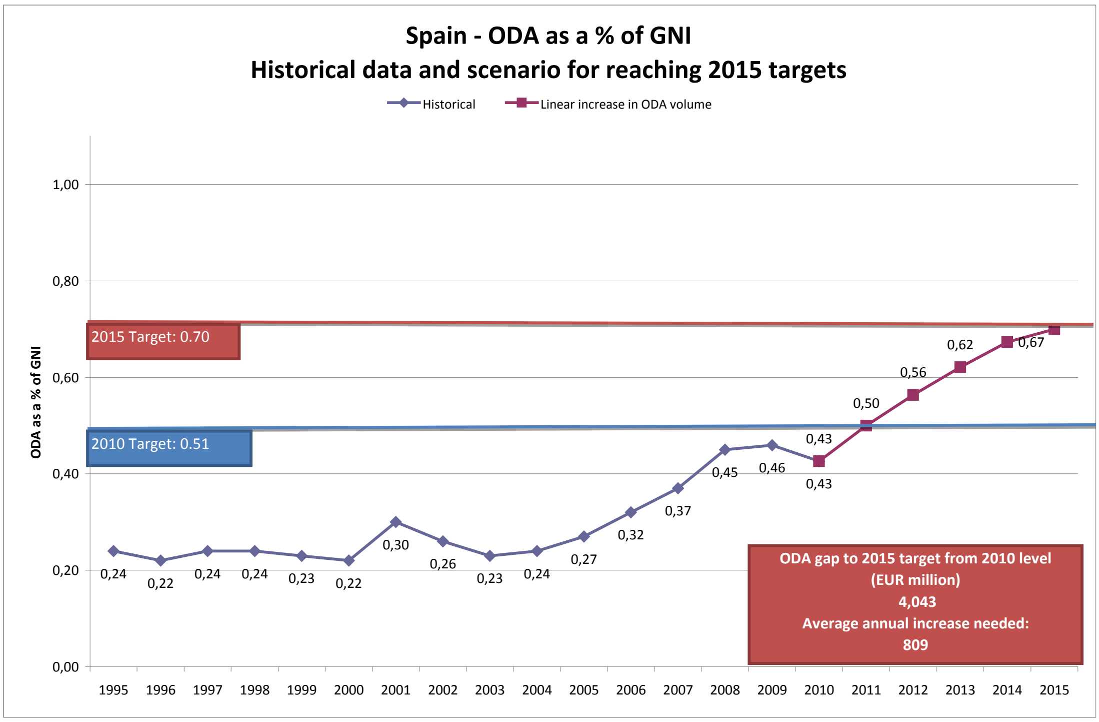
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	Yes
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	Yes
• IMF Topical Trust Fund on Tax policy and administration:	No
• OECD's Centre for Tax Policy and Administration (CTPA)	Yes
• Intra European Organisation of Tax Administration (IOATA)	Yes

81 *http://www.maec.es/es/Home/Documents/PLANAFRICA09_12EN.pdf*

2. SCALING UP ODA

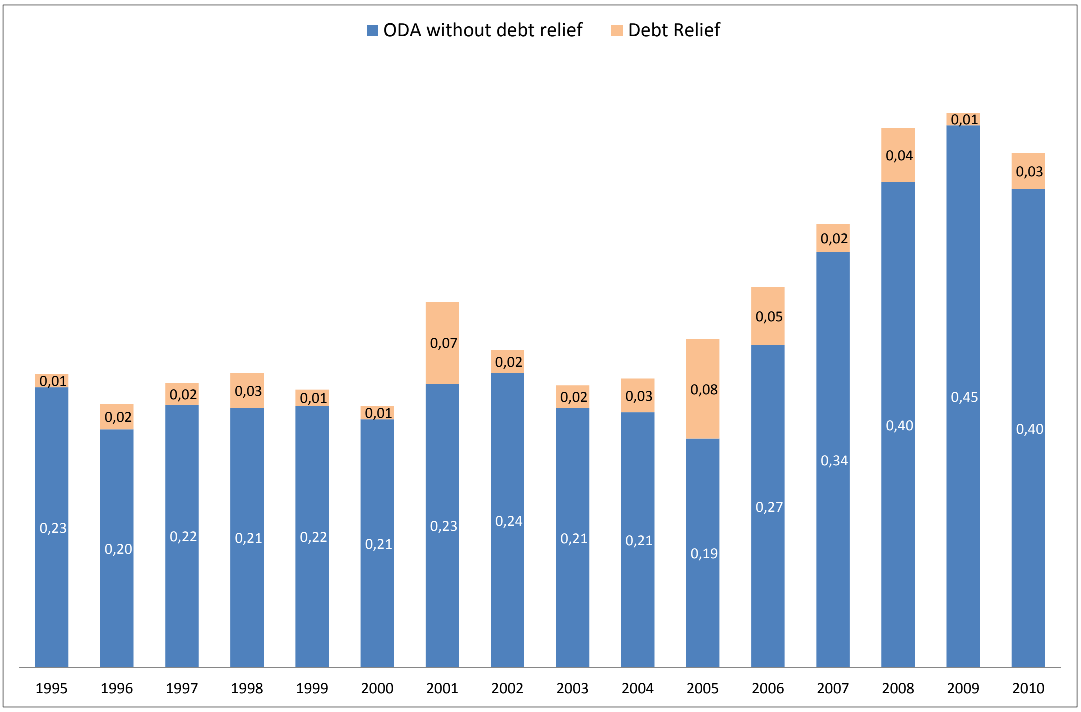
ODA Individual commitments and gap to target

- **Spain's ODA was 0.43% of GNI or EUR 4467 million in** 2010 (*preliminary*), a decrease by 5.9% in real terms from 0.46% in 2009, thereby missing the ODA target to provide 0.51% of GNI by 2010.



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Spain - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

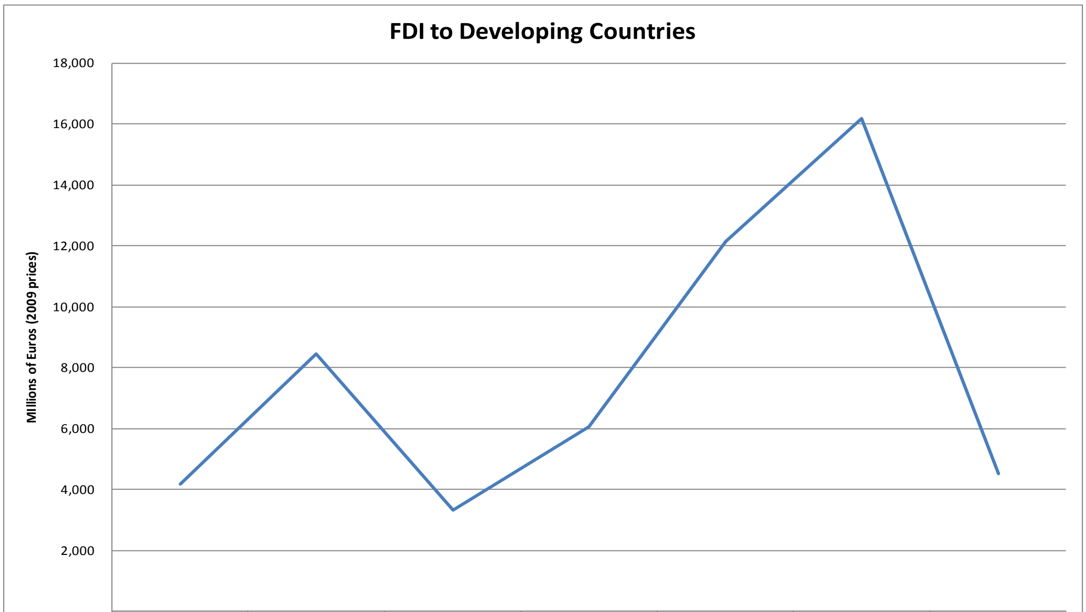
- **"Realistic, verifiable actions for meeting individual ODA commitments until 2015" taken in 2010**: At the beginning of February 2011 the Spanish Parliament adopted a resolution urging the government to develop a multiannual plan by the end of this year, in order to ensure timely accomplishment of the 0.7% target by 2015.
- Due to the fact that EU collective aid increases of ODA towards Africa include all efforts made by individual member states, it should be highlighted that between 2005 and 2009 **40% of the whole Spanish geographically specified ODA was channelled to Africa.**
- **Spain will not reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010**.

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Innovative source of financing**: Airline Ticket Tax/contribution, International Financing Facility for Immunisation (IFFIm). Spain implemented other initiatives: Debt for development projects (Tanzania and Ghana in 2009), and Debt4Education (El Salvador 2005-2010).
- **Spain intends to step up efforts for innovative financing mechanisms with significant revenue generation potential.** Spain has been actively involved in the Task Force on International Transaction for Development and in the Secretariat of the Experts Committee of Taxes for International Financial Transactions. In his speech at the General Assembly of United Nations (September 2010), the President of the government of Spain announced the support to this mechanism and to its coordinated implementation all over the world.
- **Further work on innovative financing mechanism:** Spain committed to holding the Presidency for the Leading group on innovative finance for development the second semester of 2011.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries - Foreign Direct Investment



	2003	2004	2005	2006	2007	2008	2009
Spain	4,193	8,454	3,346	6,061	12,145	16,177	4,520

Source: OECD/ DAC

- **Financial tools to support private investment**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: Yes
  - Blending: Yes
  - Private public partnerships: No
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: No

- **2010 has been the first year when Spain has conducted financial operations, other than microfinance**, in order to contribute to its development goals. Spain is investing in Private Equity Funds which in turn invest in development countries specifically in SMEs, targeting Spain investment (when the capital of the Funds is structured) in the First Loss or the Mezzanine categories. The recently approved FONPRODE act (Development Fund) contemplates the development of fully untied credit and investment operations in order to contribute to achieving goals established in Spain's 3rd Master Plan
- **Spain promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility.** Within the 3rd Master Plan of the Spanish Cooperation, the promotion of the adoption by Spanish Companies of the CSR standards is a guideline. A Working Group set up within the Spanish Development Cooperation Council in 2010 was created for better following up the adoption of CSR policies within the private sector and for enhancing complementarity between private and public policies in this regard. Spain is one of the long term supporters of the Global Compact, and Spain's Local Network of Spanish Companies which are committed with GC principles, is one of the largest in the world
- **Spain supports the EITI and the Global Compact** and has also developed a tool to work with companies that only meet certain criteria of Corporate Responsibility.
- **The Spanish Master Plan includes a guideline to establish CSR conditions for companies** that may agree partnerships with other actors to manage ODA resources in a Public Private modality. **During 2010** the Ministry for Foreign Affairs and Cooperation worked to define a methodology for the eligibility of private companies as partners of the public development policy which includes CSR and specifically Human Rights, Environment and social conditions. As regards the new financial instruments that the Spanish Cooperation put in place during 2010, the Spanish investment policy will include a specific Environment and Social governance of the financial operations as a necessary prerequisite.

Remittances

- **Spain implemented solutions internally and in cooperation with third countries to overcome barriers to migrants** and their families' access to financial services
- **The Spanish Central Bank developed monitoring indicators** in its latest annual report [82] , indicating that the number of registered operators at the end of July had grown from 43 to 47, the number of offices from 130 to 153, and the number of total agents with authorisation for providing remittances sending services from 9760 to 11869 persons. Regarding remittance transfers volume in 2009, it registered a slight increase in relation to 2008, with no significant difference in relation to the main recipient countries
- **Spain implemented the "General Principles for International Remittances Services"** agreed by the Committee on Payments and Settlements Systems (CPSS).
- **Other initiatives to increase competition and transparency in the remittance market and to reduce remittance transfers costs.** Yes. The new Spanish regulation for Payment Services, which entered into force on December 4th 2009, following the European Directive on Payment Services, will allow greater liberalisation of markets. According to the new regulation, the amount of capital needed to start operating as MTO has been reduced from EUR 300000 to EUR 20000, which will make it possible for some migrants' associations to create their own businesses.

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82 *http://www.bde.es/webbde/es/Secciones/Publicaciones/InformesBoletinesRevistas/BoletinEconomico/10/Jul/Fich/art8.pdf)*

Spain has robust and reliable data concerning the amounts and destination of remittances from Spain. Spain adopted/ intends to adopt the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group".

5. AID FOR TRADE

Spain, AfT Commitments (in EUR thousands)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	633	5 475	4 535	2 692
Building Productive Capacity (Focus on Trade Development, category 2)	56 829	67 955	128 800	214 101
Other Trade Development (category 6)	0	0	0	98 198
Total Trade-Related Assistance	**57 462**	**73 430**	**133 335**	**314 992**
Wider Aid for Trade Agenda				
Trade Policy and Regulations (category 1)	633	5 475	4 535	2 692
Economic Infrastructure (category 3)	471 993	244 132	301 918	329 370
Building Productive Capacity (category 4)	88 473	224 538	315 529	327 205
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	98 198
Total Aid for Trade	**561 098**	**474 145**	**621 982**	**757 465**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Spain delivered on its HIPC/ MDRI commitments** (including vis-à-vis IDA/ AfDB) without delay.
- **Actions/steps taken in 2010 to help restore and preserve debt sustainability in low-income countries**: The Spanish debt policy with low income countries goes beyond regular Highly Indebted Poor Countries Initiative (HIPC) relief. In particular, Spain provides full relief of debts contracted before 2003 by these countries towards Spain. This debt relief is partially carried out through Debt Swap Agreements, which devote the debt resources to finance development projects in these countries. In 2009 and 2010, Spain has signed Debt Swaps Programmes with LICs and HPCs, including: Mozambique, Ghana and Bolivia.
- **Spain favours reform of the international architecture for restructuring of sovereign debts** in order to deal with potential future cases of debt distress in low-income countries (through the Paris Club and through collective action clauses in debt contracts)
- **Specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of "vulture funds")**: Yes. Spain does not sell debt of these countries. Besides, Spain participates

actively in all forums, including the Paris Club, which is working towards a coordinated fight against the implications of the actions of the "vulture funds" for debtor countries

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership**. In 2010, Spain supported ownership through consultations and coordination with partner countries, guidance and incentives for staff in partner countries and by supporting partner capacity development
- **On Conditionality**. In 2010, Spain progressed by harmonising with other donors and making conditionalities public.
- **On Transparency and Predictability**. Spain publicly discloses information on aid volumes through website and through a database at country level. The PACI (Annual Plan for International Cooperation) reflects the expenditure plans of all actors of the Spanish Cooperation System per year. The "PACI Follow Up" (also annual) reflects the actual disbursements of every actor in a given year. Both the PACI and the PACI Follow Up for every year are public and available in the following website: www.maec.es. They are also published and distributed among all Spanish cooperation actors
- **On Alignment**. Spain partially integrated the principles of the Code of Conduct on Complementarity and Division of Labour in its development strategy
- **On Harmonisation**. Currently Spain is managing funds on delegated cooperation as a leader donor in Cape Verde, Afghanistan and Peru. As silent donor, Spain delegates to other donors in Cambodia (2010) and in Mali (from May, 2009); Spain delegates its responsibilities in Mali to The Netherlands through technical cooperation. Certification by EC is currently under process to allow AECID manage funds from the EU.
- **On Mutual Accountability**. Spain established a joint framework for monitoring joint commitments with its priorities countries through their Country Partnership Frameworks (CPF)
- **On Managing for Development Results.** Spain provides capacity building support for this

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Position on improving the voice of the EU and its Member States within International Financial Institutions.** Spain does not support a single EU Chair for the IMF in order for the EU27 to speak with one voice. In the short term, given the amount of national resources EU countries contribute to replenishments of IDA and other soft financial windows of the MDBs, EU countries need to maintain a degree of autonomy in building their national position in order to be truly accountable to their constituencies back home regarding such contributions. Since the mandate and contributions to the IFIs are still national (for instance, surveillance is undertook at the national level), one EU 27 voice is not a viable option in the short-run. There should be, however, enhanced coordination and consistency among EU countries positions through ad-hoc coordination by European Board representatives before Board meetings at the MDBs, although not through a Brussels based mechanism. The current coordination system through EFC-SCIMF and EURIMF provides a good ground to channel shared views on the key issues.
- **Spain does not favour stronger Brussels based coordination on issues related to the World Bank and MBB's**

SWEDEN

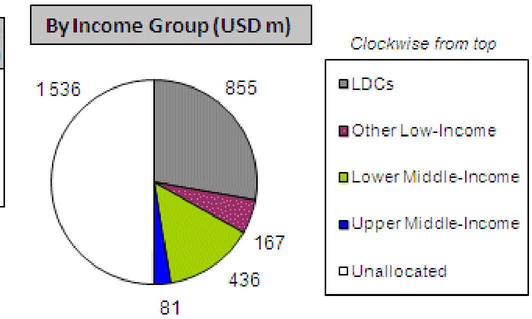
AT A GLANCE

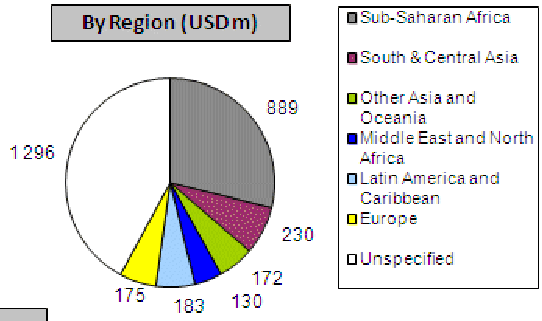
SWEDEN

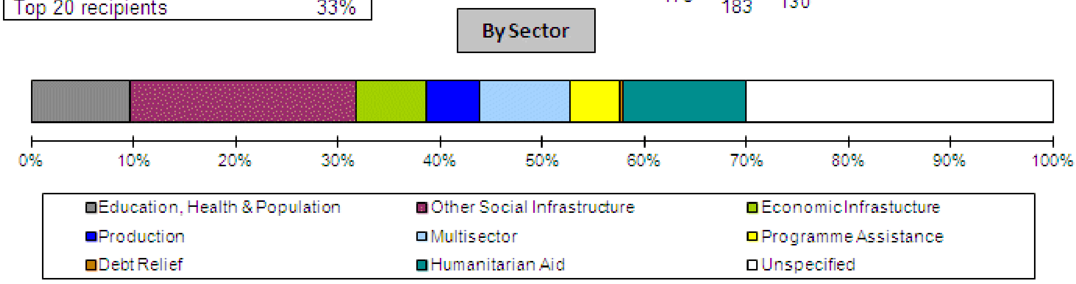
Gross Bilateral ODA, 2008-09 average, unless otherwise shown

Net ODA	2008	2009	Change 2008/09
Current (USD m)	4 732	4 548	-3.9%
Constant (2008 USD m)	4 732	5 085	7.5%
In Swedish Kronor (million)	31 607	34 713	9.8%
ODA/GNI	0.98%	1.12%	
Bilateral share	66%	66%	

Top Ten Recipients of Gross ODA (USD million)	
1 Tanzania	111
2 Mozambique	109
3 Afghanistan	77
4 Palestinian Adm. Areas	69
5 Kenya	66
6 Congo, Dem. Rep.	65
7 Sudan	60
8 Uganda	58
9 Ethiopia	46
10 Bangladesh	42
Memo: Share of gross bilateral ODA	
Top 5 recipients	14%
Top 10 recipients	23%
Top 20 recipients	33%







Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The foundation of Swedish development policy is the Policy for Global Development that was adopted by Parliament in 2003. It requires all policy areas to cooperate toward the same goal: fair and sustainable global development. Sweden is determined to dedicate 1% of GNI to ODA and the latest annual Budget Bill (autumn 2010) establishes this level for 2011 and as a prognosis for the years 2012-14.[83] In 2007 Sweden reduced the number of partner countries to 33. There has also been a thematic focus, with priority given to democracy and human rights, gender equality and climate and environment.[84] The Ministry of Foreign Affairs manages most of Sweden's core contributions to multilaterals, while Sida, an independent agency under the Ministry, manages 80% of Sweden's bilateral aid.[85]

83 *http://www.sweden.gov.se/sb/d/2798*
84 *http://www.sweden.gov.se/sb/d/11962*
85 *OECD DAC Peer review Sweden 2009*

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: Sweden provides support to developing countries' tax administration (semi-autonomous revenue authorities and ministries of finance) in Asia and ACP countries. In addition, support is provided to national parliaments, governments, audit institutions and civil society organisations to strengthen public financial management.
- **Promotes the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: None
- **State of ratification of/ adherence to international conventions/ initiatives on tax issues:**

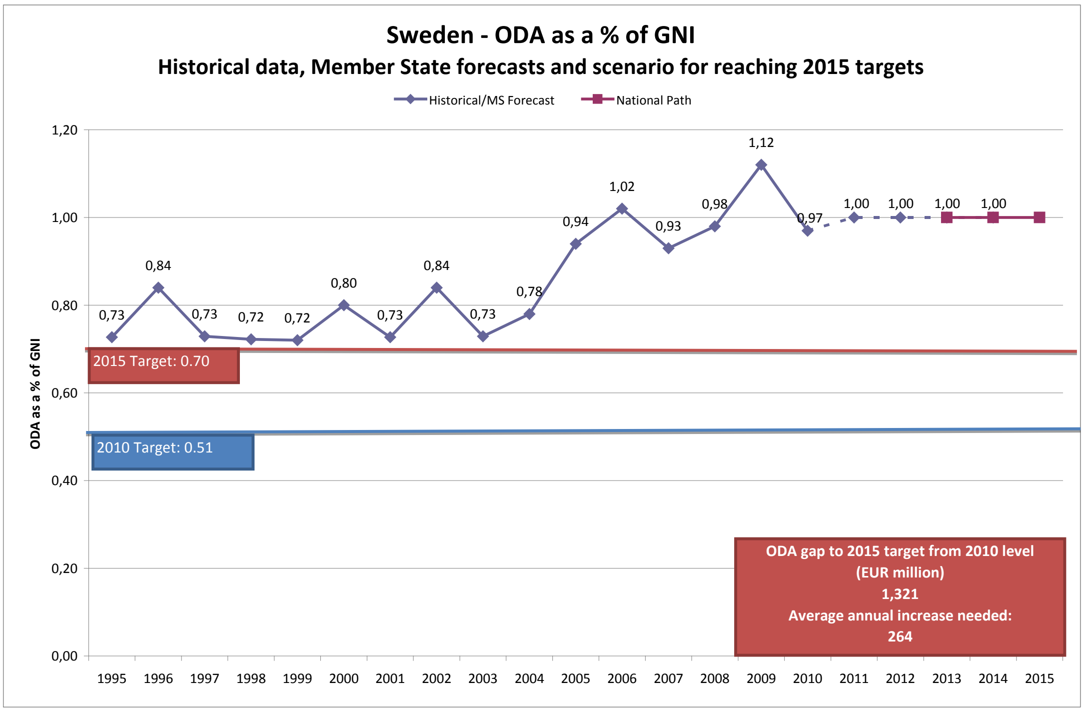
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	No
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	No
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes

- Sweden finances, together with the governments of Denmark, Norway and others, an anti-corruption portal, www.business-anti-corruption.com.

2. SCALING UP ODA

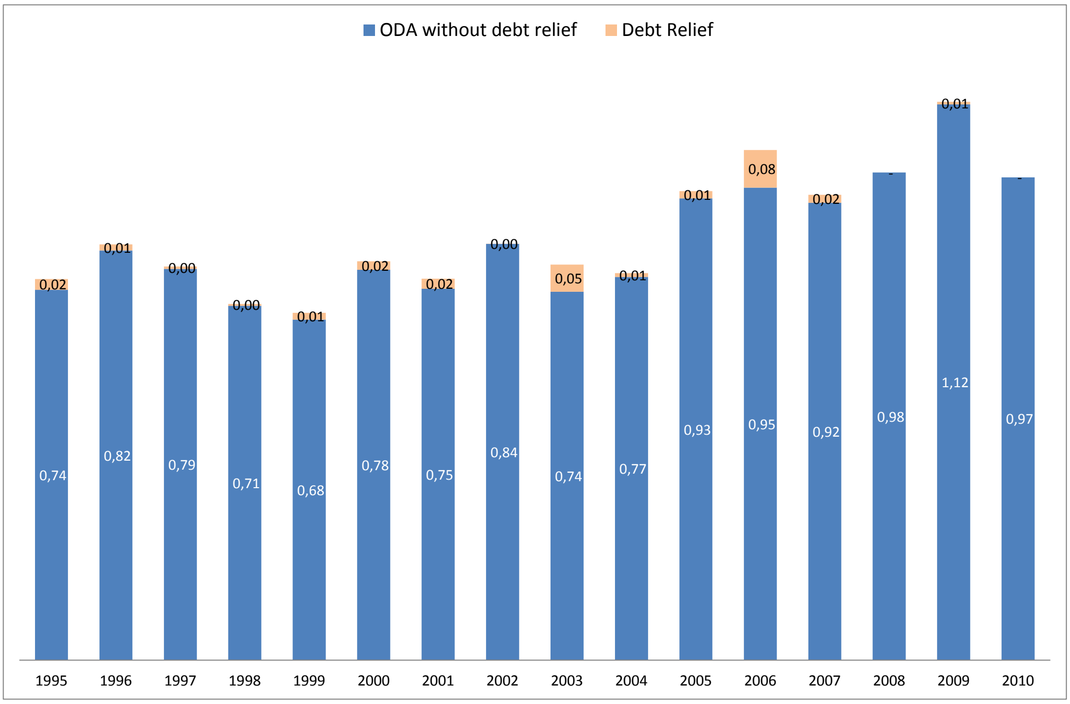
ODA individual commitments/gap to agreed targets

- **Sweden is already meeting the 2015 0.7% ODA/GNI target.** The Government will maintain Swedish development assistance at the level of 1% GNI. ODA/GNI was 0.97% in 2010 compared to 1.12% in 2009.
- **Sweden spent EUR 3418 million on ODA in 2010** (*preliminary*), a decrease of 7.1% in real terms on 2009.
- **Debt relief made up only 2% of Swedish ODA during the period 2004 – 2009.**



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

Sweden - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

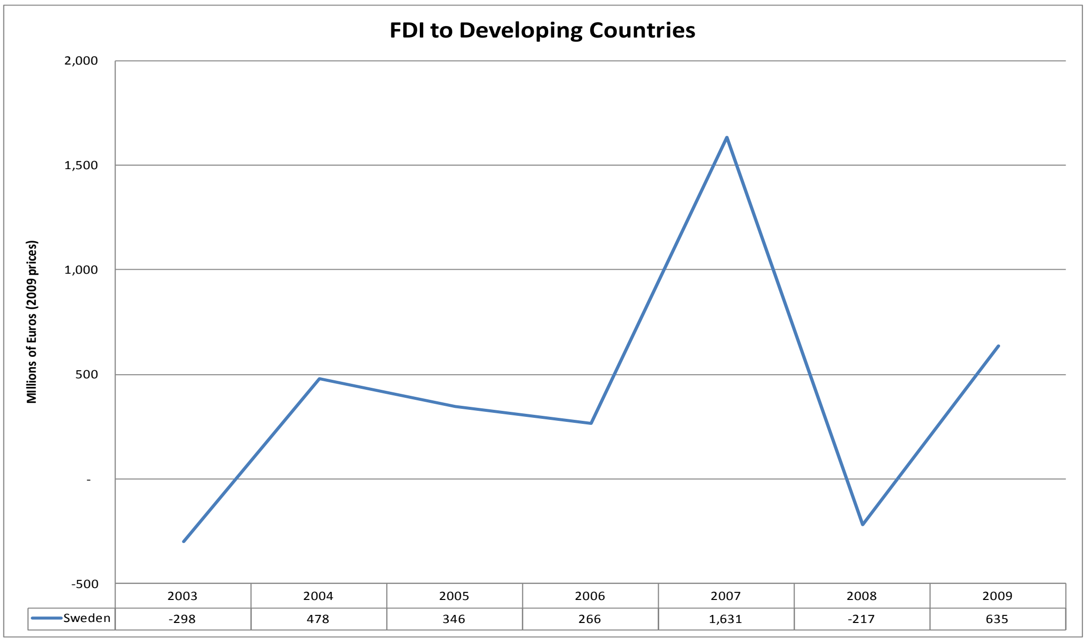
- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** Sweden reached its 1% target in 2006.
- **The Swedish Government has focused its development cooperation to fewer countries and this has led to a stronger focus on Africa.** Over time the Sweden expects this to lead to increased relative allocations to Africa.
- **Sweden has exceeded the target of 0.20% ODA/GNI to LDCs since 2000.**

3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **Sweden supports the International Financing Facility for Immunisation (IFFIm)** with SEK17.9 million in 2009 and 2010. Sweden has no intention to step up efforts for innovative financing mechanisms.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries - Foreign Direct Investment:



Source: OECD/ DAC

- **Financial tools to support private investment:**
  - Investment guarantees: Yes
  - Improvement of the overall banking system: No
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: Yes
  - Blending: No
  - Private public partnerships: Yes
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: Yes

- **Sweden promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies.** See Box.

Activities supported by Sweden in the area of
Corporate Social and Environmental Responsibility

- the UN Global Compact centrally and various country initiatives).
- the OECD's Risk Awareness tool for Multinational Enterprises – distribution of the tool to a large number of companies, translations into Chinese, and so on.
- Realising Rights: the Ethical Globalisation Initiative (EGI) spearheaded by Mary Robinson. CSR is one of the core activities of EGI with a focus on a few countries (e.g. Liberia and Ghana) in Sub-Saharan Africa.
- Financial contribution to the UN Secretary-General on the issue of human rights and transnational corporations and other business enterprises, for which John Ruggie is Special Representative. John Ruggie has published draft guiding principles for the implementation of the UN Protect, Respect, Remedy Framework on business and Human Rights, November 2010.

- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: None
- **Sweden has currently no plans to implement solutions internally or in cooperation with third countries to overcome barriers to migrants and their families' access to financial services.** The issue of migration is one of the global challenges identified in a restart of Sweden's Policy for Global Development (2008), but activities so far have been limited. The initiative lies with the Minister of Finance, but at the moment there are no plans to work on the issue.

5. AID FOR TRADE

Sweden, AfT Commitments (in EUR million)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	20.470	27.640	25.359	36.256
Building Productive Capacity (Focus on Trade Development, category 2)	4.254	1.778	10.261	38.750
Other Trade Development (category 6)	0	0	0	0
Total Trade-Related Assistance	**24.724**	**29.418**	**35.621**	**75.006**

Wider Aid for Trade Agenda	**2006**	**2007**	**2008**	**2009**
Trade Policy and Regulations (category 1)	20.470	27.640	25.359	36.256
Economic Infrastructure (category 3)	69.671	57.641	78.993	32.032
Building Productive Capacity (category 4)	168.957	181 315	121 107	179.013
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	0
Total Aid for Trade	**259.098**	**266.597**	**225.459**	**247.302**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **Sweden has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **Sweden sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- No specific interventions to prevent aggressive litigation against HIPCs have been taken since there have been no cases under Swedish legislation.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** Sweden supported country ownership in 2010 through consultation and coordination with partner countries, guidance and incentives for staff in partner countries and by supporting partner capacity development.
- **On Conditionality.** Sweden has carried out the following actions on conditionalities in 2010: harmonisation with other donors and making conditionalities public.
- **On Transparency and Predictability**. Sweden publicly discloses information on aid volume on the internet. Sweden is currently preparing a public aid database including activity level information in an open format. A website will open shortly. Parallel to this, work is underway to implement the International Aid Transparency Initiative (IATI) standard and to prepare a database to deliver information to the IATI registry.
- **On Alignment.** Sweden has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. A general legal mandate has been given to Sida from the Swedish government in the annual letter of appropriation to enter into delegated cooperation, but there is no mechanism in place at headquarters level to track cases of delegated cooperation.
- **On Mutual Accountability**. Sweden has established a joint framework for monitoring joint commitments in Burkina Faso, Mozambique, Rwanda, Tanzania, Uganda and Zambia.
- **On Managing for Development Results**. Sweden provides capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **Sweden does not share the view that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies. Sweden believes that adequate Board representation is a pre-requisite for EU countries to continue to channel substantial sums of non-earmarked core funding through the IFIs. One EU voice would weaken individual countries' influence and might affect their ability to continue channelling such substantial amounts through the IFIs.
- **Sweden does not support stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.** However, Sweden believes that in some cases Brussels based coordination may be both relevant and useful, e.g. as was the case during the voice reform negotiations and the discussions on capital increases for MDBs in 2009-2010.

UNITED KINGDOM

AT A GLANCE

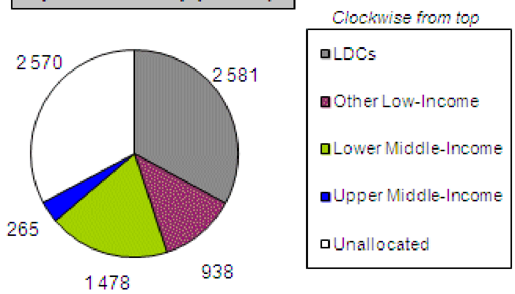
UNITED KINGDOM

Net ODA	2008	2009	Change 2008/09
Current (USD m)	11 500	11 491	-0.1%
Constant (2008 USD m)	11 500	13 162	14.5%
In Pounds Sterling (million)	6 356	7 356	15.7%
ODA/GNI	0.43%	0.52%	
Bilateral share	64%	67%	

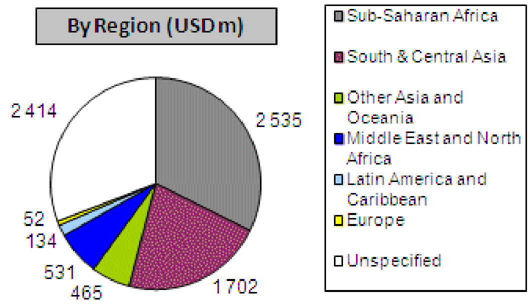
Top Ten Recipients of Gross ODA (USD million)	
1 India	654
2 Iraq	344
3 Afghanistan	323
4 Ethiopia	298
5 Bangladesh	251
6 Sudan	246
7 Pakistan	239
8 Tanzania	236
9 Congo, Dem. Rep.	209
10 Nigeria	202
Memo: Share of gross bilateral ODA	
Top 5 recipients	24%
Top 10 recipients	38%
Top 20 recipients	54%

Gross Bilateral ODA, 2008-09 average, unless otherwise shown

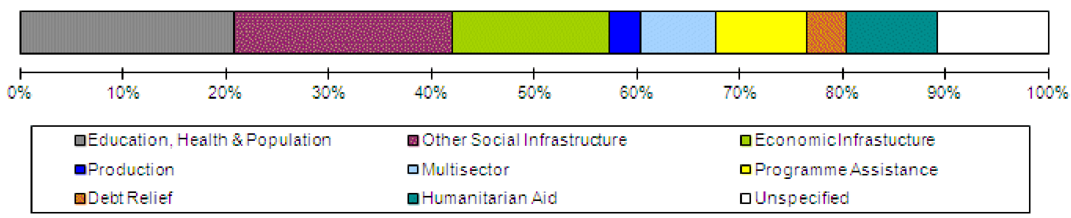
By Income Group (USD m)



By Region (USD m)



By Sector



Source: OECD - DAC ; www.oecd.org/dac/stats

POLICY FRAMEWORK

The legal basis of the UK development co-operation programme is the International Development Act 2002 that stipulates that poverty reduction should be the purpose of development assistance. The most recent white paper on development (2009) sets four key priorities: (i) achieving sustainable growth in the poorest countries; (ii) combating climate change; (iii) supporting conflict prevention and fragile states; and (iv) reinforcing the international aid system's efficiency and effectiveness. The Department for International Development (DFID) manages 86% of the UK's ODA.[86]

86 OECD DAC Peer Review UK 2010

The UK is committed to reaching a GNI/ODA target of 0.7% by 2013. Reviews of UK aid were published in 2011, and on that basis the UK has decided to reduce the number of partner countries from 43 to 27 and focus its multilateral contributions.[87]

I. INCREASING FINANCIAL RESOURCES FOR DEVELOPMENT AND GLOBAL CHALLENGES

1. IMPROVING DOMESTIC RESOURCE MOBILISATION

- **Support to reform programmes for capacity development of custom, judiciary and tax administrations in developing countries**: The UK provides support to developing countries' tax policy and administration (customs, semi-autonomous revenue authorities and ministries of finance) in EU candidate and EU Neighbourhood Policy countries, Asia, Latin America and ACP countries. In addition, support is provided to national parliaments, governments, audit institutions and civil society organisations to strengthen public financial management.
- **Promotes the principles of good governance in tax matter**: Yes
- **New Bilateral Tax Information Exchange Agreements and Double Taxation Conventions of 2010**: i) Agreements concluded: Antigua and Barbuda, Belize, Dominica, Georgia, Grenada, Liberia, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, South Africa; ii) Agreements under negotiation: Albania, Armenia, Brazil, China, Croatia, Ethiopia, Malawi, Marshall Islands, Mauritius, Peru, Thailand; iii) Agreements planned: Barbados, Belarus, Costa Rica, Panama.
- Support/ratification of/adherence to international conventions/initiatives on tax issues:

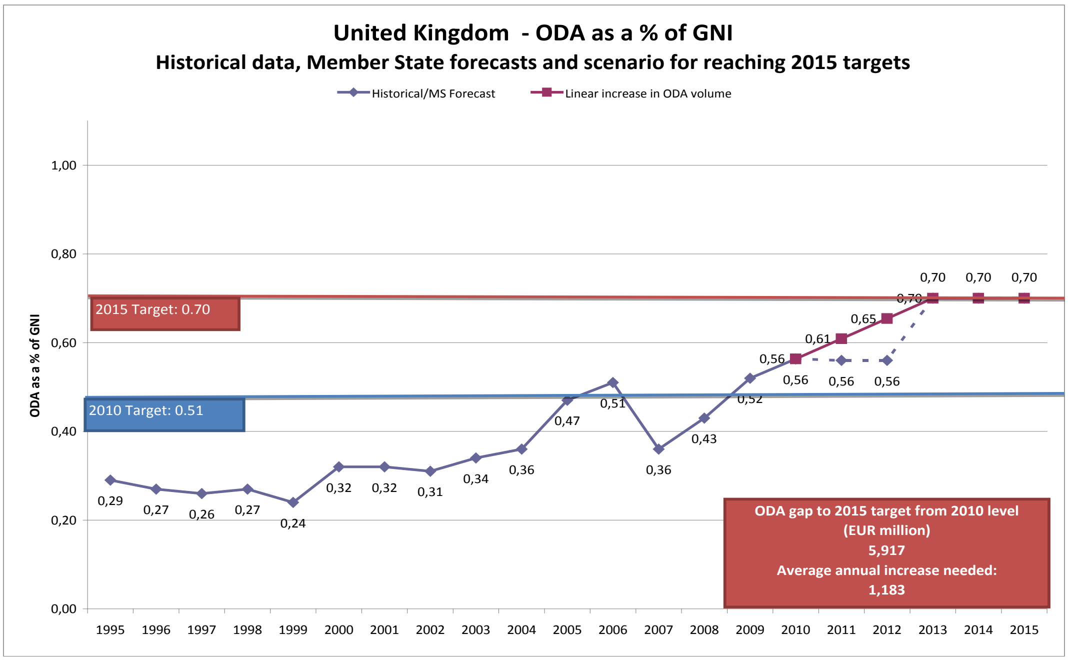
• IMF Regional Technical Assistance Centres:	Yes
• International Tax Dialogue:	Yes
• International Tax Compact:	No
• African Tax Administration Forum (ATAF):	Yes
• Centro Inter-Americano de Administraciones Tributarias (CIAT):	No
• IMF Topical Trust Fund on Tax policy and administration:	No
• United Nations Convention against Corruption (Merida):	Yes
• OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions:	Yes
• Stolen Assets Recovery initiative (STAR):	Yes
• Extractive Industry Transparency Initiative (EITI):	Yes

2. SCALING UP ODA

ODA individual commitments/gap to agreed targets

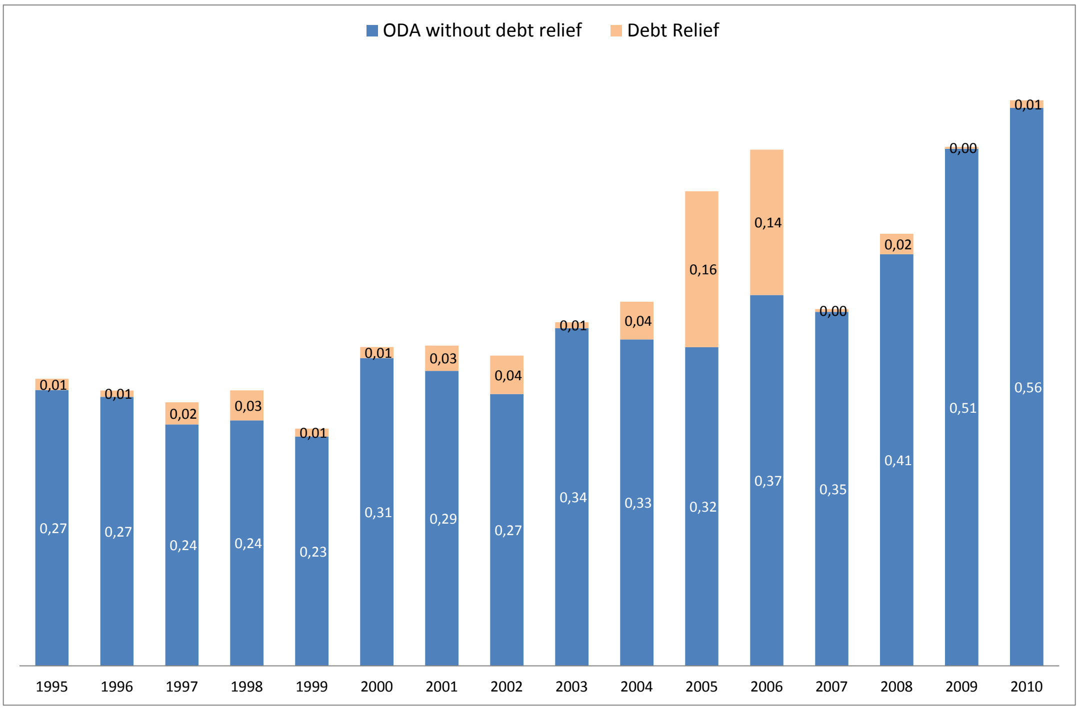
- **The UK is committed to meeting the 2015 0.7% ODA/GNI target.** The most recent Spending Review (2010) supports this target, but maintains the level to 0.56 until 2012. This means that the UK aid budget would have to increase some 0.16 percentage points or GBP 3 billion between 2012 and 2013 for the 0.7% target to be achieved.[88] ODA/GNI was 0.56% in 2010 compared to 0.52% in 2009.
- **The UK spent EUR 10391 million on ODA in 2010** (*preliminary*), a 19.4% increase in real terms compared to 2009.
- **Debt relief made up 13% of British ODA during the period 2004 – 2009.**

87 *http://www.dfid.gov.uk/Media-Room/Speeches-and-articles/2011/BAR-MAR-oral-statement/*
88 *http://cdn.hm-treasury.gov.uk/sr2010_chapter2.pdf*



Source: OECD/ DAC data for 1995 – 2010; Commission simulation based on information provided by EU Member States or based on agreed EU commitments for 2010 and 2015. ODA in current prices.

UK - Share of debt relief in ODA volumes



Source: OECD/DAC data for 2002-2010

- **"Realistic, verifiable actions for meeting your individual ODA commitments until 2015" taken in 2010:** The UK Government has set out its commitment to increase Official Development Assistance (ODA) to 0.56 per cent in 2011 and 2012 and 0.7 per cent of Gross National Income (GNI) from 2013 in line with the UK's international commitments to help the very poorest in the world. The Spending Review 2010, published on 20 October 2010 sets out the figures for each year up to 2014 in clear spending plans. The UK's

ODA budget will increase every year between now and then. In addition the UK government will enshrine in law during the first session of parliament (before April 2012) its commitment to spend 0.7 per cent of GNI as ODA from 2013.

- **Have you taken or do you plan to take measures to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa?** The UK's overall resource allocation process is currently taking place and will be completed by mid-March.
- **The UK will reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards**.

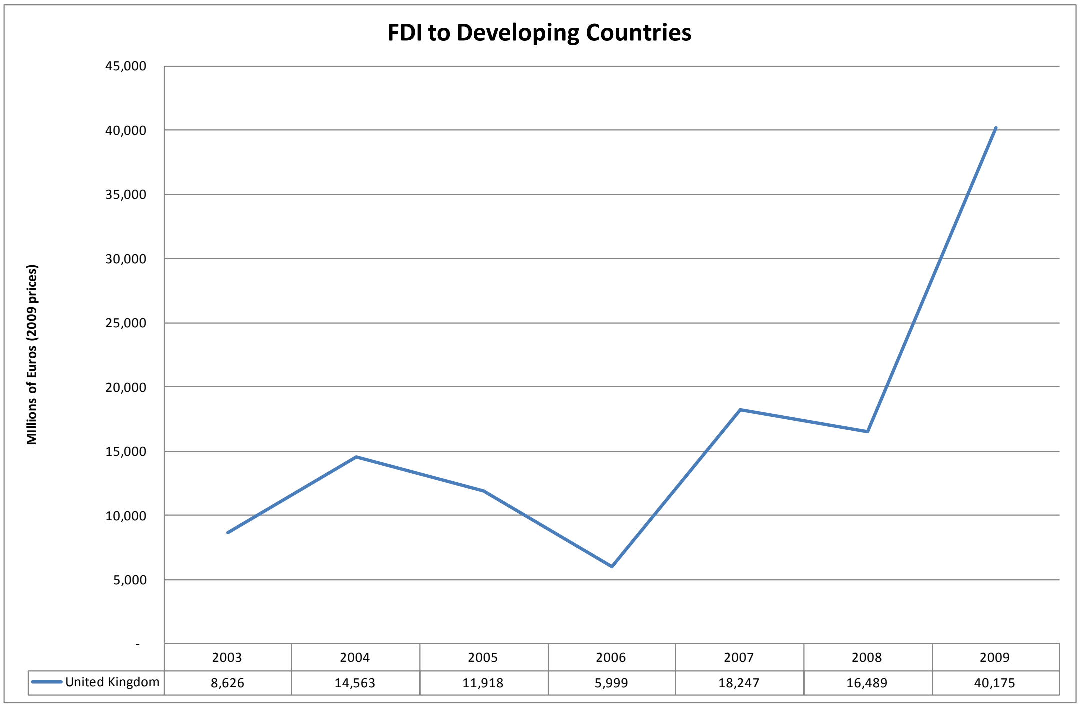
3. SUPPORT FOR/ USE OF INNOVATIVE SOURCES AND MECHANISMS OF FINANCING DEVELOPMENT

- **The UK supports the following innovative financing mechanisms:**
  - International Financing Facility for Immunisation (IFFIm) - GBP 34.5 million in 2010
  - Advance Market Commitments (AMCs) - GBP 15.5 million in 2010
  - Private Infrastructure Development Group – USD 13.1 million in 2010

- **The UK is open to engaging with IFMs in future** and supports the exploration of possible routes. The UK engaged in such discussions via a number of international policy fora including EU discussions and the Leading Group on Innovative Financing for Development.

4. LEVERAGING PRIVATE FLOWS FOR DEVELOPMENT

Support to private investment in developing countries - Foreign Direct Investment:



Source: OECD/ DAC

- **Financial tools to support private investment:**
  - Investment guarantees: No
  - Improvement of the overall banking system: Yes
  - Microfinance/ access to financial services: Yes
  - Risk management initiatives: No
  - Blending: No
  - Private public partnerships: Yes
  - Business and investment climate: Yes
  - Investment facilities: Yes
  - Export credits: No

- **The UK promotes the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility** by European companies through adherence to the OECD Guidelines on Multinational Enterprises and the Kimberley process.
- **New initiatives in relation to including social and environmental clauses in ODA-financed public procurements**: None
- **The UK has implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS)**.

5. AID FOR TRADE

UK, AfT Commitments (in EUR million)

	2006	2007	2008	2009
Trade-Related Assistance				
Trade Policy and Regulations (category 1)	64.311	21.449	62.741	152.932
Building Productive Capacity (Focus on Trade Development, category 2)	41.491	10.805	29.647	625.265
Other Trade Development (category 6)	0	0	0	6.506
Total Trade-Related Assistance	**105.803**	**32.254**	**92.388**	**784.702**

Wider Aid for Trade Agenda	**2006**	**2007**	**2008**	**2009**
Trade Policy and Regulations (category 1)	64.311	21.449	62.741	152.932
Economic Infrastructure (category 3)	85.951	90.252	226.262	347.122
Building Productive Capacity (category 4)	330.075	268.643	950.580	828.817
Trade related adjustment (category 5)	0	0	0	0
Other Trade Related Needs (category 6)	0	0	0	6 506
Total Aid for Trade	**480.337**	**380.344**	**1,239.583**	**1,335.377**

Source: OECD CRS Database (latest update)

6. REDUCING THE DEBT BURDEN OF DEVELOPING COUNTRIES

- **The UK has delivered on its commitments to the HIPC and MDRI initiatives**, including commitments towards IDA and the African Development Bank.
- **The UK sees no need for reform of the international architecture for the restructuring of sovereign debts**.
- **The UK has taken a specific measure to prevent aggressive litigation against HIPCs** through the Debt Relief (developing countries) Act (2010) that prevents litigation against HIPCs in UK courts.

II. IMPROVED EFFECTIVENESS OF SUPPORT TO DEVELOPING COUNTRIES

7. MORE EFFECTIVE EU AID

- **On Ownership.** No additional actions were taken in 2010. Support for country ownership is already integrated into DFID's policies and procedures.
- **On Conditionality.** The UK has carried out the following actions on conditionalities in 2010: harmonisation with other donors and making conditionalities public.
- **On Transparency and Predictability**. The UK publicly discloses information on aid volume on the internet and through databases at country levels. In addition, the UK will start to publish information through the International Aid Transparency Initiative online registry by end January 2011.
- **On Alignment.** The UK has integrated the principles of the Code of Conduct on Complementarity and Division of Labour in strategies, staff guidance and programming processes/guidelines.
- **On Harmonisation**. The UK has arrangements in place for delegated cooperation with members of the Nordic+ group and with the European Commission. Cases of delegated cooperation are tracked informally. Some examples:

Recipient country	Partner for delegated cooperation	Modality/explanation
Sudan	Netherlands, Norway, Canada and others	Basic Services Fund
Sierra Leone	Sweden	Basic Education
Mozambique	Netherlands	Water and Sanitation

On Mutual Accountability. The UK works with joint frameworks for monitoring joint commitments together with other development partners and partner countries. In 2010 mutual accountability frameworks were established and reviewed in a number of countries including Bangladesh (joint cooperation strategy), Ghana (through aid policy and joint donor Performance Assessment Framework), Nepal (through the joint transparency and accountability initiative with the UN and a number of bilateral donors), Uganda (supporting development of an aid policy and joint MOU), and Zambia (development of a new Joint Assistance Strategy).

- **On Managing for Development Results**. The UK provides capacity support for Managing for Development Results.

8. SUPPORTING BETTER GLOBAL GOVERNANCE

- **The UK does not share the view that EU27 should speak with one voice** in the IMF, World Bank and the main multilateral development banks' governing bodies. The UK believes there are significant advantages to our current informal coordination on strategic policy issues, and sees no need for changes: the EU subcommittee on IMF matters (SCIMF) and the EU coordination in relation to the Executive Board meetings of the IMF (EURIMF) are effective ways of coordinating EU positions on IMF issues and work well. The best way to strengthen this coordination is to build on existing arrangements, by strengthening the accountability of EU Executive Directors to their capitals.
- **The UK does not support stronger Brussels based coordination on a regular basis on issues related to the World Bank and MDBs.**

EUROPEAN COMMISSION

Brussels, 19.4.2011
SEC(2011) 505 final

COMMISSION STAFF WORKING DOCUMENT

EU Accountability Report 2011 on Financing for Development

Review of progress of the EU and its Member States

Accompanying document to the

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Enhancing EU Accountability on Financing for Development towards the EU Official Development Assistance Peer Review

VOL VI

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{SEC(2011) 500 final}
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{SEC(2011) 502 final}
{SEC(2011) 503 final}
{SEC(2011) 504 final}

Annex 8: Survey Results

A. Mobilising domestic financial resources for development

A.1. Promoting good governance in tax matters

1. 1. In your development cooperation do you provide support to developing countries' tax systems and to their efforts to mobilise domestic revenues?

	Response Percent	Response Count
Yes	78.6%	22
No	21.4%	6
answered question		28
skipped question		0

2. 1.1. If yes, in which regions:

	Response Percent	Response Count
EU candidate countries	50.0%	11
Countries covered by the EU Neighbourhood Policy	54.5%	12
Asia	50.0%	11
Latin America	31.8%	7
ACP countries	68.2%	15
answered question		22
skipped question		6

3. 1.2. In which matters do you provide support:		Response Percent	Response Count
Tax Policy		63.6%	14
Tax Administration		**90.9%**	**20**
Other		27.3%	6
		Other, please specify Show replies	13
		answered question	**22**
		skipped question	**6**

4. 1.3. Which are the administrations you are supporting?		Response Percent	Response Count
Customs		54.5%	12
Semi-Autonomous Revenue Authority		59.1%	13
Ministry of Finance		**90.9%**	**20**
Other		18.2%	4
		Other, please specify Show replies	6
		answered question	**22**
		skipped question	**6**

5. 1.4. Which stakeholders/institutions in developing countries do you support to strengthen public financial management?

	Response Percent	Response Count
National Parliaments	31.8%	7
National Governments	**90.9%**	**20**
National Audit Institutions	68.2%	15
Civil Society Organisations	45.5%	10
Other	18.2%	4
	Other, please specify Show replies	8
	answered question	**22**
	skipped question	**6**

7. 3. Do you support developing countries in addressing the challenges of cross-border tax evasion and harmful tax competition?

	Response Percent	Response Count
Yes	**69.2%**	**18**
No	30.8%	8
	answered question	**26**
	skipped question	**2**

9. 4. Do you provide assistance to developing countries in adopting and implementing the OECD guidelines on transfer pricing?

	Response Percent	Response Count
Yes	48.0%	12
No	**52.0%**	**13**
	answered question	**25**
	skipped question	**3**

1. 5. In your cooperation policy, do you promote the principles of good governance in tax matters (transparency, exchange of information, fair tax competition)?

	Response Percent	Response Count
Yes	85.2%	23
No	14.8%	4
answered question		27
skipped question		1

3. 6. Do you assess the level of commitment of the beneficiary to the principles of good governance in tax matters?

	Response Percent	Response Count
Yes	69.2%	18
No	30.8%	8
If no, why not? Please indicate below: Show replies		8
answered question		26
skipped question		2

1. 6.2.1. Transparency of tax systems: Do you analyse the situation of the country concerned with regard to its commitment and implementation of the international standards of transparency of tax systems?

	Response Percent	Response Count
Yes	72.7%	16
No	27.3%	6
6.2.1.1. Please explain: If yes, in what ways? If no, why not? Show replies		19
answered question		22
skipped question		6

2. 6.2.2. Exchange of information between tax administrations: Do you analyse the situation of the country concerned with regard to its commitment and implementation of the international standards of exchange of information in the tax area?

	Response Percent	Response Count
Yes	**52.2%**	**12**
No	47.8%	11
6.2.2.1. Please explain: If yes, in what ways? If no, why not? Show replies		19
	answered question	**23**
	skipped question	**5**

3. 6.2.3. Fair tax competition: Do you analyse the situation of the countries concerned with regard to business tax measures in force in those countries, which could fall under the criteria of the Code of Conduct for business taxation (set out in the Council Conclusions of 1st December 1997, OJ C2/01, 6.1.98)?

	Response Percent	Response Count
Yes	31.8%	7
No	**68.2%**	**15**
6.2.3.1. Please explain: If yes, in what ways? If no, why not? Show replies		16
	answered question	**22**
	skipped question	**6**

1. 7. Do you provide any form of assistance in relation to good governance in tax matters to the countries with which you have or plan to have TIEAs or Double Tax Conventions?

	Response Percent	Response Count
Yes	44.4%	12
No	**55.6%**	**15**
	answered question	**27**
	skipped question	**1**

2. 8. Please give details of the new TIEAs (Tax Information Exchange Agreements) and Double Tax Conventions your country concluded or is seeking to conclude since the beginning of 2010. Three status for the agreement:

	Response Percent	Response Count
i)Agreement concluded Show replies	**96.0%**	**24**
ii)Agreement under negotiation Show replies	88.0%	22
iii)Agreement planned Show replies	64.0%	16
	answered question	**25**
	skipped question	**3**

3. 8.1 Assistance provided ?

	Response Percent	Response Count
Yes	12.5%	2
No	**87.5%**	**14**
	Please specify Show replies	14
	answered question	**16**
	skipped question	**12**

1. 9. Do you coordinate with bilateral and multilateral donors when supporting developing countries' tax reform agendas?

	Response Percent	Response Count
Yes	**68.0%**	**17**
No	32.0%	8
	answered question	**25**
	skipped question	**3**

2. 9.1. If yes, do you do this

	Response Percent	Response Count
Through international initiatives such as International Tax Compact (ITC) or International Tax Dialogue (ITD)	52.9%	9
At country level	**64.7%**	**11**
No specific coordination for support to tax reforms	0.0%	0
Other	47.1%	8
	Other, please specify Show replies	11
	answered question	**17**
	skipped question	**11**

3. 10. Do you support any international or regional initiatives or organisations that are active in the area of tax reform?

	Response Percent	Response Count
Yes	**61.5%**	**16**
No	38.5%	10
	answered question	**26**
	skipped question	**2**

4. 10.1. If Yes, please tick below

	Response Percent	Response Count
a) IMF Regional Technical Assistance Centres	**64.7%**	**11**
b) International Tax Dialogue	52.9%	9
c) The International Tax Compact	29.4%	5
d) African Tax Administration Forum (ATAF)	47.1%	8
e) Centro Inter-Americano de Administraciones Tributarias (CIAT)	29.4%	5
f) The IMF Topical Trust Fund on Tax policy and administration	23.5%	4
g)Others	47.1%	8
	answered question	**17**
	skipped question	**11**

5. 10.2. If Yes, can you specify approximate Financial contribution (disbursed in 2009)?	Response Percent	Response Count
a) IMF Regional Technical Assistance Centres Show replies	70.0%	7
b) International Tax Dialogue Show replies	20.0%	2
c) The International Tax Compact Show replies	20.0%	2
d) African Tax Administration Forum (ATAF) Show replies	40.0%	4
e) Centro Inter-Americano de Administraciones Tributarias (CIAT) Show replies	10.0%	1
f) The IMF Topical Trust Fund on Tax policy and administration Show replies	30.0%	3
g)Others Show replies	30.0%	3
	answered question	10
	skipped question	18

A.2. International Co-operation on Illegal Financial Flows

1. 11. Have you ratified/adhered to/implemented/ provided support to (please tick in each case):

	Response Percent	Response Count
The United Nations Convention against Corruption (Merida)	**85.2%**	**23**
The OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions	77.8%	21
Stolen Assets Recovery initiative (STAR	37.0%	10
Extractive Industry Transparency Initiative (EITI)	37.0%	10
Other	11.1%	3
	Other (please specify) Show replies	9
	answered question	**27**
	skipped question	**1**

2. 11.6. Please specify in which way(s) you support the above-mentioned initiatives?

	Response Percent	Response Count
The United Nations Convention against Corruption (Merida) Show replies	33.3%	2
The OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions	0.0%	0
Stolen Assets Recovery initiative (STAR Show replies	33.3%	2
Extractive Industry Transparency Initiative (EITI) Show replies	**50.0%**	**3**
Other Show replies	33.3%	2
	answered question	**6**
	skipped question	**22**

B. Mobilising international resources for development: foreign direct investment and other private flows

B.1. Support to private investment

4. 13. Are you providing financial tools to support private investment? (Please tick relevant and provide details in the box below)

	Response Percent	Response Count
Investment guarantees	65.2%	15
Improvement of the overall banking system	39.1%	9
Microfinance/ access to financial services	60.9%	14
Risk management initiatives	34.8%	8
Blending	34.8%	8
Private public partnerships	43.5%	10
Business and investment climate	**69.6%**	**16**
Investment facilities	60.9%	14
Export credits	60.9%	14
Other(Please give details below)	30.4%	7
	Other (please specify) Show replies	8
	answered question	**23**
	skipped question	**5**

B.2. Corporate social and environmental responsibility

6. 14. Are you promoting the adoption of internationally agreed principles and standards on Corporate Social and Environmental Responsibility by European companies?

	Response Percent	Response Count
Yes	76.9%	20
No	23.1%	6
	answered question	26
	skipped question	2

8. 15. Are you supporting one or more of the below initiatives? (Please tick relevant and provide details on the nature of your support (signatory of the initiative, support of its implementation) in the box below)

	Response Percent	Response Count
Kimberley process	81.8%	9
FAO Code of Conduct for Responsible Fisheries	54.5%	6
Other	45.5%	5
	Other (please specify) Show replies	10
	answered question	11
	skipped question	17

B.4. Remittances and Migration

10. 17. Have you implemented solutions internally and in cooperation with third countries to overcome barriers to migrants and their families' access to financial services, with a view to reinforcing the impact of remittances on their economic and social development?

	Response Percent	Response Count
Yes	34.6%	9
No	65.4%	17
	answered question	26
	skipped question	2

11. 17.1. If yes, do you have monitoring indicators for measuring the impact of these solutions on migrants' access to financial services, remittance transfer costs and remittance transfers volumes?

	Response Percent	Response Count
Yes	44.4%	4
No	55.6%	5
	17.1.1. Please specify: Show replies	9
	answered question	9
	skipped question	19

12. 17.2. If no, do you plan to implement solutions to improve the impact of remittances on development?

	Response Percent	Response Count
Yes	11.8%	2
No	88.2%	15
	17.2.1. Please specify: Show replies	15
	answered question	17
	skipped question	11

13. 18. Have you implemented the "General Principles for International Remittances Services" agreed by the Committee on Payments and Settlements Systems (CPSS) ?

	Response Percent	Response Count
Yes	41.7%	10
No	58.3%	14
answered question		24
skipped question		4

14. 19. Have you implemented or do you plan to implement any other initiatives in order to increase competition and transparency in the remittance market and to reduce remittance transfers costs?

	Response Percent	Response Count
Yes	41.7%	10
No	58.3%	14
	19.1. Please specify: Show replies	19
answered question		24
skipped question		4

15. 20. Do you have robust and reliable data concerning the amounts and destination of remittances from your country, especially compared to other sources, such as ad-hoc surveys?

	Response Percent	Response Count
Yes	44.4%	12
No	55.6%	15
answered question		27
skipped question		1

16. 21. Have you adopted or do you intend to adopt the operational definitions, recommendations and best practices on improving the quality and coverage of data on remittances according to the compilation guide drafted by the "Luxembourg Group" ?

	Response Percent	Response Count
Yes	47.8%	11
No	52.2%	12
answered question		23
skipped question		5

17. 22. Does your legislation â€“ in particular national security or immigration laws - contain any provision hampering the effective use of legal remittances channels?

	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	22
22.1. If yes, please explain the legislation and whether you intend to address this challenge in the future? Show replies		2
answered question		22
skipped question		6

18. 23. Have you conducted an assessment of the impact of the legislation on anti money-laundering and counter-terrorism financing on the remittances' market?

	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	19
23.1. If yes, please explain the results of this evaluation? If no, do you intend to conduct such an assessment? Show replies		4
answered question		19
skipped question		9

D. Increasing international financial and technical cooperation for development

D 1. ODA

7. D 1.2 Predictability of ODA increases 28. Have you established a multi-annual indicative timetable/minimum aid level commitment, approved by the national government, showing how you aim to reach your ODA targets for 2015 (0.33% or 0.7%)?

	Response Percent	Response Count
Yes	37.0%	10
No	**63.0%**	**17**
answered question		27
skipped question		1

8. 28.1. If yes, by what process was this achieved and what is the legal status of this timetable/minimum aid level commitment:

	Response Percent	Response Count
Law	10.0%	1
Annual budget law	10.0%	1
Government decision/ decree	30.0%	3
Policy document, endorsed by the entire Government (e.g. multi-annual strategic policy document etc)	**50.0%**	**5**
28.1.5. Please indicate the web link to the document or Official Journal specifications or attach the document: Show replies		9
answered question		10
skipped question		18

11. D.1.3. ODA for Africa 30. Have you taken or do you plan to take measures to ensure that at least 50% of EU collective aid increases of ODA resources are channelled to Africa?

	Response Percent	Response Count
Yes	69.2%	18
No	30.8%	8
	30.1. Please specify Show replies	24
	answered question	26
	skipped question	2

12. D.1.4. ODA for LDCs 31. Will you reach the target of 0.15%-0.20% ODA/GNI to LDCs by 2010 and onwards?

	Response Percent	Response Count
Yes	47.8%	11
No	52.2%	12
	answered question	23
	skipped question	5

14. D.1.5. Temporary questions on ODA 32. For EU Member States that are not members of the OECD DAC: 32.1. Do you apply the OECD/ DAC ODA rules for your ODA reporting?

	Response Percent	Response Count
Yes	100.0%	12
No	0.0%	0
	answered question	12
	skipped question	16

15. 32.2. Do you agree to the publishing of your statistics sent to DAC?

	Response Percent	Response Count
Yes	100.0%	12
No	0.0%	0
	answered question	12
	skipped question	16

16. 32.3. Do your agree to sharing your statistics sent to the DAC with the European Commission and all EU Member States?

	Response Percent	Response Count
Yes	100.0%	10
No	0.0%	0
	Please specify (if needed) Show replies	2
	answered question	10
	skipped question	18

D 2. Innovative Financing Sources and Mechanisms

18. 34. For each of the innovative sources of financing below that you have implemented, please complete the table below. Please include the annual amount raised in 2009 and 2010 (in national currency in current or constant prices, indicating the base year) and also please indicate how you disburse these resources. 34.1 Do you use this mechanism ?

	Yes	No	Response Count
Airline Ticket Tax/contribution	15.0% (3)	85.0% (17)	20
ETS auctioning revenues	10.0% (2)	90.0% (18)	20
International Financing Facility for Immunization (IFFIm)	27.3% (6)	72.7% (16)	22
Advance Market Commitments (AMCs)	15.0% (3)	85.0% (17)	20
Debt2Health	10.0% (2)	90.0% (18)	20
Other (please specify)	23.5% (4)	76.5% (13)	17
		answered question	24
		skipped question	4

20. 36. Do you intend to step up efforts for innovative financing mechanisms with significant revenue generation potential, with a view to ensuring predictable financing for sustainable development?

	Response Percent	Response Count
Yes	44.4%	12
No	55.6%	15
	36.1. If Yes, please explain how Show replies	13
	answered question	27
	skipped question	1

21. 37. Do you consider further work on innovative financing mechanisms, i.e. in addition to the ones mentioned in question 34?

	Response Percent	Response Count
Yes	28.0%	7
No	72.0%	18
	answered question	25
	skipped question	3

D. 3. Aid Effectiveness

1. 39. Which actions has your country taken in 2010 to support country ownership, including guidance and incentives for staff in partner countries?

	Response Percent	Response Count
Consultation and coordination with partner countries	**100.0%**	**25**
Guidance and incentives for staff in partner countries	52.0%	13
Supporting partner capacity development	84.0%	21
Others	4.0%	1
	Please specify Show replies	10
	answered question	**25**
	skipped question	**3**

2. 40. What is your main method of delivering country programmable aid (excluding aid channelled through multilateral organisations and the EU)? Please enter an approximate percentage share according to modalities used in 2010:

	Response Percent	Response Count
Technical cooperation Show replies	**84.6%**	**11**
Project support Show replies	76.9%	10
Budget support : Show replies	69.2%	9
Other modalities (please specify) Show replies	53.8%	7
	answered question	**13**
	skipped question	**15**

3. 40.1. What is the percentage share of your aid channelled through programme-based approaches ?

	Response Percent	Response Count
In percentage of the bilateral aid programme ? Show replies	**100.0%**	**6**
	answered question	**6**
	skipped question	**22**

4. 41. If you use budget support, please specify which form of budget support you use

	Yes	No	Response Count
General Budget Support	42.9% (6)	**57.1% (8)**	14
Sector Budget Support	42.9% (6)	**57.1% (8)**	14
		answered question	14
		skipped question	14

7. 42. On using country systems as the first option, have you

	Yes	In most cases	In some cases	Seldom	No	Response Count
Conducted an assessment to identify internal constraints	16.7% (4)	29.2% (7)	16.7% (4)	0.0% (0)	**37.5% (9)**	24
Reviewed the design of aid instruments irrespective of modality so that use of country systems is considered a first option	8.7% (2)	13.0% (3)	26.1% (6)	4.3% (1)	**47.8% (11)**	23
Provided relevant staff training	17.4% (4)	13.0% (3)	21.7% (5)	4.3% (1)	**43.5% (10)**	23
Supported partner-country capacity development for improving the quality of country systems	20.8% (5)	20.8% (5)	**29.2% (7)**	0.0% (0)	**29.2% (7)**	24
				answered question		25
				skipped question		3

10. 43. On undertaking Joint Assessments to Promote the Use of Country Systems, have you

	Response Percent	Response Count
Supported partner-country capacity development for improved quality of country systems	**76.2%**	**16**
Conducted joint assessments with others	57.1%	12
Used methodologies and results from other donors' assessments	**76.2%**	**16**
Made methodologies and results from your assessments available to others	52.4%	11
	answered question	21
	skipped question	7

11. D.3.2.2. Conditionality 44. In 2010, what actions have you carried out on conditionalities?

	Response Percent	Response Count
Reduction of the number of conditionalities	27.8%	5
Harmonisation with other donors	**94.4%**	**17**
Make conditionalities public	38.9%	7
Other	16.7%	3
	Other (please specify) Show replies	1
	answered question	18
	skipped question	10

12. D.3.2.3. Making aid more transparent and more predictable 45. Is it possible for your country to make multi-year (at least three year) commitments to partner countries? (Please tick below)

	Response Percent	Response Count
For Projects	**100.0%**	**19**
For Programme Based Approaches: 1- General	78.9%	15
For Programme Based Approaches: 2- When Budget Support	63.2%	12
For Budget Support	68.4%	13
	answered question	**19**
	skipped question	**9**

13. 46. Do you publicly disclose information on aid volume:

	Response Percent	Response Count
On your website	**96.3%**	**26**
On the website of your field offices	22.2%	6
Through a database at country level	22.2%	6
Through another initiative	40.7%	11
	Please explain Show replies	16
	answered question	**27**
	skipped question	**1**

14. 47. Is the information available

	Response Percent	Response Count
For each sector	**100.0%**	**19**
With forward-looking data	57.9%	11
If yes: Year N+3	52.6%	10
If yes: Year N + beyond 3	15.8%	3
	Comment (please specify) Show replies	5
	answered question	**19**
	skipped question	**9**

15. 48. Is information on expenditure related to providing technical cooperation (including in-kind technical assistance) available to

	Response Percent	Response Count
the Public?	**90.5%**	**19**
the partner countries only?	23.8%	5
	answered question	**21**
	skipped question	**7**

18. 49. On alignment and country-owned management of Technical Cooperation, have you

	Response Percent	Response Count
Aligned technical cooperation to partner county policies and plans	**95.7%**	**22**
Promoted partner country leadership in making needs assessments	87.0%	20
Adapted donor procedures and regulations to enable partners to use local and regional resources	43.5%	10
	answered question	**23**
	skipped question	**5**

1. 50. Have you integrated the principles of the Code of Conduct on Complementarity and Division of Labour (2007) in your strategies, staff guidance and programming processes/guidelines.

	Response Percent	Response Count
Yes	64.0%	16
No	8.0%	2
Partially	28.0%	7
	answered question	25
	skipped question	3

4. 51.2. In 2009, in how many countries did you concentrate on, following DAC-categories

	Response Average	Response Total	Response Count
Three sectors or less Show replies	5.33	48	9
Four to five sectors Show replies	2.29	16	7
More than five sectors Show replies	1.00	7	7
		answered question	9
		skipped question	19

7. 52.1. For the countries that you are planning to exit, please give details on your exit strategy 52.1.3. Will residual cooperation remain?

	Response Percent	Response Count
Yes	85.7%	6
No	14.3%	1
	Please explain if needed Show replies	7
	answered question	7
	skipped question	21

10. 52.2.2. Will you use joint analyses, joint programmes to ease your entry?

	Response Percent	Response Count
Yes	44.4%	4
No	55.6%	5
answered question		9
skipped question		19

11. 53. Are the legal and/or administrative arrangements in place for you to manage funds for another MS or the EU, and/ for another MS or the EU to manage your funds (delegated cooperation)?

	Response Percent	Response Count
Yes	70.4%	19
No	29.6%	8
If yes, please give details below: Show replies		20
answered question		27
skipped question		1

12. 53.2. Do you have a mechanism in place at headquarters level to track cases of delegated cooperation?

	Response Percent	Response Count
Yes	50.0%	14
No	50.0%	14
answered question		28
skipped question		0

14. 54. What activities have you undertaken at headquarters and country level to support the Division of Labour process

	Response Percent	Response Count
Policy and guidelines for sectoral/geographical concentration	95.2%	20
Decentralization for in-country coordination	47.6%	10
Staff incentives	19.0%	4
Others	14.3%	3
Other (please specify) Show replies		2
answered question		21
skipped question		7

15. 55. Are you currently involved in joint programming schemes

	Response Percent	Response Count
Yes, in 1-5 countries	30.8%	8
Yes, in 5-10 countries	15.4%	4
Yes, in more than 10 countries	3.8%	1
No	50.0%	13
If no, are there any legal impediments (explain) Show replies		15
answered question		26
skipped question		2

16. 55.5. If yes, in how many cases did the joint programming consist of

	Response Percent	Response Count
A joint analysis only	87.5%	7
A joint analysis and response strategy according to the EU agreed Common Format for Country Strategy Papers	62.5%	5
	Comment (please specify) Show replies	10
	answered question	8
	skipped question	20

19. 56. Have you established in some of your priority countries a joint framework for monitoring joint commitments?

	Response Percent	Response Count
Yes	46.4%	13
No	53.6%	15
	Please list the countries: Show replies	12
	answered question	28
	skipped question	0

20. 57. If yes, in which proportion of your priority countries?

	Response Percent	Response Count
Beyond 80%	20.0%	2
Between 50-80%	10.0%	1
Between 25-50%	10.0%	1
Between 10-25%	50.0%	5
Below 10%	10.0%	1
	answered question	10
	skipped question	18

21. 58. Does this mutual accountability assessment take place through:

	Response Percent	Response Count
A Performance Assessment Framework	**78.6%**	**11**
Policy dialogue groups	**78.6%**	**11**
Consultative groups	42.9%	6
Joint review panels	50.0%	7
Other	14.3%	2
	Please specify Show replies	7
	answered question	**14**
	skipped question	**14**

22. D.3.5. On managing for development results 59. Do you provide capacity support for Managing for Development Results MfDR?

	Response Percent	Response Count
Yes	**51.9%**	**14**
No	48.1%	13
	Comment (please specify)	0
	answered question	**27**
	skipped question	**1**

E. External debt

E.1. Preserving debt sustainability

1. 62. Has your country delivered on your commitments to the HIPC and MDRI initiatives, including commitments towards IDA and the African Development Bank, without delays?

	Response Percent	Response Count
Yes	89.3%	25
No	10.7%	3
	answered question	28
	skipped question	0

3. 63. Have you taken new actions/steps to help restore and preserve debt sustainability in low-income countries?

	Response Percent	Response Count
Yes	48.1%	13
No	51.9%	14
	answered question	27
	skipped question	1

5. 64. Do you see a need to reform the international architecture for the restructuring of sovereign debts in order to deal with potential future cases of debt distress in low-income countries?

	Response Percent	Response Count
Yes	48.0%	12
No	52.0%	13
	answered question	25
	skipped question	3

6. 64.1. If yes, please specify what would be the main features of the debt workout mechanism that you would support (please tick in each case):

	Response Percent	Response Count
Based on Paris Club	**69.2%**	**9**
Involving a role for International Financial Institutions	61.5%	8
Creation of an international Arbitration Court	7.7%	1
Collective action clauses in debt contracts	38.5%	5
Other	15.4%	2
	Please specify Show replies	9
	answered question	**13**
	skipped question	**15**

8. 66. Have you planned specific interventions to prevent aggressive litigation against HIPCs (in particular to prevent the actions of distressed-debt funds â€“ commonly referred as "vulture funds")?

	Response Percent	Response Count
Yes	18.5%	5
No	**81.5%**	**22**
	If yes, please specify: Show replies	7
	answered question	**27**
	skipped question	**1**

F. Addressing systemic issues: enhancing the coherence and consistency of the international monetary, financial and trading systems in support of development

F.1 Reforms of the International Financial Institutions

11. 69. Do you believe that the agreed quota realignment will be sufficient to increase the legitimacy, credibility and effectiveness of the International Monetary Fund.

	Response Percent	Response Count
Yes	59.3%	16
No	40.7%	11
answered question		27
skipped question		1

13. 70. Do you share the view that the EU27 should speak with one voice in the IMF, World Bank and main multilateral development banks' governing bodies?

	Response Percent	Response Count
Yes	48.0%	12
No	52.0%	13
Comment (please specify) Show replies		6
answered question		25
skipped question		3

16. 71. Would you support stronger Brussels based coordination on issues related to the World Bank and MDB's (as exists already for the IMF)?

	Response Percent	Response Count
Yes	73.1%	19
No	26.9%	7
answered question		26
skipped question		2

17. F.2. Temporary questions on Systemic Issues 72. How satisfied are you with the outcome of the Voice and Participation reform at the World Bank?

	Response Percent	Response Count
Very satisfied	17.9%	5
Somewhat satisfied	71.4%	20
Not satisfied	10.7%	3
	answered question	28
	skipped question	0

18. 73. In terms of the replenishment of IDA, do you think the EU should push for greater conditions to be attached to its support for IDA e.g. push for an increasing share to go to Sub-Saharan Africa?

	Response Percent	Response Count
Yes	59.3%	16
No	40.7%	11
	answered question	27
	skipped question	1

19. 74. Do you welcome the creation of a permanent Crisis Response Window in IDA as an effective approach to responding to crises within IDA countries?

	Response Percent	Response Count
Yes	92.6%	25
No	7.4%	2
	answered question	27
	skipped question	1

20. 75. Do you support the creation of a Ministerial Council for the IMF with decision-making powers?

	Response Percent	Response Count
Yes	64.0%	16
No	36.0%	9
	answered question	25
	skipped question	3

G. New challenges and cross cutting issues

G.1. Climate Change

1. 78. In view of the requirement of the Copenhagen Accord for fast-start finance to be "new and additional", and European Council conclusions that financing for this end should "not undermine or jeopardize the fight against poverty and continued progress towards the Millennium Development Goals", please explain how you defined this for reporting in the Annex 4 excel sheet:

	Response Percent	Response Count
Additional to climate related funding in a specific reference year	36.0%	9
Additional to the average annual climate related funding over a specific reference period	0.0%	0
Additional to the level of ODA spending in nominal terms	20.0%	5
Additional to a ODA spending target in % of GNI	12.0%	3
Other definition of additionality	**44.0%**	**11**
	answered question	**25**
	skipped question	**3**

G.2. Biological Diversity

7. 2. Do you consider biological diversity and its associated ecosystem services as a cross-cutting or sectoral policy issue in development co-operation?

	Response Percent	Response Count
Cross-cutting	34.8%	8
Sectoral	4.3%	1
Both	**60.9%**	**14**
	answered question	**23**
	skipped question	**5**

8. 3. Do you to monitor trends in the amount of financial resources provided by your country to contribute to the implementation of global biodiversity commitments?

	Response Percent	Response Count
Yes	45.8%	11
No	45.8%	11
A monitoring framework is under development	8.3%	2
	answered question	24
	skipped question	4

H. Transparency of the answers and assessment of the questionnaire

H.1. Transparency

14. H1.1 Do you agree to the sharing of your answers to the questionnaire between Member States?	Response Percent	Response Count
Yes	**52.0%**	**13**
Yes, but only on the basis of reciprocity	36.0%	9
Yes, but only if the recipient ensures that replies are not further distributed to the general public	24.0%	6
No	0.0%	0
	answered question	25
	skipped question	3

15. H1.2. Do you agree to publishing your answers to the questionnaire as an annex to the Monitoring report 2011?	Response Percent	Response Count
Yes	**82.1%**	**23**
No	17.9%	5
	answered question	28
	skipped question	0

16. H.2. Your assessment of this questionnaire

	Yes	No	Response Count
Right selection of themes ?	**95.0% (19)**	5.0% (1)	20
Were background references were sufficient ?	**100.0% (21)**	0.0% (0)	21
Were questions clear ?	**90.5% (19)**	9.5% (2)	21
Right amount of questions ?	**83.3% (15)**	16.7% (3)	18
		If No, please specify Show replies	6
		answered question	**23**
		skipped question	**5**

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2011 EU Accountability Report on Financing for Development
Review of progress of the EU and its Member States

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