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POLICY DEPARTMENT

AN INVENTORY OF EXISTING MECHANISMS TO COMPLY WITH AID COMMITMENTS BY MEMBER STATES

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AN INVENTORY OF EXISTING MECHANISMS TO COMPLY WITH AID COMMITMENTS BY MEMBER STATES

Abstract

This study assesses the commitments made by EU Member States to achieve the 0.7% Official Development Assistance (ODA) / GNI target by 2015. The paper analyses the mechanisms that countries have established and their effectiveness to reach ODA targets. In sum, Sweden and Denmark have reaffirmed their commitment to provide more than 0.7% of their GNI as ODA. The Netherlands and Spain have announced aid cuts. Belgium is currently the only country which has enacted legislation to make the 0.7% target a binding commitment. In its recent Spending Review the UK has committed itself to spend 0.7% from 2013 onwards and to enshrine this commitment in law by 2011. Germany and France have reaffirmed their commitments to achieve 0.7% by 2015 but will not implement measures, such as annual action plans, to outline annual increases. To ensure that the 2015 0.7% target can still be met, renewed political will and the introduction of multi-annual action plans are needed at the national level. The EU has no mandate to introduce binding mechanisms at EU level since budgeting falls within the competence of Member States. To meet the 0.7% target by 2015, the EU, and in particular the European Parliament, should continue to urge Member States to stick to their commitments. Considering the need to speed up their allocations, innovative financing instruments will play a key role for Member States to meet their ODA pledges. At the same time, the study argues that ODA definition criteria should not be broadened further to include specific climate-change related funding or military expenditure as part of ODA.

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EXECUTIVE SUMMARY

This study examines the efforts of EU Member States to provide 0.7% of their Gross National Income (GNI) as Official Development Assistance (ODA) by 2015. The study deals with the following research questions:

1. What are the commitments made by the EU Member States, as a group or individually, towards achieving the 0.7% GNI target by 2015?
2. Which Member States have or are intending to put in place binding mechanisms to achieve their own commitments, and what is the exact content of the commitment?
3. How were these mechanisms established (in the Constitution, through legislation by Parliament, by political commitment by the Executive, etc.)?
4. How effective are these mechanisms for ensuring that Member States comply with the 0.7% GNI by 2015.

Regarding the first research question, EU 15 Member States have agreed to a collective ODA level of 0.7% of GNI by 2015 and to an interim target of 0.56% ODA/GNI by 2010. EU 12 Member States have agreed to a 0.33% GNI/ODA target for 2015 and a 2010 0.17% interim target. In 2009, however, EU ODA only corresponded to 0.42% of EU's GNI and while a positive trend is expected for 2010, **the EU will fail to reach the intermediate target of 0.56% of GNI by 2010**, with forecasts indicating a collective EU result in the range of 0.45-0.46% ODA/GNI (EC 2010b).

In the spring of 2010 the Commission has made ambitious proposals to Member States in its annual progress report on how to get back on track to achieve the 0.7% target. Key recommendations were the introduction of annual action plans, an ODA peer review mechanism and the enshrinement of the 0.7% target in law (EC 2010). The Council's conclusions of 14th June, however, did not follow the Commission's recommendations and **watered down almost all essential parts of how to meet the 0.7% target by 2015**. Moreover, Member States referred to the fact that the implementation of actions to achieve the target fell within the competence of Member States (Council of the European Union 2010).

Member States, on the other hand, had made uneven efforts to achieve their commitments. According to forecasts, Sweden, Denmark, Luxembourg, the Netherlands, Belgium, Finland, Ireland and the UK are on-track regarding the 0.51% individual country target for 2010. Italy, Germany, France, Austria, Portugal and Greece, however, will fail this interim target (EC 2010b).

Sweden, Denmark and Luxembourg will continue to provide more than 0.7% of their GNI as ODA. Denmark published a **multi-annual development assistance budget** covering the years 2009-2011, which confirms Denmark's commitment to provide 0.8% ODA/GNI. In Sweden, national ODA targets are included in the **national budget law**, while the Budget Bill for 2011 reaffirms Sweden's commitment to contribute 1% of its GNI as ODA.

The Netherlands and Spain have announced **aid cuts**. 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. Spain has announced aid cuts and postponed the achievement of the 0.7% target from 2012 to 2015, due to a strained budget situation.

The UK's new government has made a strong commitment in its recent **Spending Rev**iew to achieve the 0.7% target from 2013 onwards and remains committed to enshrine the 0.7% target in law by 2011.

While Belgium is likely to fail the 0.7% target in 2010, it is obliged **by law** to stick to the 0.7% target and has reaffirmed its political will to do so.

Increases of ODA spending in Italy, Germany and France are particularly important to achieve the 2015 EU 0.7% target. However, **none of these three countries has introduced binding mechanisms to get their ODA spending back on-track**. Germany and France have reaffirmed their commitment in speeches by their President or Chancellor but have not implemented or announced annual action plans or binding mechanisms on national levels that would reassure that those commitments will actually be achieved. Germany even plans to cut the budget of the Ministry for Economic Cooperation and Development from 2012 onwards and relies on innovative financing instruments to achieve the 0.7% target.

Belgium is currently the only country which established **legally binding mechanisms** to ensure that the 0.7% target is met, while **the UK** is still planning to enshrine its commitment in law by 2011. The enshrinement in law is considered the most effective instrument to ensure that governments have to stick to their ODA commitments. **In all other Member States, the achievement of the 0.7% target is clearly dependent on the political will of the actual government**. Political determination is particularly needed in those Member States which are currently off- track. In light of the enormous increases needed in countries such as Germany, Italy and France, **realistic multi-annual timetables and action plans are necessary** to identify how aid will be increased by 2015. If these countries do not take necessary measures, **it is very likely that the EU will fail its 2015 0.7% target.**

The EU does not have a mandate to introduce binding mechanisms on EU level, since budgeting falls within the competence of Member States. For years the Commission has made ambitious proposals to introduce new mechanisms which have consistently been turned down by Member States. **The Commission can only urge countries to stick to their commitments and emphasize the political damage if the 2015 0.7% target will not be met.** The fact that a few Member States raise the EU ODA average and compensate for other Member States not meeting their targets, could result in increased pressure on those Member States which are currently responsible for the unbalanced burden sharing within the EU.

In light of the enormous increase of ODA spending that is needed, **innovative financing instruments could provide new possibilities to raise funds**. The introduction of a financial transaction tax (FTT), for instance, could raise significant resources without further burdening national budgets. Overall, **aid increases should not be achieved by broadening the definition of ODA criteria**. Military expenditures for peace missions, for example, should not be included in ODA calculations. Most importantly, the focus of ODA to provide funds to fight poverty has to be maintained.

Recommendations have been made for

The European Parliament

1. To support the Commission's proposals in line with the annual progress report and urge Member States to stick to the 0.7% commitment. In this context, the introduction of multi-annual action plans and the introduction of a 0.6% intermediate target for 2012 should be essential to the European Parliament.
2. To urge the Council of the European Union to implement proposed mechanisms on EU level. The introduction of peer review mechanisms at Heads of State levels and the introduction of annual action plans as called for by the European Commission have to be put back on the Council agenda.

3. To initiate discussion about the need to increase ODA spending at national levels (in development and budget committees as well as in their political constituencies) especially in those countries which are currently off- track.
4. To invite the Commission to present and discuss the key findings of the annual progress report (Monterrey report) to keep Parliamentarians informed about Member States commitments and achievements.
5. To stick to its non-legislative resolution of the 15th June 2010 to make sure that the definition of ODA criteria are not broadened to include items such as military interventions or security measures. The focus of ODA has to be on the achievement of the MDGs.
6. To support the introduction of a financial transaction tax to secure extra funds without burdening national budgets.

For the European Commission:

5. To urge Member States to stick to their commitments and to adopt one of three options (adoption of an interim target for 2012, linear volume increases, and regular percentage increase) proposed in the last Monterrey report in order to ensure the achievement of the 0.7% target.
6. To emphasize particularly the need for an intermediate target for 2012 (0.57% for EU 15 Member States and 0.22 % for EU 12 Member States in order to achieve a collective EU target of 0.6% by 2012)
7. Not to support proposals to broaden ODA criteria to include instruments such as military expenses or deportation costs.
8. To urge the largest economies within the EU to undertake additional efforts in order not to jeopardise the achievement of the 0.7% target and to ensure fair burden sharing within the EU.

1 EU COMMITMENTS TOWARDS ACHIEVING THE 0.7% ODA/GNI TARGET

In 2002, in the wake of the UN international conference 'Financing for Development', **EU-15 Member States agreed to achieve a collective ODA level of 0.7% of GNI by 2015**. To achieve this target, an interim target of 0.56% ODA/GNI was set for 2010. In addition, **EU-12 Member States committed to provide 0.33% of their GNI as ODA by 2015 and agreed to an interim target of 0.17% for 2010**. In 2005, EU Member States also committed to direct 50% of ODA increases to Africa and in 2008, Member States promised to provide collectively 0.15% to 0.20 % of their GNI to Least Developed Countries (LDCs) (OECD 2010, EC 2010b). In 2009, despite such targets and increased efforts, EU ODA corresponded to only 0.42% EU GNI. Even though a positive trend is expected for 2010, **the EU will fail to reach the 2010 0.56% intermediate target**, with forecasts indicating a collective EU result in the range of 0.45-0.46% ODA/GNI (EC 2010c, EC 2010b). While it remains feasible that the target for LDCs will be reached in 2010, collective EU ODA to Africa has fallen from 44% to 37% from 2005 to 2009[1] (EC 2010b: 22).

Who?	When?	Target
EU 15	2015	0.7% ODA/GNI
EU 15	2010 interim target	0.56% ODA/GNI
EU 12	2015	0.33% ODA/GNI
EU 12	2010 interim target	0.17% ODA/GNI
EU Member States	Committed to in 2005	50% of ODA increase for Africa
EU Member States	2010	0.15-0.20% of GNI to LDCs

1.1 The EU Twelve-point Action Plan and the annual progress report 2010

In April 2010, in the midst of the global economic crisis, the European Commission adopted a 'development package'. This package proposes EU actions for accelerating the progress towards the Millennium Development Goals (MDGs) and identifies possible ways forward to meet EU ODA targets. As part of this package, two reports are essential with regards to ODA commitments: COM (2010) 159 'A twelve point action plan to support the Millennium Development Goals' and the 'Commission staff working document 'Financing for Development-Annual progress report 2010'. The proposals made in both documents would have been a historical opportunity for Member States to get back on track regarding their ODA commitments. The Council's conclusions of 14th June 2010, however, significantly weakened the Commission's proposal and dropped the most important proposed measures how to achieve the target by 2015.

The twelve-point action plan of the Commission clearly stated that the achievement of the 0.7% target is a matter of political will. In order to get the EU back on track, the action plan asked Member States to establish "**realistic, verifiable annual action plans for reaching individual targets[2] and publish the**

[1] This is mainly due to reduced debt relief and the fact that programmable aid did not yet fill this gap.
[2] Individual targets request Member States which had joined the EU since 2004 to provide 0,33% of GNI and EU 15 Member States 0,7% by 2015. Those which have already achieved the target (see Chapter II) will commit themselves to stay above these levels.

first plans before September 2010" (EC 2010a: 5). These national action plans would have to include "at least the planned ODA spending for the next budgetary year and estimates for the remaining years until 2015" (EC 2010a:5). In a second step, **the action plan called for strengthened EU accountability mechanisms**: Member States' annual action plans as well as the Commission's monitoring report should be used by the Council to hold EU internal '**ODA Peer Reviews'** whose results would then be communicated to the European Council. Moreover, the twelve-point action plans requested Member States to consider **the introduction of legally binding mechanisms on national level such as enacting national legislation for setting ODA targets**. The Commission considers the enshrinement in law of the 0.7% target as the most effective way to ensure that the target is met and to protect the achievement against the risk of political change or budget cuts (EC 2010a).

Accompanying the twelve-point action plan, the Commission published its annual progress report 2010 'Getting back on track to reach the EU 2015 target on ODA spending'. The Commission annually publishes this report to monitor Member States performances and commitments. The report encourages Member States to take action and to define their own individual path on how to get back on track to reach the agreed 0.7% target by 2015. Three options are considered in the report:

1. **The adoption of an intermediate target for 2012**. Such an intermediate target would be used to bridge the gap between the 2009 results and the 2015 target. For EU-15 countries, the report suggests an intermediate target of **0.57% ODA/GNI by 2012**, for EU-12 countries 0.22% by 2012 to achieve a collective **EU average of 0.6% by 2012.**
2. **Linear ODA volume increases.** To indicate how EU Member States aim to achieve their ODA commitments by 2015.
3. **Regular percentage increase in ODA volumes.** Under this model, EU-15 countries are required to increase ODA volumes by 12% and EU-12 countries by 30%. Each Member state would have to implement an individual increase based on actual performance.

In addition to these three options, the report identifies '**fair burden-sharing'** among EU Member States as a crucial element. Furthermore, the report notes that EU Member States need to get back on track regarding their promise to spend 50% of EU aid increase for Africa (EC 2010b).

1.2 EU Council position on the Millennium Development Goals

In June 2010, the Council of the European Union adopted its final position on the MDGs to be presented at the UN General Assembly High-Level Plenary Meeting in September. In this position paper, the Council states that the twelve-point action plan of the Commission has provided essential guidance for developing the EU position paper (Council of the European Union 2010). However, whereas the twelve-point action plan sets out an ambitious plan to get the EU back on track to achieve the agreed ODA target of 0,7% EU GNI by 2015, **the conclusions of the Council severely weakened the Commission's proposals.**

In its position paper on the MDGs, the Council of the European Union watered down almost all essential parts on how to meet the 0.7% target by 2015. The result is an EU position that had dropped the key proposals of the Commission's Twelve-point action plan. The delivery of annual action plans by September 2010 has been dropped and replaced by "realistic, verifiable actions for meeting individual ODA commitments until 2015". Moreover, it is particularly emphasized that this issue "**falls within the competence of Member States**" (European Council 2010: 6). Furthermore, whereas the Commission's action plan calls for strengthened EU accountability mechanisms, the Council could only agree to examine a report in the framework of the Monterrey report. In the draft Council conclusions it is stated that "some delegations wished to see the inclusion of additional language demonstrating the

EU's determination to reach its ODA commitments" (European Council 2010: 1) and referred to closer scrutiny of progress of Member States. Others, however, rejected this proposal, referring to the already existing mechanism of the annual progress report. In addition, **no reference is made to the request to consider legally binding mechanisms by enacting national legislation for setting ODA targets.**

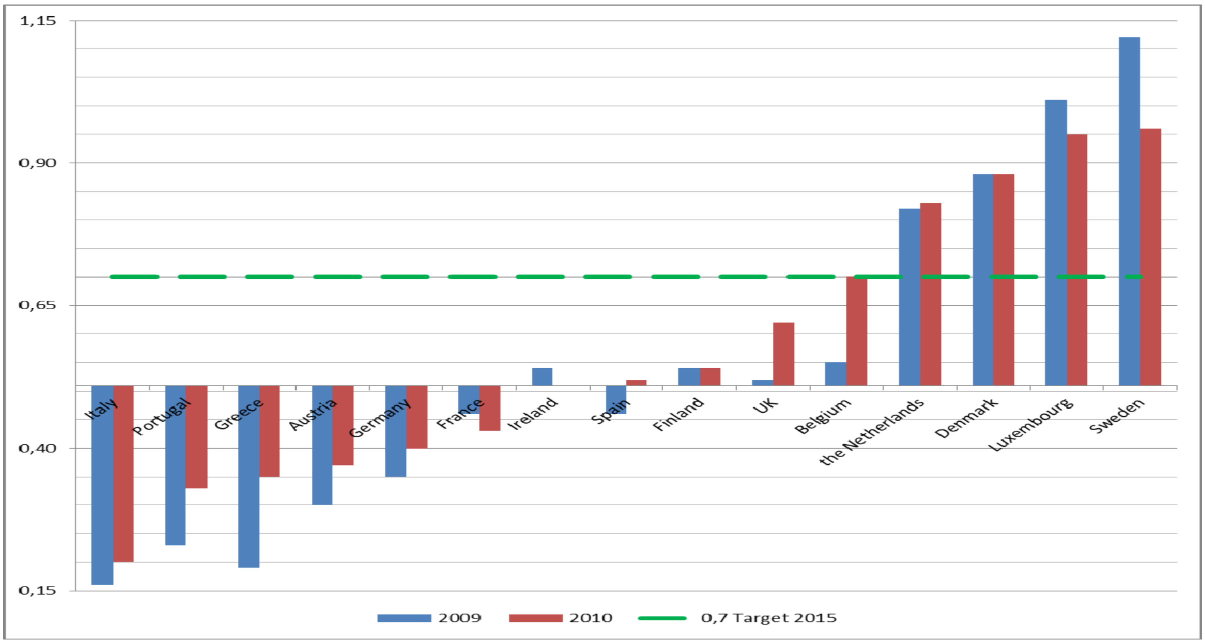
The statements made in this EU position paper can by no means be considered sufficient to get the EU back on track regarding their ODA commitments. The Council's conclusions have widely been criticised by various non-governmental organisations, development Institutions and even Member States for not being ambitious enough and for dropping key elements of the Commission's proposal. Overall, the Commission is following an ambitious approach, while national efforts are uneven. This reflects the challenge of fair burden sharing within the EU and the difficulty to get those countries back on track which are lacking behind with their ODA spending (see chapter 2). Therefore, the European Parliament is particularly interested in individual commitments made by Member States towards achieving the 0.7% GNI target by 2015. In addition to these commitments, the European Parliament is interested in the mechanisms Member States have established and the effectiveness of these instruments to ensure that the 0.7% ODA target is met by 2015.

2 COMMITMENTS BY EU MEMBER STATES

2010 is a key year for EU Member States which collectively agreed to reach a level of 0.56% ODA/GNI and a minimum country target of 0.51% for this year. As mentioned before, the EU will fail this target. Based on donors' budget plans for 2010, the EU calculates a collective EU result in the range of 0.45-0.46% ODA/GNI (EC 2010b). Graph 1 provides an overview of actual achievements in 2009 and projections for 2010, using the 0.51% country target as a baseline.

The graph clearly shows that nine countries (Sweden 0.96%, Luxembourg 0.95%, Denmark 0.88%, the Netherlands 0.83%, Belgium 0.7%, the United Kingdom 0.62%, Finland 0.54%, Spain 0.52% and Ireland 0.51%) are on track to provide 0.51% of ODA/GNI in 2010. Moreover, four EU Member States will continue to provide at least 0.8% of their GNI as ODA (Sweden, Luxembourg, Denmark and the Netherlands). It is important to note that those four countries account for over 20% of collective EU ODA, even though they cannot be considered as significant economic heavyweights within the EU. Of great concern is the fact that Germany, France and Italy, the countries with the largest economies in the EU, are lagging behind and are off-track regarding their ODA commitments (France 0.43%, Germany 0.40%, Italy 0.20%).

Graph 1: ODA/GNI: Performance of EU 15 Member States



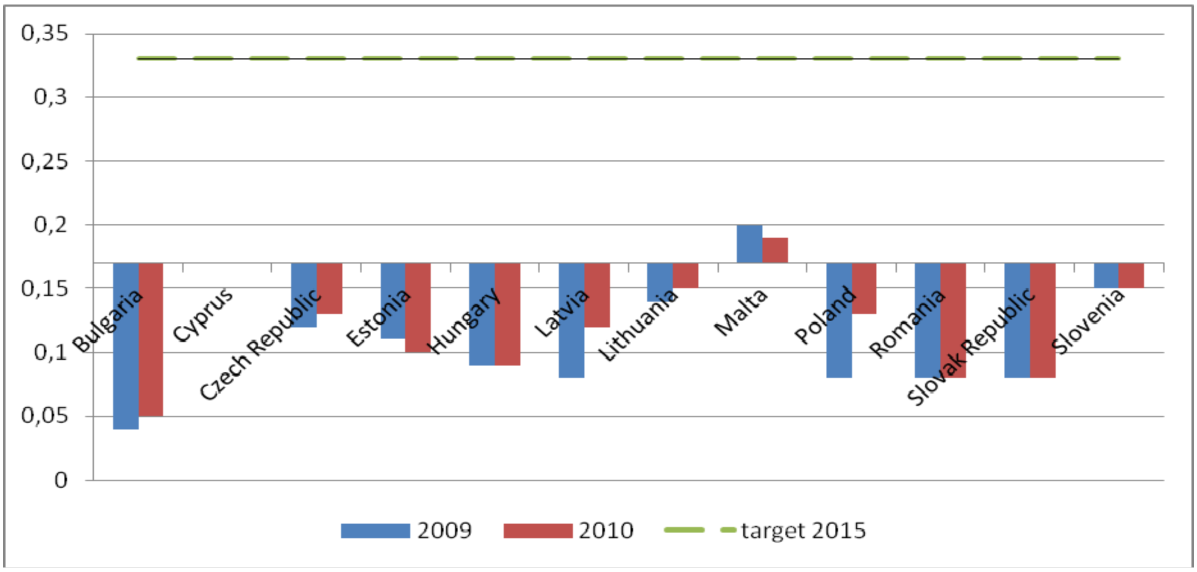
Data: European Commission 2010: Financing for Development- Annual progress report 2010.

In May 2010, AIDwatch, a network of civil society aid experts monitoring aid quantity and quality of EU Member States, estimated that Italy, Germany and France are expected to be responsible for 70% of the shortfall in meeting the 2010 0.56% target. Moreover, the Commission's annual report clearly states that these three Member States and their contributions are key factors for achieving the EU's collective target. In addition, Austria (0.37%), Portugal (0.33%) and Greece (0.35%)[3] will not reach the 2010 0.56% target (EC 2010b).

EU-12 countries have agreed to a 17% ODA/GNI target for 2010. While Cyprus (17%) and Malta (19%) will achieve this target, most other EU-12 countries are off-track (see Graph 2).

[3] The report notes however that it is unlikely that Greece meets its ambitious target (see EC 2010b).

Graph 2: ODA/GNI achievements of EU-12 Member States



Data: European Commission 2010: Financing for Development- Annual progress report 2010.

Summing up, four countries, Sweden, Luxembourg, Denmark and the Netherlands have already met or surpassed the 2015 0.7% target. While all EU Member States have to make a common effort to reach their targets, the scaling-up of Germany, France and Italy is particularly needed to get the EU back on track. This study will focus on eight particularly important countries and their mechanisms to ensure that the 0.7% ODA/GNI target is met by 2015: Germany and France as off-track countries, Sweden, Denmark and the Netherlands as countries which have long achieved the 0.7% target, Belgium and the UK as countries which have initiated binding mechanisms to reach the target and Spain which adopted a Master Plan to set out the schedule for achieving the 0.7% target. The key questions are: Are those countries which are currently off- track making additional efforts to reach their targets? Which countries have established binding mechanisms? Which mechanisms have the well performing countries established to ensure that targets are met? How effective are those mechanisms?

2.1 Commitments and mechanisms of EU Member States to achieve ODA targets

2.1.1 United Kingdom

In 2004, as the first G8 country, the UK government has announced its commitment to achieve the 0.7% ODA/GNI target by 2013. The UK has spent 0.52% of its GNI on ODA in 2009 and is therefore already on track with regards to the 2010 0.51% EU country target (EC 2010b). The UK is also on track against its Gleneagles commitment to provide 50% of ODA increase for Africa. Since these commitments were made in 2005, an estimated 49% of new UK ODA has gone to Sub-Saharan Africa. In addition, the UK committed in Gleneagles to double bilateral assistance to Sub Saharan Africa between 2003/04 and 2007/08. This commitment has been achieved (DFID 2010).

The UK's Spending Review of October 2010 clearly reaffirms the UK's commitment to spend 0.7% of its GNI on ODA from 2013 onwards. The UK holds on to its commitment to increase foreign aid, even though the Spending Review includes severe cuts for most ministries. According to a DFID statement the UK is "proud of the fact that we are keeping our promise to spend 0.7% of GNI on aid. We won't balance the budget on the backs of the world's poorest people and while charity begins at home, it mustn't end there" (DFID 2010).[4] Furthermore, **the Spending Review includes a multi-annual plan on how the ODA budget will increase every year between now and 2014**. According to this plan, the ODA/GNI ratio will rise to 0.56% in 2010 and remain on that level until 2012, rising to 0.7% in 2013 and 2014 (see Table 1).

Table 1: UK multi-annual plan to achieve the 0.7 % target

	2010	2011	2012	2013	2014
Total UK ODA (in billion £)	**8.4**	**8.7**	**9.1**	**12.0**	**12.6**
ODA/GNI (%)	**0.56**	**0.56**	**0.56**	**0.70**	**0.70**

(DFID 2010)

In addition to these very recent developments, the UK commitment to achieve the 0.7% target has been repeatedly confirmed in the past. In the beginning of 2010, the former UK government proposed the **'Draft International Development (Official Development Assistance Target) Bill'** to enshrine the 0.7% target in law. The 'International Development (Reporting and Transparency) Act 2006' already requires the Secretary of State to report on the amount of ODA/GNI to Parliament and to include an assessment when the UK will meet the 0.7% target in each annual report. The Draft Bill of 2010 goes a step further: Article 1 of the Draft Bill states that "it is the duty of the Secretary of State to ensure that the target for official development assistance to amount to 0.7% of gross national income […] is met by the United Kingdom in the year 2013" (UK Government 2010: 7). In addition, Article 2 refers to the duty of the Secretary of State to lay a statement before Parliament if the 0.7% target is not met (see draft bill). The Draft Bill has not been adopted before the new government came into office. The DFID Structural Reform Plan of 27th of July 2010 and the Structural Reform Plan Monthly Implementation Update of October 2010, however, **reaffirm the commitment of the new government to enshrine the 0.7% target in law by October 2011**. Moreover, the coalition treaty of the new government states that **the UK will honour its commitment to spend 0.7% of GNI on overseas aid and enshrine this commitment in law**[5] (DFID 2010b).

2.1.2 Belgium

At the United Nation's Monterrey Conference on Financing for Development in 2002, **Belgium has made an ambitious commitment to reach the 0.7% ODA/GNI target by 2010.** Ever since, Belgium has substantially increased its ODA budget. In 2009, Belgium´s ODA spending amounted to 2.6 billion US Dollar, which represented a 44% increase in real terms compared to 2004. Over the same period, ODA/GNI rose from 0.41% to 0.55% (OECD 2010). In interviews, it was noted that Belgium will slightly miss the 0.7% target in 2010 and probably achieve a percentage of around 0.67%. This is mainly due to the fact that debt cancellation for the DR Congo has been postponed. Belgium is on track to meet the commitment to channel over 50% of its ODA increase to Africa[6]. In addition, Belgium already exceeds

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[4]Explaining the ODA increase while other budgets are facing severe cuts, the Premier Minister Cameron stated that "Millions of people are living on less than a dollar a day. We can't give up on them just because we have a difficult time at home" (http://www.telegraph.co.uk/news/newstopics/spending-review/8078454/Spending-review-David-Cameron-and-Nick-Clegg-apologise-for-broken-promises.html), while the Finance Minister Osborne said "Britons can hold their head up high and say we will honour the promises we made to some of the poorest people in the world" (http://www.guardian.co.uk/global-development/poverty-matters/2010/oct/20/spending-review-aid-budget-osborne-dfid-ngos)

[5] http://www.cabinetoffice.gov.uk/media/409088/pfg_coalition.pdf, http://www.dfid.gov.uk/Documents/DFID_SRP.pdf

[6] According to the OECD/DAC Peer Review, "In line with its commitment to Central Africa, the three focus countries in this region – Burundi, Democratic Republic of Congo and Rwanda – are among the top five

the LDC target. In 2008, 0.19% of Belgium ODA was spent for LDCs and ten out of thirteen of Belgium's African partner countries are LDCs.

The commitment to meet the 0.7% target by 2010 is enshrined in Belgium law. In 2002, the 1991 Law for State Accountancy has been changed to include a so called 'solidarity note' (Art.10. de L'exposé général du budget/budget justification). This solidarity note is part of the national growth path and **requires the government to declare on an annual basis how Belgium will achieve the 0.7% ODA/GNI target from 2010 at the latest**. In addition, it states that the government cannot amend the 0.7% target. Since the Law came into force in 2003, a two-page solidarity note has been included in every budget justification (OECD 2010, EC 2010b). The law has been essential in helping the country to achieve the 0.7% target and to secure the financial means for this purpose, even in times of crisis.

Even though Belgium has been applauded for its efforts to meet the 0.7% target and is considered a **pioneer with regards to legally binding mechanisms**, some concerns have been raised. Debt relief makes up a particular 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 (OECD 2010). In addition, there is a need for a clear strategy on how to allocate increased ODA funds. To address those issues, the OECD/DAC Peer Review report suggests that Belgium should adopt an explicit medium-term strategy for development including a medium-term budgetary plan indicating how additional ODA will be allocated (OECD 2010).

2.1.3 Sweden

Sweden is strongly committed to fulfill its leadership role among international donors. **Ever since 1975, Sweden has achieved or exceeded the 0.7% ODA/GNI target.** In 2006, Sweden first reached its own target of providing 1% of its GNI for development assistance and has maintained high percentage rates since (0.93% in 2007 and 0.98% in 2008). In 2009, Sweden even provided 1.12 % ODA/GNI, making it the most generous donor in terms of the GNI percentage (OECD 2010, EC2010b). Sweden's ODA targets are part of the **annual budget law.** They are included in the Budget Bill, proposed by the Government and approved by Parliament. According to the Budget Bill 2010, the Government proposed a development cooperation budget of 31.4 billion SEK, which corresponds to 1% of estimated GNI (Swedish Ministry of Foreign Affairs 2009).[7] The most recent Budget Bill for the next **budget year 2011 reaffirms the commitment to provide 1% ODA/GNI and has yet to be confirmed by Parliament**. Due to the positive economic trend in Sweden, the Government **proposes an increase in the area of international development cooperation of 4 billion SEK to 35.2 billion SEK** (Swedish Ministry for Foreign Affairs 2010).

The basis for Swedish development cooperation is a government bill called 'Shared Responsibility: Sweden's Policy for Global Development', adopted by Parliament in 2003. The main aim of this policy is poverty reduction and the achievement of equitable and sustainable global development. In addition, Swedish development cooperation is focusing on fewer countries, with a stronger focus on Africa. Therefore, Sweden is also **sticking to its commitment to provide 50% of its ODA to Africa** (in 2007/2008 52% of total Swedish ODA was allocated to Sub-Saharan Africa) and 0.15-0.20 % of ODA/GNI for LDCs (in 2008, Sweden provided 0.32% of its ODA to LDCs) (EC 2010d). In interviews, it was made

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recipients of Belgian aid and together receive 21% of gross bilateral ODA. Belgium also follows the 1999 Law on International Co-operation, which states that the degree of poverty is the first criterion for selecting focus countries. Belgium allocates a larger share of bilateral ODA to sub-Saharan Africa (58% in 2008) and to least developed countries (55%) than the DAC average" (see OECD/DAC 2010:)

[7]EU estimates are slightly less, calculating a 0.96% ODA/GNI ration for Sweden in 2010.

clear that Sweden would support the introduction of a 0.6% interim target for 2012 on EU level. This could serve as a steady foundation in national processes to secure the achievement of ODA commitments in the long term. On the other hand, interviewees argued that it should be up to individual Member States to decide on binding mechanisms and introduce them on national level.

2.1.4 Denmark

Denmark is one of the EU Member States which has consistently exceeded the 0.7% target and has reached a **political consensus to provide 0.8% of GNI as ODA**. In 2009, this share has even been increased to 0.88 % ODA/GNI, ranking Denmark third among EU Member States. 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.**[8] The '**Overview of the Development Assistance Budget 2011-2015'**, published in August 2010, states that the Government will maintain its ODA level at 15.2 billion DKK annually over the period 2011-2013**. In 2011, the government expects an ODA/GNI ratio of 0.84%**. As part of its new strategy, Danish development assistance will focus on fewer countries and sectors and specialise in five priority areas: (i) Freedom, democracy and human rights (ii) growth and employment, (iii) gender equality (iv) stability and fragility and (v) environment and climate. In addition, it is stated that the largest part of Danish ODA will be channelled to Africa and that in 2011, an extra 200 million DKK will be allocated to African partner countries. Denmark also gives high priority to LDCs and **exceeds the EU collective target of 0.15%-0.20%** (in 2008, Denmark provided 0.32% of GNI to LDCs) (DANIDA 2010).

2.1.5 The Netherlands

The Netherlands belong to the group of countries which have a long reputation for sticking to their aid commitments. **In the last 15 years, the Netherlands were committed to provide 0.8% of their GNI as ODA and has almost always achieved to do so** (with the exception of 1999: 0.79% and 2004: 0.73%). In 2009, it has spent 0.82% of its GNI on ODA. This year, however, the Netherlands have elected a new government[9] which presented its coalition treaty in October. In the Budgetary Annex attached to the coalition treaty, it is clearly stated that **the government intends to cut the costs for international development cooperation by reducing ODA from 0.8% of GNI to an average of 0.7% per annum from 2012 onwards during the government's term of office**. Apart from the cut, the **new government aims to change the composition of ODA**. First, contributions to international civil-military interventions of the NATO or the EU should, if possible, be financed from the development cooperation budget. Second, it is stated that the new government will **advocate at OECD/DAC level to adjust ODA to allow peace missions in developing countries to qualify as development cooperation** (Government of the Netherlands 2010). In addition to this cut, the coalition treaty states that Dutch development cooperation will be revised and that a key element will be to move from aid to investment and to focus on fewer countries and sectors. Moreover, it is stated that within the budget for development cooperation, the private sector will be given significantly more opportunities and that private sector development as well as the achievement of the MDGs are the core elements of the new

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[8] In Denmark: "The annual budget for development cooperation is determined by the Government's Finance Act. The level of development assistance established by the Finance Act, in combination with the given budget frameworks of the ministries involved, will finance implementation of this new strategy for Denmark's development cooperation, given that the unified administration of development assistance remains the responsibility of the Ministry of Foreign Affairs" (DANIDA 2010: 31).

[9] The government is a coalition of the Christian Democratic Alliance (CDA) and the People's Party for Freedom and Democracy (VVD). Since the CDA and the VVD do not form a majority in parliament, they have to rely on parliamentary support from the Freedom Party (PVV).

Dutch development policy (Government of the Netherlands 2010). While the Netherland's aid to Sub-Saharan Africa has decreased from 2005 to 2009 (from 1.07 billion to 756 million Euro), the Netherlands have contributed 0.23 % of their ODA to LDCs in 2008 (EC 2010d).

2.1.6 Spain

Spain has set itself ambitious goals to increase ODA spending. Between 2000 and 2008 Spain has more than doubled its ODA/GNI ratio from 0.22% to 0.46%. The Spanish 'Master Plan for Development Cooperation 2009-2012' 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** (Ministry of Foreign Affairs and Cooperation 2009). However, Spain is facing a particular strained budget situation and has announced **aid cuts for 2010**. In May, the Spanish government unveiled its austerity budget, which included a reduction of 600 million Euros for official development assistance over the next two years. As a consequence, Spain will fail the 2010 0.51% EU target. In addition, **the achievement of the 0.7% target for 2012 has been rescheduled and postponed until 2015**. In interviews, the **political determination** of the Spanish Government to keep development cooperation a priority has been **reaffirmed**. Furthermore, it was stated that the only reasons for postponing the 0.7% target were fiscal adjustment commitments to overcome the crisis. The 0.7% target is not implemented in Spanish legislation as a binding obligation. In interviews, it was stated that it could be an option to enshrine the 0.7% target in law if the current International Cooperation Act was reviewed (it was approved in 1998, and it is forecasted to be revised before 2012). However, it was emphasised that this will be a difficult issue. In addition, it was stated that Spain would support the enactment of a 2012 guideline on EU level with an intermediate step of 0.6% ODA/GNI.

Spain is not yet on track with regards to its Gleneagles Commitment. This is mainly due to the fact that, because of historical reasons, Spain has traditionally worked with Latin American countries. In recent years, Africa has gained importance in Spanish development cooperation. Moreover, the new focus on sub- Saharan Africa reflects a reinforced focus on poverty reduction (EC 2010d, OECD 2007). Spain is also not on track regarding its 2010 LDC commitment. The Master Plan, however, states that there will be a progressive concentration of resources to LDCs to achieve a 0.15% GNI target to LDCs.

2.1.7 Germany

Even though Germany is one of the largest bilateral donors in the world[10] it is far off track with regards to its ODA commitments (OECD 2010b). In 2009, Germany provided 8.6 billion EURO as ODA, **representing 0.35% of its GNI which represents a 1.1 billion decrease compared to 2008 levels**. Projections indicate that Germany will not cut its aid spending in 2010 but will fail the 0.51% EU target and provide 0.4% ODA/GNI in 2010. In addition to failing the 0.51% target, Germany will not reach the EU target with regards to LDCs. In 2008, Germany provided 0.1 % of its GNI to LDCs while **the main share of German ODA continues to go to middle income countries** (EC 2010d, OECD 2010b). German aid to Africa decreased after a peak in 2005 (2.5 billion) to 1.1 billion Euro in 2009 (EC 2010d).

Germany would have to double its ODA spending over the next five years to achieve the 0.7% target, with an annual average increase of around 2 billion Euros per year (EC 2010d, OECD 2010b). The draft for the federal governmental budget for 2011, however, proposes only a marginal increase of

[10] In 2009, Germany was the third largest bilateral donor behind the United States and France and just ahead of the UK. Projections for 2010, however, indicate that the UK will overtake both, France and Germany and become the World's second largest bilateral donor (EC 2010b).

the Ministry for Economic Cooperation and Development's (BMZ) budget (3 Million Euros). In addition, **medium-term financial planning indicates significant cuts of BMZ's budgets for 2012 until 2014**. The budget proposal clearly states that the planned budget resources are not sufficient to achieve the 0.7% target by 2015. Moreover, it is stated that additional revenue sources for development cooperation have to be created by using innovative financing instruments (BMF 2010). In this light, Development Minister Niebel aims to include half of the revenues from CO2 Emission certificates into the development cooperation budget. In interviews it was stated that Germany already used parts of its emission rights sales to fund climate change adaption in developing countries (120 Million Euro in 2008 and around 225 Million Euro in 2009). In addition, Minister Niebel made a proposal to include tax-deductible parts of private donations in ODA. The Ministry of Finance, however, is rather critical about this proposal.[11]

Chancellor Merkel has reaffirmed Germany's commitment to keep its promise, most recently at the MDG Summit in September and during a speech to Parliament in 2009. The most recent OECD/DAC Peer Review report, published in October 2010, states that the achievement of the 2015 target is a major challenge which has to be addressed immediately. To maintain its credibility, the report calls on the German Government to "**set new realistic annual ODA volume targets**" as part of the 2012 budget proposal and the financial plan for the period 2011-2015, to "publicise them widely" and to "build cross party support for achieving the new targets and growth path" (OECD 2010b: 18). However, in interviews, representatives of BMZ referred to the right of the Bundestag to decide on ODA increases and stated that **Germany will not develop annual action plans and will not set itself annual ODA volume targets**.

In addition, neither the current nor the former government supported legally binding mechanisms. **The German Bundestag has called on the German Government to take responsibility and to keep its ODA promises** (decision 16/4160). In the run-up to the MDG Summit, all three opposition parties as well as civil society organizations have questioned the government and called for the introduction of an action plan outlining how the 0.7% target will be achieved.[12] Interviewees also made it clear that Germany would not support binding mechanisms on EU level and referred to the budget sovereignty of the German Bundestag.

2.1.8 France

In 2009, France was the largest donor among Member states contributing around 8.9 billion EURO and increasing its contributions from 2008 by 17 %. In relative terms France contributed 0.46% of its GNI as ODA, up from 0.39% in 2008. **Forecasts for 2010, however, indicate that France will not meet the 2010 target, decrease its ODA by 300 Million Euro and reach a level of 0.43% ODA/GNI in 2010 (EC 2010b)**. The same forecast also reveals that France will fall behind Germany and the UK and will rank third among EU members with regard to aid volumes. In order to meet the 0.7% target in 2015, France would have to increase its ODA contributions by 1.3 billion annually (EC 2010d). Even though a particular high percentage of French ODA has gone to Africa (60% since 2005) France failed to provide 50% of its ODA increases from 2005 to 2009 to Africa. It will also fail to meet the 2010 target with regard to LDCs. In 2008 France allocated 0.11% of GNI to LDCs. A particular concern to increase ODA

[11] http://www.rp-online.de/politik/deutschland/Spenden-sind-auch-Teil-der-Entwicklungshilfe_aid_884761.html

[12] In June 2010, the parliamentary party **'die Linke' made a proposal for a draft bill to enshrine the 0.7% target in law.** The proposal includes that the Government must invest 0.7% of its GNI as ODA the latest by 2015 and that a multi-annual action plan with gradual ODA increases has to be developed (Deutscher Bundestag Drucksache 17/2024).

commitments is the fact that debt relief, which represents a high share of French ODA in 2010, is likely to decrease sharply in coming years. With regards to innovative financing instruments, France introduced an air ticket levy in 2006 and was originally committed not to count the revenues as ODA. In 2009, however, 153 Million Euros from the air ticket levy were reported as ODA (Concorde 2010b: 26). France does not follow a multi-annual ODA timetable to ensure annual budget increases to attain the 0.7% target by 2015. However, France now has a three year budget instrument in place, which allows ODA flows to be more transparent and predictable (EC 2010d).

2.1.9 Summary of EU Member State's commitments

Summing up, Belgium is currently the only country which established **legally binding mechanisms** to ensure that the 0.7% target is met, while the UK is still planning to enshrine its commitment into law by 2011. As part of this year's Spending Review, the UK promised to stick to its goal to spend 0.7% ODA/GNI from 2013 onwards and published a **multi-annual spending plan,** setting out the yearly increases. Denmark published a **multi-annual development assistance budget** covering 2009-2011, which confirms Denmark's commitment to provide 0.8% ODA/GNI. In Sweden, national ODA targets are included in the **national budget law**, while the Budget Bill for 2011 reaffirms Sweden's commitment to contribute 1% of its GNI as ODA. In the **coalition treaty of the** Netherland's new government, it is stated that ODA spending will be reduced to 0.7% for the legislative period of the new government. Spain has announced **aid cuts** and postponed the achievement of the 0.7% target until 2015. Germany and France have reaffirmed their commitments to achieve the 0.7% target in announcements by their Chancellor or President, **but do not intend to establish binding mechanisms or multi-annual timetables to reassure their commitments**.

2.2 How effective are these mechanisms?

The most effective instrument is to enshrine ODA targets in law. In Belgium, the government cannot amend the legally binding target of 0.7% to be reached by 2010. **In all other Member States, the commitment to the 0.7% target is clearly dependent on the political will of the actual government**. Even if Denmark and Sweden have long surpassed the 0.7% target and have a leadership role among EU Member States, their commitments are subject to the political will of the actual government. This can actually be seen in the Netherlands, where a new government came to power and lowered the Netherland's commitment from 0.8% to 0.7%. The UK government, was strongly committed to reach the 0.7% target by 2013 in its Spending Review, it remains to be seen if they will actually be able to do so. The UK now faces the serious challenge to increase its ODA spending by more than 3 billion Euros from 2012 to 2013.

Moreover, due to the global economic crisis, all Member States face severe budget constraints and the majority of countries are adopting austerity measures to reduce deficits. Under these circumstances, it will be difficult for all Member States to stick to their ODA commitments while public spending is cut. Thus, the 0.7% target is susceptible to external shocks such as the global financial crisis, if it is not enshrined in law.

But even before the economic downturn, many EU Member States were off track with their aid commitments. In addition, even in times of fiscal constraints, ODA spending remains insignificant compared to other public spending. In interviews, several country representatives stated that ODA commitments are a political decision and depend on **the political will of a Member State**.

2.3 Existing monitoring mechanisms

Monitoring mechanisms in **Member States** are crucial to achieve ODA targets. The UK, for instance, has a legal instrument which requires the Secretary of State to report on the amount of ODA/GNI to Parliament and to include an assessment when the UK will meet the 0.7% target. In Belgium, the 'solidarity note' requires the government to declare how Belgium will achieve the 0.7% ODA/GNI target on an annual basis. Similar efforts should also be undertaken in other Member States to ensure that Parliamentarians can hold the government to account for ODA commitments.

On EU level, the annual progress report of the Commission ('Monterrey report') is the official monitoring and progress report which examines Member States performance and progress. This annual monitoring report is based on a mandate from the Council to the Commission, established after the International Conference on Financing for Development in Monterrey in 2002. As mentioned before, **the Commission proposed to introduce stronger accountability measures and to reinforce EU internal monitoring** by introducing annual Peer Review Mechanisms. Their results would then have to be reported to the European Council. This proposal has not been adopted by the Council of the European Union, referring to the already existing Monterrey reports. In the conclusions it is stated that: "The Council will examine a report in the framework of the Monterrey process and will assess progress annually" (Council of the European Union 2010: 6). Interviewees, however, estimated the possibility of the introduction of new monitoring mechanisms as low.

The issue of ODA commitments is also addressed in the Conclusions of the European Council of the 17th of June, where it is stated that "The European Council reaffirms its commitment to achieve development aid targets by 2015 as set out in its June 2005 conclusions. The European Council agrees to return to this annually on the basis of a report by the Council" (European Council 2010: 8). This conclusion shows that ODA commitments are still on the political agenda. Even though peer review mechanisms have not been adopted, Heads of State will continue to monitor ODA achievements of Member States.

3 BINDING MECHANISMS: THE WAY AHEAD

The Council's conclusions clearly showed that some Member States are reluctant to introduce new mechanisms on EU level. The conclusions also explicitly state that the achievement of ODA commitments falls within the **competence of EU Member States**. All interviewed interlocutors confirmed that there is **no legal basis for the introduction of binding mechanisms on EU level** and that the Commission does not have further options or spaces to get countries back on track other than to make proposals, urge countries to implement them and remind them of their commitments. The Commission has tried for years to propose new measures to make countries stick to their commitments. The introduction of multi-annual action plans or timetables is called for by the Commission and also, in the case of Germany, by the OECD/DAC. In the end, it is a **matter of political will** if countries introduce binding mechanisms on national level to ensure that they will meet their commitments.

The few Member States with aid at a 0.7% rate or higher pull up the EU ODA average and are compensating for Member States not meeting their targets. It is therefore possible that those Member States increase the pressure on those which are responsible for the unbalanced burden sharing within the EU. The UK, for instance, clearly stated that they hope to galvanise other countries by sticking to its commitments and outlining a multi-annual timetable.

Considering the enormous increase of ODA spending that is needed, **innovative financing instruments could provide new possibilities to raise funds**. The introduction of a financial transaction tax (FTT), for instance, could raise significant resources without further burdening national budgets. Air ticket levies or debt swaps should be supported, but have no significant income effect. Overall, innovative financing instruments should be used by countries to top up their ODA spending if they are already on the right track to fulfil their commitments. However, they should not be used to balance negative ODA results. The risk is that the quality and effectiveness of aid suffers if ODA increases are mainly financed through instruments that do not add value to the amount needed in countries to fight poverty (proposals to include deportation costs or private donations for instance). Financing for climate purposes is likely to be counted as ODA in many Member States. However, it has been stressed in climate change negotiations, that climate financing should be additional to ODA spending. Overall, **aid increases should not be achieved by inflating ODA criteria**, and should not include military expenditures for peace missions in ODA calculations.

As stated above, the **Commission has no mandate to introduce binding mechanisms on EU level**. Member States, however, should not consider aid as charity but as international structural policy to address issues such as migration, economic stability, security and climate change. Member States should convey this message to the public in order to increase public support for aid. Global challenges need a global response. Therefore, Member States have to consider the need for a common and coherent development policy on EU level and should not refer to national interests or bilateral strategies when it comes to development policy. In the long term, a harmonised approach at EU level will be needed rather than isolated actions at national level. In this respect, **Member States should be open towards increased mutual accountability and support the Commission in its efforts and proposals on how to achieve the 2015 0.7% target**.

4 CONCLUSIONS AND RECOMMENDATIONS

The global economic crisis has led to a strained budget situation and a negative impact on development budgets in most EU Member States. The highest priority for Member States is the consolidation of national budgets and the introduction of austerity measures. On the positive site, despite this situation, **no Member State has questioned the 0.7% target and all EU 15 governments have reconfirmed their commitment**. Provisional figures for 2010, however, clearly show that the EU will fail to meet the collective target of providing 0.56% of its GNI as ODA. This failure will be largely due to the fact that three of the largest economies in Europe, Germany, France and Italy are off track regarding their ODA spending.

Most of the findings of the **2010 annual 'Monterrey report' of the Commission are confirmed by recent developments in EU Member States**. Three countries will continue to provide more than 0.7% of their GNI as ODA: Sweden, Denmark and Luxembourg. Sweden has reaffirmed its 1.0% ODA/GNI commitment in the recent Budget Bill for 2011, while Denmark confirmed its 0.8% target in the International Development Budget Plan 2009-2011. Belgium is obliged by law to stick to the 0.7% target and has reaffirmed its political will to do so. **The global financial crisis has had a strong effect on aid budgets**. Ireland, Spain and Italy have announced aid cuts. The Netherlands will also reduce their commitment from 0.8% to 0.7% ODA/GNI according to the new government's coalition treaty. In its recent Spending Review the new UK government, on the other hand, has made a strong commitment to achieve the 0.7% target from 2013 onwards and has introduced a multi-annual timetable outlining the annual increases. The fact that the UK government has not reduced its spending on foreign aid deserves credit, particularly because the UK Government introduced radical austerity measures for most ministries and will severely reduce public spending.

Neither Germany, France, nor Italy will meet the 0.51% ODA/GNI target set by the EU for 2010. Those three countries, together with the UK, have a significant strategic role within the EU to ensure that the 0.7% target can be met by 2015. **None of these three countries, however, has introduced binding mechanisms to get their ODA spending back on track**. Germany and France have reaffirmed their commitment in speeches by their Chancellor or President, but do not plan to introduce binding mechanisms or annual action plans. Germany even plans to cut the budget of the Ministry for Economic Cooperation and Development until 2014. Recognising that the 0.7% target cannot be met due to these budget cuts, the government aims to use innovative financing instruments to fill the gap. It remains to be seen if this can be achieved, since the use of innovative financing instruments in Germany has only generated moderate sums so far.

As can be seen in the Council's conclusions, most Member States are reluctant to reinforce accountability measures on EU level or to introduce annual action plans to reassure their commitment. Moreover, **the Commission does not have a mandate to introduce binding mechanisms on EU level**. The Commission has for years made ambitious proposals which have consistently been turned down by the Council of the European Union. In addition, Member States have repeatedly referred to the fact that the implementation of ODA targets falls within the competence of Member States. **The Commission can only urge countries to stick to their commitments and emphasize the political damage if the 2015 0.7% target won't be met.**

There is also a risk that some of the good performing countries will drop or reduce their commitments due to the unbalanced burden sharing within the EU. Thus, it remains to be seen if those Member States that are currently outperforming others (Sweden, Denmark, Luxembourg, Belgium, the Netherlands and the UK) will increase the pressure on those that are lacking behind (Germany, Italy, France, Austria and Portugal) to prevent any further political damage done to the European Union as a whole if the

2015 target will not be met. If those countries do not show renewed political will by introducing ambitious and realistic multi-year action plans, **the EU is very likely to fail the 0.7% target in 2015.**

ODA increases required by major EU Member States are enormous. The introduction and implementation of **innovative financing instruments** (e.g. air ticket levy, financial transaction tax, debt-for development swaps and tax discounts) could help Member States to find new ways to increase ODA spending. On the other hand, **aid should not be inflated** by broadening the OECD/DAC ODA criteria. The Netherland's initiative, for instance, which aims to advocate for the adjustment of OECD/DAC criteria to allow peace missions in developing countries to qualify as ODA, should not be supported at EU level. It is also important that climate-related financing instruments, such as commitments made within the framework of climate negotiations, are not included in ODA spending. This would not have positive impacts on the achievement of the MDGs or the international climate policy. It has to be kept in mind that Member States have not only committed to provide 0.7% of their GNI as ODA, the overarching goal of this commitment is to ensure that enough financial resources are dedicated to fight poverty and to achieve the MDGs. In addition to the 0.7% target, a watchful eye has to be kept on the commitment of Member States to spend 50% of ODA increase for Africa and to spend 0.15%.0.20% on LDCs. In this respect, particular attention should be given not only to the increase of ODA spending but also on the composition of these increases.

5 RECOMMENDATIONS

FOR THE EUROPEAN PARLIAMENT:

1. The European Parliament should support the Commission's proposals in line with the annual progress report and urge Member States to stick to the 0.7% commitment. In this light, the introduction of multi-annual action plans and timetables as well as the enshrinement of the 0.7% target in law should be called for by European Parliament.
2. The European Parliament should urge the Council of the European Union to support mechanisms on EU level. The introduction of peer review mechanisms at Heads of State level and the introduction of annual action plans as called for by the European Commission has to be put back on the Council agenda.
3. The achievement of ODA targets will depend upon the political will of national governments. Members of the European Parliament should monitor their country's commitments to increase aid volume and initiate discussion about the need to increase ODA spending at national level (in development and budget committees as well as in their political constituencies) especially in those countries which are currently off track.
4. The European Parliament should invite the Commission to present and discuss the key findings of the annual progress report (Monterrey report) to keep Parliamentarians informed about Member States commitments and achievements.
5. The European Parliament should stick to its resolution of the 15th of June 'Progress towards the achievement of the Millennium Development goals: mid-term review in preparation of the UN high-level meeting in September 2010' and ensure that the definition of ODA criteria are not broadened to include items such as military interventions or security measures. The focus of ODA has to be on the achievement of the MDGs.
6. The introduction of a financial transaction tax to secure extra funds without burdening national budgets should be actively supported by the European Parliament.

FOR THE EUROPEAN COMMISSION:

1. The Commission should urge Member States to stick to their commitments and remind them of the political damage done to the European Union as a whole if the 2015 target will not be met. The three options proposed in the last Monterrey report (adoption of an interim target for 2012, linear volume increases, and regular percentage increase) are still relevant and should further be pursued by the Commission.
2. The adoption of an intermediate target for 2012 (0.57% for EU 15 Member States and 0.22 % for EU 12 Member States in order to achieve a collective EU target of 0.6% by 2012) is considered to be the most useful. Therefore, the Commission should urge Member States to introduce this intermediate target at EU level.
3. The Commission should not support proposals to broaden the definition of ODA criteria to include instruments such as military expenses or deportation costs.
4. The Commission should urge the largest economies within the EU to undertake additional efforts to not jeopardise the achievement of the 0.7% and to ensure fair burden sharing within the EU.

6 ANNEXES

ANNEX 1: BIBLIOGRAPHY

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ANNEX 2: OVERVIEW OF COMMITMENTS AND PERFORMANCE OF SELECTED MEMBER STATES

Country	Commitment	2010 (forecast)*	Mechanisms/ commitment made in	Multi-annual timetable	50% of ODA increase for Africa (from 2005-2009)	0.15-0.20 % of ODA to LDCs in 2008
Belgium	0.7%	0.67 %	Law	No	Yes	Yes (0.19%)
Denmark	0.8%	0.84%	Multi annual budget forecast	Yes	Yes	Yes (0.32%)
France	0.7%	0.43%	Multi-annual budget instrument	No	No	No (0.11%)
Germany	0.7%	0.40 %	Non-binding three year medium-term framework	No	No	No (0.1%)
Netherlands	0.7%	0.7%	Coalition treaty	Yes	No	Yes (0.23%)
Spain	0.7%	0.52%	Government-endorsed 'Master Plan for Development Cooperation'	Yes	No	No (0.10%)
Sweden	1%	1%	Annual budget law	No	No	Yes (0.32%)
UK	0.7%	0.62%	Spending Review	Yes	Yes	Yes (0.16%)

*Forecast based on newest figures based on Member States information to the authors or in official documents. If no new forecasts available, data is shown according to Commission's annual report and OECD/DAC Data.

ANNEX 3: LIST OF INTERVIEWED PERSONS

Name	Institution	Function
Renate Hahlen	European Commission DG Development	Deputy Head of Unit A/2: Aid effectiveness and relations with Member States and EEA countries
Laura Füssers	Federal Ministry for Economic Cooperation and Development (BMZ)	Planungsstab Policy Planning Division
Guy Rayée	Permanent Representation of Belgium to the European Union	Development Counsellor
Gideon Rabinowitz	Aid Watch	Coordinator UK Aid Network (UKAN)
Nico von der Goltz	Department for International Development (DFID)	Divisional Policy Adviser | International Relations Division

ANNEX 4: QUESTIONNAIRE

QUESTIONNAIRE

1. Concerning development policies the member states of the European Union made uneven efforts in the scaling-up process to reach 0.7% ODA/GNI. Has your country made a commitment to achieve the 0.7% ODA/GNI by 2015?
2. If yes, what is the exact content of this commitment?
3. If yes, how were these commitments established (in the Constitution, through legislation by Parliament, by political commitment by the Executive, etc.)?
4. Is the 0.7% ODA/GNI implemented in your legislation as a binding obligation?
5. If not, would you consider this a feasible option?
6. Do you have a multi-annual plan for your expenditures of ODA in your national budget plans?
7. If yes, what ODA targets are included in this multi-annual plan?
8. If not, how are you going to contribute to the EU – ODA targets?
9. What do you think are the main obstacles for member countries of the European Union to achieve the goal of 0.7% ODA/GNI.
10. Which are the main factors for your country for not reaching the aimed commitments?
11. What do you think about enacting a guideline for 2012 on EU level with an intermediate step of 0.57% ODA/GNI?
12. Is the goal of 0.7% ODA/GNI by 2015 still realistic in your opinion?
13. Do you think the burden-sharing in the EU is fair and in an adequate proportion?
14. The aid for African countries is not as high as proposed in the G8 Gleneagles Summit. Which effort does your country make to overcome this situation?
15. What, in your view, are the reasons for EU member states to not stick to the aim to double ODA for African countries?
16. According to the policies of your country what do you think are affective political steps for a sustainable increase of ODA/GNI?
17. Would you support the introduction of binding mechanisms on EU level to make member states stick to their commitments?

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DIRECTORATE-GENERAL FOR EXTERNAL POLICIES

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