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from: Secretary-General of the European Commission,  
signed by Ms Patricia BUGNOT, Director

date of receipt: 15 April 2005

to: Mr Javier SOLANA, Secretary-General/High Representative

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Subject: Commission Staff Working document - Annex to the Communication from the  
Commission: Accelerating progress towards achieving the Millennium  
Development Goals : FINANCING FOR DEVELOPMENT AND AID  
EFFECTIVENESS - EU follow-to the Barcelona Commitments and  
operationalisation of the Monterrey consensus

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Delegations will find attached Commission document SEC(2005) 453.

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.4.2005  
SEC(2005) 453

**COMMISSION STAFF WORKING DOCUMENT**

**Annex to the :**

**Communication from the Commission**

**Accelerating progress towards achieving the Millennium Development Goals**

FINANCING FOR DEVELOPMENT AND AID EFFECTIVENESS

**EU follow – up to the Barcelona Commitments and operationalisation  
of the Monterrey consensus**

{COM(2005)133 final}

**COMMISSION STAFF WORKING PAPER**

**ANNEX: EU follow – up to the Barcelona Commitments and operationalisation of the Monterrey consensus**

*Summary of replies to a survey with Member States (January 2005)*

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## Executive Summary - The 2005 Monterrey Monitoring Survey

### 1. COMMITMENT I: INCREASE THE VOLUME OF EU OFFICIAL DEVELOPMENT ASSISTANCE TO 0.39% OF GNI BY 2006, AND EVENTUALLY TO 0.7% OF GNI BY 2015

The latest ODA projections provided by Member States<sup>1</sup> show that the EU is largely on track to deliver on most of the commitments made in 2002, including those to be honoured by 2006. In this context, the current declining trend of Italian ODA from an already low level remains of particular concern.

In 2003 the EU reached an average of 0.34% of ODA/GNI - above the average of OECD/DAC countries (excluding Norway and Switzerland).

- If Member States' commitments are confirmed over time, the EU would collectively reach an ODA of 0.42% of GNI in 2006.
- Between 2002 and 2003, ODA volume rose in 12 of the 25 Member States (additional €4.5 billion).
- The new Member States increased their collective contribution by 53%.

A majority of Member States is either in favour or took no position on the idea of defining a new interim EU target for additional ODA increases by 2010.

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<sup>1</sup> OECD/ DAC Annual Report 2004, statistical annexes; replies to survey prepared by the Commission services in autumn 2004.

## 2. COMMITMENT II: COORDINATION AND HARMONISATION

The 2004 Barcelona follow-up report contained substantial proposals for concrete action building on existing political commitments. It led to the establishment of an Ad Hoc Working Party on Harmonisation (AHWPH), which came up with a list of eight recommendations which were endorsed by the Council of Ministers (GAERC) of November 2004. The EU reinforced its commitments at the second High Level Forum on Aid Effectiveness in Paris, in March 2005. In addition to the official declaration of this meeting, agreed by all participating donor and beneficiary countries, the EU committed itself unilaterally to concrete further targets<sup>2</sup>.

The Survey of late 2004 shows that the main challenge ahead lies in effective implementation of the comprehensive framework, to ensure the qualitative jump and concrete steps forward in the complementarity of aid delivery.

Furthermore, Survey responses overall revealed that the concept of coordination of policies and harmonisation of procedures is not yet well rooted in the Headquarters administrations of EU Member States. There seems to be scope for improved information flow between Member States capitals and their field offices, to bolster the EU's joint coordination efforts.

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<sup>2</sup> See Communication from the Commission to the Council and the European Parliament: Accelerating progress towards attaining the Millennium Development Goals – Financing for Development and Aid Effectiveness, chapter 3

### **3. COMMITMENT III: UNTYING**

Untying aid was recognised in Monterrey as one significant means to improve aid effectiveness, and as agreed in Barcelona the EU has made significant progress on obtaining “better value for money” from its ODA. Member States have untied their aid to Least Developed Countries (LDCs) in line with the DAC recommendation, and a majority of Member States are progressing towards further untying. Moreover, single market and competition rules also apply to untying procurement between the EU-25 and to granting mutual access.

Based on the Survey, a majority of Member States seems to be in favour of untying aid further. In practice, however, few Member States have taken further concrete steps forward in this regard.

### **4. COMMITMENT IV: TRADE RELATED ASSISTANCE**

The EU has stepped up commitments for TRA. Accounting for 50% of total TRA, the EU is by far the largest contributor worldwide, and the main donor to key multi-donor TRA initiatives such as the Integrated Framework for LDCs and the Doha Global Trust Fund, where it also accounts for more than 50% of the pledges. In addition, Member States are making efforts to integrate trade more systematically in their development cooperation programmes.

The replies to the Survey on trade-related assistance (TRA) are inconclusive. The broad picture seems to be that coherent guidelines acceptable for all Member States and the EC programmes still need to be developed. The EU Informal Trade and Development Experts Group could play a key role in triggering progress towards a coordinated TRA approach at EU level.

## **5. COMMITMENT V: GLOBAL PUBLIC GOODS.**

Two EU Member States (France and Sweden), in collaboration with the UNDP, launched the informal International Task Force on GPGs in April 2003; several EU Member States participate in the work of the TF a members of the Group of Friends.

Taking into account the preliminary nature of the outcomes of the International Task Force on Global or International Public Goods, the Survey suggests a need for a new definition of IPGs that broadens the scope of the work to include regional and transnational public goods.

## **6. COMMITMENT VI: INNOVATIVE SOURCES OF FINANCING**

Perhaps the two most prominent innovative finance mechanisms proposed have been: (i) the International Finance Facility (IFF) (a front-loaded pledge system for aid increases), and (ii) a range of proposals for international taxation and levies.

A handful of Member States are already involved in studies, analysis and development of options on various types of innovative financing mechanisms and/or are considering involvement from 2005. The Survey also produced a mixed picture with regard to current or possible engagement in Public Private Partnerships (PPPs).

## **7. COMMITMENT VII: REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM**

By presenting a single European position as often as possible, the Union would increase its visibility and influence in the IFIs. There has been some modest progress over the past few years pertaining to enhanced EU coordination, but the EU commitment of 2002 is considered vague, making effective monitoring difficult. Concerning the specific question of “*enhancing the voice of developing and transition countries*” in the IMF and World Bank, only limited progress has been achieved.

In reply to the Survey, a majority of Member States expressed general satisfaction with the improved informal EU coordination. Several Member States expressed the wish to go further (e.g. improved information sharing, more harmonised approach, etc.). Some Member States would be in favour of extending this kind of collaboration to the regional development banks where collective EU shareholding is significant.

## **8. COMMITMENT VIII: DEBT RELIEF**

All EU Member States had made the necessary provisions to ensure their participation in the HIPC initiative by May 2003. Overall the ten new Member States are fulfilling their financial commitments, some contributing already to the HIPC Trust Fund.

A majority of Member States said “No” to the idea of achieving the minimum target of 0.7% ODA/GNI if the figures excluded debt relief. Member States have already increased the grant elements in their ODA to debt-distressed countries, and the Survey showed a generally positive attitude among donors to the prospects of *increasing the grant component of their ODA flows*.

The Survey showed that most Member States agree or are not opposed to providing additional debt relief to HIPC-graduated countries who remain or return to debt distress situations. But they have diverging views on how to deliver this. Most Member States agree that the prospects for several countries, mostly in post-conflict situations, are of concern, as they could remain excluded from the HIPC Initiative – but again, they have no coherent view on possible solutions.

## Introduction

### • Background

The Monterrey Consensus, adopted by the International Conference on Financing for Development (FfD) in Mexico, 18-22 March 2002, reflected a number of critical commitments “*to address the challenges of financing for development around the world, particularly in developing countries.*”

The FfD Conference emphasised that trade, finance and development are closely interrelated and underlined the shared responsibility of donors and recipient countries in achieving the Millennium Development Goals (MDGs). It addressed the two parallel issues of ensuring the necessary “means” (i.e. financing) and the most effective “ways” (i.e. aid effectiveness) of achieving the Millennium Development Goals (MDG)<sup>3</sup>. These are two mutually reinforcing objectives, and progress should be made on both.

The European Union, collectively representing more than 50% of worldwide Official Development Assistance (ODA)<sup>4</sup>, is a key partner in the FfD process. At Monterrey the EU contributed significantly to the overall positive result of the Conference, through the so-called “Barcelona commitments”<sup>5</sup> – composed of:

- **Commitments on ODA volume and sources** (Nos 1, 5, 6, 8) – increased ODA volumes, innovative sources of financing, initiatives concerning GPG and debt relief for Heavily Indebted Poor Countries (HIPC);
- **Commitments on aid effectiveness** (Nos 2, 3, 4, 7) – closer coordination of policies, harmonisation of procedures, untying of aid, trade-related assistance (TRA), reform of the international financial system.

In September 2005, five years after the Millennium Declaration, **the UN High Level Event (HLE)** will take stock of progress towards meeting the MDGs by 2015. This event will include a separate meeting on financing for development and will be prepared by the **UN High-level Dialogue on Financing for Development**. The EU is aware that the international community has high expectations of a substantial European contribution to the HLE, and is committed to stimulating the international debate.

To this end, the **European Council of December 2004** mandated the Commission to present to the Council “*concrete proposals on setting new and adequate ODA targets for the period 2009-2010, while taking into account the position of the new Member States*”. These proposals must be based on consultations with individual Member States. The EU leaders also decided to “*explore innovative ways of financing*” and asked the Commission to submit relevant proposals with a view to the 2005 HLE. The annual report on the implementation of the Barcelona commitments is a useful tool to provide a factual basis for such proposals.

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<sup>3</sup> In the G8 Africa Action Plan, endorsed by the Kananskis Summit of 2002, it was expected that the Monterrey pledges would trigger an additional US\$ 12 bn/yr by 2006: “*in aggregate half or more of our new development assistance could be directed to African nations that govern justly, invest in their own people and promote economic freedom.*”

<sup>4</sup> Including MS' contributions and EC contributions (budget and EDF).

<sup>5</sup> Council Conclusions of 14 March 2002 on the UN Conference on FfD (Monterrey).

The Council of Ministers meetings in spring 2005 and the European Council in June will provide the opportunity to prepare the EU's contribution to the stocktaking event. Among the **key challenges** are: (i) a **persistent financing gap**, (ii) the **effective use of ODA** and (iii) the continuing, **unsustainable debt burdens** of many poor countries.

- **Monitoring – mandate, methodology and structure**

The **Commission is mandated to report annually on the degree of implementation of EU commitments**<sup>6</sup>, and to propose corrective measures wherever progress is insufficient. The Commission monitors progress in implementing the “Barcelona commitments” via **annual questionnaires to the Member States (MS)**. This provides a good opportunity for **collective benchmarking** and ensures that action taken by the Union is **transparent**.

The first monitoring report of 2003 fed into the preparations for the first UN High Level Dialogue on FfD in October 2003<sup>7</sup>, while the 2004 report<sup>8</sup> focused on the coordination of policies and harmonisation of procedures. Its recommendations triggered the EU report “Advancing coordination, harmonisation and alignment: The contribution of the EU”, endorsed by the Council in November 2004<sup>9</sup>. This EU Report has in turn become an essential input into the international harmonisation and alignment debate at the OECD/DAC High Level Forum II (HLF II) in Paris in March 2005.

**This year's Survey** was based on questions relating to developments on the implementation of the eight EU commitments of 2002, at the international and EU level. It provides a detailed description of the state of play on each individual commitment, as expressed in the replies to the questionnaire.

Overall, the Commission is satisfied with the response to the questionnaires<sup>10</sup>. Some Member States provided more detailed replies, while others preferred not to take a position on all questions. The contribution of the new Member States is particularly impressive and demonstrates their efforts to take on the *acquis communautaire* in the area of development policy and with regard to the EU's contribution to the FfD. All these contributions provide a solid basis for drafting the proposals to be incorporated in the Commission Communication.

The report is divided into eight chapters on each of the Barcelona commitments, including: (i) background, (ii) a description of the EU state of play on the given commitment, and (iii) the results of the survey.

The compilation of the answers given by Member States is annexed to this Staff Working Paper.

In addition, some matrices allow the specific answers, comments and/or suggestions of individual Member States to be compared on a few selected topics.

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<sup>6</sup> Conclusions adopted by the General Affairs and External Relations Councils in November 2002 and May 2003 respectively.

<sup>7</sup> The Commission Staff Working Paper “*Follow-up to the International Conference on Financing for Development (Monterrey – 2002) - Monitoring the Barcelona Commitments*” SEC (2003) 569, 15.05.2003; Council Conclusions of the GAERC of 20.05.2003, document 9379/03 (Presse 138) p.20.

<sup>8</sup> The Communication from the Commission to the Council and the European Parliament “*Translating the Monterrey Consensus into practice: the contribution by the European Union*” COM(2004)150 final of 05.03.2004; Council Conclusions of the GAERC of 29.04.2004; Council Doc.8973/04 of the 29.04.2004.

<sup>9</sup> Council conclusions of the GAERC 22-23.11.2004; 14724/04 (Presse 325) p.37

<sup>10</sup> All Member States except Cyprus replied to the survey.

## 1. COMMITMENT I: INCREASE THE VOLUME OF EU OFFICIAL DEVELOPMENT ASSISTANCE TO 0.39% OF GNI BY 2006, AND EVENTUALLY TO 0.7% OF GNI

*Commitment: "In pursuance of the undertaking to examine the means and timeframe that will allow each of the Member States to reach the UN goal of 0.7% ODA/GNI, those Member States that have not yet reached the 0.7% target commit themselves – as a first significant step – individually to increase their ODA volume in the next four years within their respective budget allocation processes, whilst the other Member States renew their efforts to remain at or above the target of 0.7% ODA, so that collectively an EU average of 0.39% is reached by 2006. In view of this goal, all the EU Member States will in any case strive to reach, within their respective budget allocation processes, at least 0.33% ODA/GNI by 2006."*

### 1.1. Background

The UN Millennium Project report (J. Sachs) calls for each donor to reach 0.7% by 2015, and calculates that the following global ODA increases are required to meet the MDGs:

- 0.44% by 2006 (probable EU collective average: 0.42%), and
- 0.54% by 2015.

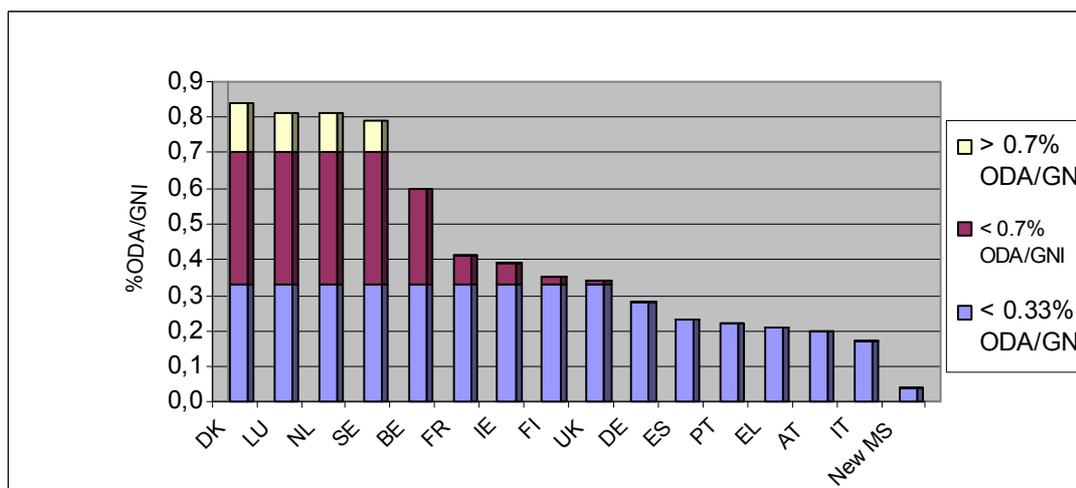
As stated in the Commitment, the Member States promised in Barcelona to generate sufficient financial resources to achieve the MDGs and, in this context, to reach the UN goal of 0.7% ODA/GNI in 2015. The Member States that had not yet reached the 0.7% target committed themselves, as a first significant step, to increasing their ODA to at least 0.33% of GNI by 2006. This individual commitment was coupled with a collective obligation to reach an EU average of 0.39% ODA/GNI by 2006.

### 1.2. EU performance

**The latest indications provided by Member States show that EU is largely on track to deliver on most of the commitments made in 2002, including those to be honoured by 2006.**

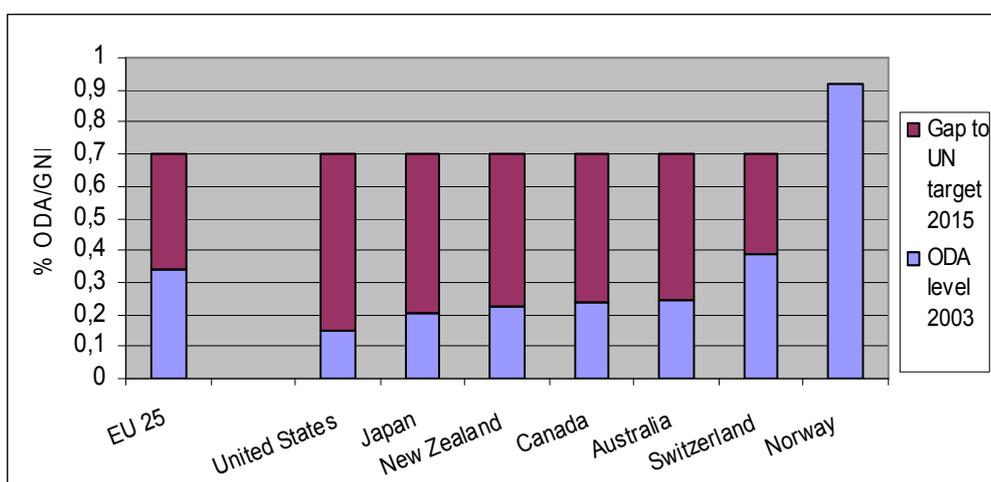
**In terms of ODA/GNI ratio, in 2003 the EU reached an average of 0.34% ODA/GNI. This is above the average for OECD/DAC countries (excluding Norway and Switzerland). Ten Member States have either achieved or pledged to achieve the commitment of 0.7% ODA/GNI. The 2003 ODA decrease recorded in Austria, Denmark, Ireland, Spain, Sweden and Italy is partly a consequence of the exceptional 2002 ODA increases due to special debt relief efforts.**

Diagram 1: EU ODA levels by Member State in 2003



Data source: OECD/DAC Annual report 2004, statistical annexes.

Diagram 2: ODA/GNI contributions in 2003: The EU compared to other DAC Members



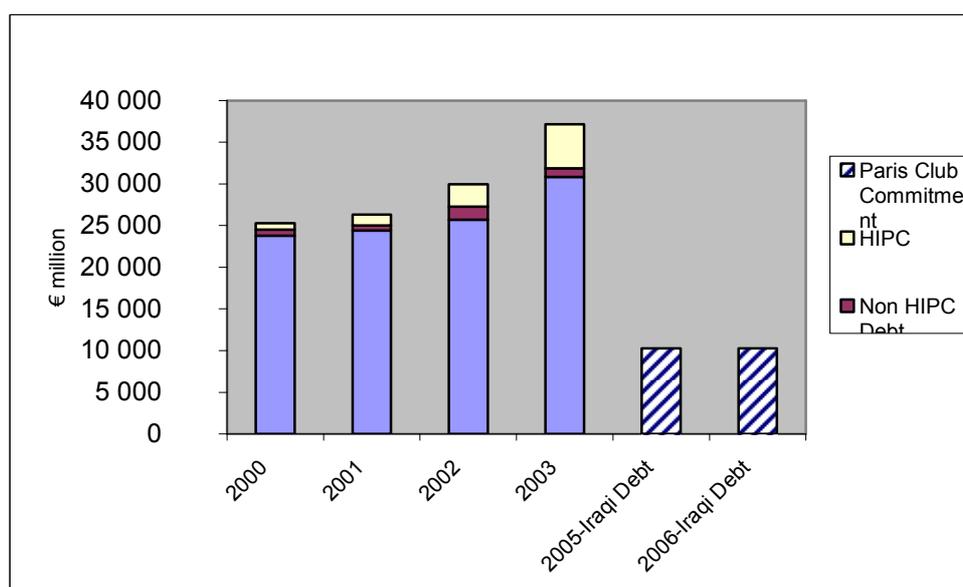
Data source: OECD/DAC Annual report 2004, statistical annexes.

In terms of **actual volume**, ODA rose in 2003 in 12 of the 25 Member States compared to 2002<sup>11</sup>. EU-25 ODA flows increased from €28.4 billion in 2002 to €33 billion in 2003, representing an additional €4.6 billion. The new Member States increased their collective contribution by 53% in real terms.

While ODA flows have grown, a sizeable proportion of the increase is due to **debt relief operations**. This is not in keeping with the spirit of the Monterrey consensus, which stated that the HIPC initiative “should be fully financed through additional resources”. In this respect, the effect of debt relief efforts, such as the one for **Iraq**, is a matter that may deserve further discussion among Member States.

<sup>11</sup> Belgium (by 62.9%), France (by 30.5%), Sweden (by 27.6%), Luxemburg (by 26.3%), United Kingdom (by 23.4%), Ireland (by 18.3%), Germany (by 18.1%), Greece (by 14.4%), Spain (by 13.7%), Finland (by 11.7%), the Netherlands (by 9.9%) and Portugal (by 5.7%).

Diagram 3: EU ODA flows and debt relief 2000-2003



RE:Data source: OECD/DAC Annual report 2004, statistical annexes.

### 1.3. Results of the Survey

The Survey showed that a majority of Member States are either in favour or took no position regarding the idea of defining a new interim EU target for additional ODA increases by 2010 – twelve Member States were in favour (nine unconditionally, three conditionally), nine Member States took no position or did not answer the question, while only two were against.

On preparedness to define a new intermediate target ODA increase for new Member States (NMS), the survey showed a similar picture, with nine Member States in favour (including one new Member State), ten taking no position, and four Member States against the idea.

Question	YES	YES conditionally	NO	No reply / No position
Ready to define new EU interim target for additional ODA increases by 2010	DK, ES, FI, FR, LU, NL, PT, SE, UK	CZ, EE, PL	LI, LV	AT, BE, DE, EL, HU, IE, IT, MT, SI, SK
Prepared to define an interim target ODA increase for NMS	DK, FI, FR, LU, LV, SE, SK	AT, UK	CZ, EE, HU, LI	BE, DE, EL, ES, IE, IT, MT, NL, PL, PT, SI

If commitments by Member States are confirmed over time, the EU would collectively reach an ODA level of 0.42% of GNI in 2006 - representing a potential allocation of €46.5 bn p.a.

Table 1: EU ODA levels 2003-2006

	2003		2006	
	ODA € ml	GNI %	ODA € ml	GNI %
Austria	447	0,2	814	0,33
Belgium	1640	0,6	1568	0,5
Cyprus	2	0,02	3	0,02
Czech Republik	80	0,11	125	0,133
Denmark	1547	0,84	1716	0,82
Estonia	1	0,013	2	0,02
Finland	494	0,35	672	0,42
France	6420	0,41	8284	0,47
Germany	6005	0,28	7565	0,33
Greece	320	0,21	616	0,33
Hungary	19	0,03	27	0,03
Ireland	446	0,39	856	0,61
Italy	2153	0,17	4795	0,33
Latvia	1	0,008	5	0,037
Lithuania	2	0,01	14	0,07
Luxembourg	172	0,81	223	0,9
Malta	3	0,07	9	0,18
The Netherlands	3524	0,81	3947	0,8
Poland	24	0,01	227	0,1
Portugal	283	0,22	479	0,33
Slovak Republic	13	0,05	33	0,092
Slovenia	20	0,1	29	0,1
Spain	1736	0,23	3288	0,37
Sweden	2124	0,79	2819	1
UK	5560	0,34	8146	0,42
<b>EU 15 TOTAL</b>	<b>32871</b>	<b>0,35</b>	<b>45788</b>	<b>0,43</b>
<b>EU 10 Total</b>	<b>165</b>	<b>0,04</b>	<b>474</b>	<b>0,09</b>
<b>EU 25 TOTAL</b>	<b>33036</b>	<b>0,34</b>	<b>46262</b>	<b>0,42</b>

Data sources: OECD/DAC Annual report 2004, statistical annexes and replies of EU Member States to the Monterrey questionnaire

While the Survey indicates important positive developments, in terms of the readiness to define new commitments on ODA volumes, past experience has shown that the “heavyweights” Germany and Italy are of particular importance to the collective achievement of the Barcelona commitments; both countries replied “No position/decision” to the above two questions.

Germany seems to be on track to meet the 2006 target, but it is questionable whether ODA levels – after the Iraqi debt reduction effects – can be sustained beyond that date. Even more critical is the situation of Italy, where there is a risk of a de facto reduction in ODA from an already low level. Italy’s ODA would need to increase very significantly if the EU is to meet the 2006 target. Italy could make a significant step towards its target without engaging further staff resources, for instance by bringing its promised contributions to the Global Environment Facility up to date.

## 2. COMMITMENT II: COORDINATION AND HARMONISATION

Commitment: “To take concrete steps on coordination of policies and harmonisation of procedures before 2004, both at EC and Member States level, in line with internationally agreed best practices including by implementing recommendations from the OECD Development Assistance Committee Task Force on donor practice

### 2.1. Background

The 2004 Barcelona follow-up report contained substantial proposals for concrete action, building on existing political commitments. It underlined the discrepancies between political commitment at Council level and implementation. This led to the establishment of an Ad Hoc Working Party on Harmonisation (AHWPH) with a mandate to examine the Commission’s recommendations and other relevant proposals in detail with a view to putting this Barcelona commitment into practice.

### 2.2. EU performance

The AHWPH agreed to the following **eight recommendations**, which were **endorsed by the Council of Ministers** (GAERC) of November 2004:

- Follow these **basic principles**: focus on a country-based and country-led approach, avoid duplication and work in a complementary way, aim for a wide coverage of aid modalities and procedures, use agreed guidelines on coordination and focus on implementation, openness of all donor initiatives.
- *Set time-bound objectives and monitoring mechanisms*. For most of the agreed actions implementation is expected in 2006.
- Establish an EU roadmap in every recipient country, offering a menu of actions, to be decided by a common assessment of needs by all EU local representatives.
- Use **common EU guidelines** based on existing EC guidelines for horizontal issues (such as operational coordination or Sector Support) and for a few selected sectors.
- **Establish joint multi-annual programming** on the basis of revised Country Strategy Papers (CSP).
- **Establish complementarity as an operational objective**, by discussing the division of labour at country level and starting a debate at cross-country level on the basis of the Donor Atlas.
- Establish a **common framework for implementation procedures** in the form of Joint Financial Agreements, covering such issues as reducing the number of missions, operating through budget support, enhancing sector coordination, making aid flows predictable, harmonising Technical Assistance, reinforcing joint evaluations, promoting joint auditing, establishing common cost norms, and strengthening delegated cooperation.
- **Reduce micromanagement by the management committees** for Community aid: “Member States must ensure that the Commission has the necessary means and freedom of manoeuvre to participate actively in local coordination efforts and to align Commission

development aid with national development priorities and procedures”; “Member States should discuss initiatives that can support the decentralisation process in the Council before the end of 2005.”

The results of the process should be the basis for a real step forward at EU level. The EU will, however, also have to quickly follow up and implement several of the recommendations and deliver qualitative outputs.

The results have also been put before the **Second High Level Meeting on Aid Effectiveness in Paris in March 2005**, as the EU collective contribution to the international harmonisation agenda. Experience so far indicates that progress is uneven. Administrative costs for the entire DAC membership exceeded €3.5 billion in 2003.

## 2.3. Results of the Survey

### 2.3.1. At Headquarters/international level

With regard to involvement in coordination/harmonisation initiatives at headquarters/international level, a majority of Member States (13) said that they were participating actively; eight were not (of which seven were new Member States) and three did not reply. As to the type of specific coordination/harmonisation initiatives Member States were involved in, a majority referred to work within: (i) the OECD/DAC, (ii) likeminded groups and (iii) the United Nations, Bretton Woods institutions and other international finance institutions.

Question	Yes	No	No reply
Countries involved in coordination/harmonisation initiatives among headquarters	AT, BE, DE, DK, FI, FR, IE, LU, NL, PL, SE, SK, UK	CZ, EE, ES, HU, IT, LI, LV, MT, PL	EL, PT, SI

For more specific answers, we refer to the attached country fiches and matrices, which provide more detailed information per country.

### 2.3.2. At country/field level

The Survey shows that a majority of Member States were involved in various types of coordination/harmonisation initiatives at country/field level – ranging from participating in local harmonisation and coordination processes and structures among donors and/or led by the recipient government, through involvement in the PRSP process, to increased use of joint programme-based sector support.

Question	Yes	No	No reply
Countries involved in coordination/harmonisation initiatives at field/country level	AT, BE, DE, DK, ES, FI, FR, HU, IE, IT, LU, NL, SE, SI, SK, UK	CZ, EE, EL, LI, LV, MT, PL	

On the question of **willingness to work through one of five lead donors**, there was a generally positive attitude among Member States – seven agreed unconditionally, while another five agreed conditionally (within a sector or country approach). Only two Member States disagreed altogether, while three did not reply.

Complementarity: Proposal to work through 1 of the 5 “lead donors”						
Globally disagrees	Globally agrees	Agrees if within a sector approach		Agrees if within a country approach		No position No reply
		IT, PT		In some countries	In all countries	
		In some countries	In all countries			
AT, MT,	CZ, FR, LV, PL, NL, SE, UK	BE, EL; SK	DE	BE, HU, SK.	DE, EL	EE, IE, SI

From the Survey one could also sense a general **need for further clarification of the concept of complementarity**. On the question as to what criteria should be used for the development of operational elements of complementarity (country/sector level), most MS believed that: (i) **donors’ comparative advantage overall in a country or sector**, and (ii) **availability of staff and expertise in a given sector or country**, were either very important or important. Very few believed (iii) size of financial allocation to a given sector or country to be very important.

Criteria for the development of operational elements of complementarity (country/sector level)				
Criteria:	Very Important	Important	Less Important	Irrelevant
<b>Comparative advantage of donors at global level of a country or sector</b>	BE, DE, EE, EL, FI, HU, IE, IT, PT, NL	CZ, ES, LI, LV, PL, SK, UK	AT, DK, FR, LU, SI	
<b>Availability of staff and expertise in a given sector or country</b>	AT, CZ, DE, DK, EE, FI, FR, IE, IT, PL, NL	BE, ES, HU, LV, LI, PT, SI, SK, UK	EL, LU	
<b>Size of financial allocation to a given sector or country</b>	BE, UK	CZ, DK, FR, EL, HU, IT, LI, NL, PL, SK	AT, DE, EE, ES, FI, IE, LU, LV, PT, SI	

### 2.3.3. Experience from the EU’s four pilot countries

Regarding coordination and harmonisation in the four EU pilot countries (Morocco, Mozambique, Nicaragua and Vietnam), the Survey indicated broadly positive developments in three out of the four:

- **Mozambique: particularly positive developments and an advanced level of donor harmonisation, including:**
  - (a) alignment around the Government’s Poverty Reduction Strategy,
  - (b) joint Memorandum of Understanding with 15 donors leading to coordinated and untied budget support,
  - (c) wide use of SWAP/sectoral programmes, joint performance assessment framework.
- **However, improvements can still be made in the predictability of aid, complementarity and selectivity among donors.**
- **Vietnam: equally positive developments, where EU donors have agreed on a joint Action Plan for harmonisation and coordination and already delivered on the following:**

- (d) an annual "Blue Book" directory of all EU cooperation activities in Vietnam;
  - (e) establishment of EU norms for local costs in development activities (also followed by other donors);
  - (f) Framework Agreement on cooperation covering issues like tax status for consultants;
  - (g) joint EU statements and pledges at the Consultative Group meetings;
  - (h) EU working groups on how to work more effectively in key sectors;
  - (i) EU system of delegated co-representation in policy dialogue discussions;
  - (j) making available the services of a harmonisation adviser to the Government.
- **However, Member States expressed the need a need to further refine the EU Action Plan, and establish targets for closer coordination such as a reduction in the number of EU projects and the identification of specific joint actions. In February 2005 the Member States active in Vietnam agreed on such a concrete roadmap including time-bound targets.**
  - **Nicaragua: the Survey showed a positive, albeit qualified picture:**
    - (a) A 10-donor budget framework (Joint Financing Agreement) to support the Government's National Development Plan is being negotiated, and is expected to produce a positive result for the 2005 budget.
    - (b) Opportunities for greater harmonisation will improve as the Plan becomes better linked with the national budget.
    - (c) The organisation of – so far - six sector coordination round tables organised.
  - **On areas which need improvements, the Survey showed that despite progress in harmonisation, alignment with Government policies seems often to be lacking. The Government of Nicaragua's leadership in harmonisation and alignment should be respected, instead of creating parallel structures for donor coordination.**
  - **At the same time, stronger government leadership in policy development is necessary; this partly explains why sector coordination activities and initiatives on budget financing in the framework of the National Development Plan have been mainly donor driven up to now.**
  - **Institutional capacity is still weak and implementation is falling behind.**
  - **The Nicaraguan Government has expressed concern that complementarity (leading to a reduction in the number of donors per sector) may increase vulnerability where aid is not sufficiently predictable. It would prefer to maintain some choice over partners and focus on donor quality and a reduction in financing instruments.**
  - **Morocco: the coordination process seems to be dragging behind and operates below its potential. This is reflected by the few responses provided by the survey (partly due to the relative absence of MS). Moreover, the Government of Morocco seems less committed to cooperating more openly with donors than the other three pilot countries. Against the background of the comprehensive EU–Morocco Partnership Agreement, the slow progress towards more consolidated EU action to achieve better coordinated bilateral cooperation programmes is a matter of concern.**

- **Despite the holding of regular donor meetings, progress is slow on coordination and harmonisation activities (despite some positive developments in the water sector).**

Countries involved in bilateral programmes in the four EU pilot countries		
Pilot Country	Yes	No
Morocco	BE, DE, FR, IT	AT, EL, ES, FI, HU, IE, LI, LU, LV, MT, NL, PL, PT, SK, SI, UK
Mozambique	AT, BE, DE, FI, FR, IT, PT, NL, UK	ES, HU, IE, LI, LU, LV, MT, PL, SI, SK
Nicaragua	AT, DE, FI, FR, IT, NL, PT, UK	BE, ES, HU, IE, LI, LU, LV, MT, PL, PT, SI, SK
Vietnam	BE, CZ, DE, FI, FR, HU, LU, NL, SE, UK	AT, ES, IT, LI, LV, MT, PL, PT, SK, SI,

Overall the responses revealed that the concept of coordinating policies and harmonising procedures is not yet well rooted in all Headquarters administrations of EU Member States. Moreover, **some replies imply that Headquarters is not aware of involvement (via their Embassies) in enhanced coordination activities in the EU pilot countries** (e.g. Vietnam). There seems to be **scope for improved information flow between Member States capitals and their field offices**, to bolster the EU’s joint coordination efforts.

### 3. COMMITMENT III: UNTYING

Commitment: To implement the DAC recommendation on untying of aid to Least Developed Countries and continue discussions in view of further untying bilateral aid. The EU will also consider steps towards further untying of Community aid while maintaining the existing system of price preferences of the EU-ACP framework.

#### 3.1. Background

Untying aid was recognised in Monterrey as one significant means to improve aid effectiveness. In order to support its added value, the European Union agreed in Barcelona:

- **to implement the DAC recommendation on untying aid to Least Developed Countries,**
- **to continue discussions with a view to further untying bilateral aid, and**
- **to consider steps towards further untying Community aid.**

In addition, two recent studies commissioned by the OECD/DAC and the Commission have simultaneously highlighted the added benefit and positive impact of further untying – in particular untying food aid and food aid transport – in terms of aid effectiveness and coherence.

#### 3.2. EU performance

As agreed in Barcelona, the European Union has made significant progress on obtaining “better value for money” from its ODA. Member States have untied their aid to Least Developed Countries (LDCs) in line with the DAC recommendation (since the new Member States are not yet members of the DAC, the recommendations do not yet apply to them). Moreover, a majority of Member States are progressing towards further untying.

Furthermore, **single market and competition rules** also apply to procurement for the purpose of implementing the Member States' development policy. Under these rules, Member States are obliged to untie aid between the EU-25 and grant mutual access, and any infringement is an offence. So by law, all EU aid is untied and mutual access is granted between the EU-25.

In line with the conclusions adopted by the General Affairs Council in May 2003 and the European Parliament in September 2003, the Commission submitted **two proposals on untying EC aid** to the Council and Parliament and that are currently in the legislative process: (i) for a Regulation on **untying EC-funded aid** and tentatively for adoption in 2005 and (ii) for the renegotiation of **Annex IV to the Cotonou Agreement**. The EU and ACP partners concluded the renegotiations of the Cotonou Agreement in February 2005.

### 3.3. Results of the Survey

On the question of whether they had introduced new proposals/policy papers in 2003/2004 relating to untying aid (reality check), the survey showed **relatively little concrete action over the last two years** – only four Member States said “Yes”, while another twenty Member States answered that no action had been taken. It is worth noting that **four Member States' development aid is already fully untied** - excusing them from further policy reform in this area, while another four countries claim that their aid is mostly untied.

Have you introduced further proposals/policy papers in 2003/2004 on untying bilateral aid beyond OECD/DAC recommendations?			
Yes	No	No reply	Comments/reservations
DE, FI; FR; NL, SE,	AT, BE, CZ, DK, EE, EL, ES, HU, IT, LV, LI, MT, PL, PT, SK, SI		<b>IE, LU, SE, UK</b> aid is already fully untied <b>NL</b> food aid is already untied. Proposal calling for further untying under study <b>FR, FI, PT</b>

The Survey also showed a willingness among most Member States to discuss broadening the scope of and simplifying OECD/DAC recommendation on untying – thirteen Member States were willing (nine unconditionally, four only after 2007), while seven Member States were against it, and one did not reply. In this context, it is worth noting that only four of the new Member States have observer status in the OECD/DAC (Czech Republic, Hungary, Poland and Slovakia), and that none of the new Member States, therefore, are legally bound by OECD/DAC recommendations.

Ready to enter a discussion with OECD on the broadening of the scope and simplification of the OECD/DAC recommendation on untying?				
Yes	Yes but after 2007	No	No reply	Comments/reservations
DK, FI, FR, LU, PT, SK, NL, SE, UK,	BE, DE, HU, IT, LI,	AT, EL, LV, MT, PL, ES	CZ, IE	EE, LV, PL (not members of the OECD-DAC)

The Survey also showed that there was **broad support** among Member States for **discussing** all four amendment proposals presented: (i) to **extend beyond the LDCs**, (ii) to **cover food aid**, (iii) to **cover technical assistance** and (iv) to **provide access for recipient countries**.

If YES the following amendments to the scope of the DAC recommendations should be discussed:			
Amendments:	Agrees	Disagrees	No position
<i>Extend beyond the LDCs</i>	BE, DE (after 2007), DK, FI, LI, LU, PT, NL, SE, UK	FR, HU	
<i>Cover food aid</i>	BE, DK, FI, FR, DE, HU, LI, SK, PT, NL, SE, UK	LU	
<i>Cover Technical Assistance</i>	BE, DE (after 2007), DK, FI, LI, LU (under conditions), NL, SE, SK, UK	FR, HU, PT	
<i>Provide access for recipient countries</i>	BE, DK, FI, HU, IT, LI, NL, PT, SE, SK, UK	FR	DE, LU

So, based on the feedback from the Survey, a **majority of Member States is in favour of broadening the discussion on and the scope of untying of aid**. In practice, however, few Member States have lately taken concrete steps forward in this regard.

#### 4. COMMITMENT IV: TRADE-RELATED ASSISTANCE

Commitment: To increase assistance for long-term trade-related capacity building, productive capacity and measures addressing supply-side constraints in developing countries, as well as to provide immediate support for trade-related technical assistance in order to improve the negotiating capacity of developing countries in trade negotiations, including by commitments made at the WTO pledging Conference in Geneva on 11 March 2002.

##### 4.1. Background

Since the launching of the Doha Development Agenda (DDA) in November 2001, and the WTO pledging conference in Geneva of March 2002 the EU - Commission and Member States - has seriously taken up the commitment to increasing the quantity and quality of trade-related assistance and capacity building (TRA/CB) for developing countries. For that purpose the Commission Communication on Trade and Development of 2002<sup>12</sup> outlines the EC's trade and development strategy and contains proposals for action at three different levels: (a) intensifying the dialogue with partner countries; (b) enhancing the effectiveness of EU support; (c) contributing to international effectiveness and coordination.

##### 4.2. EU performance

The Communication has become the main reference for the European Commission, and increasingly the EU Member States, in guiding development cooperation on trade. Accordingly, the EU has stepped up commitments for TRA/CB and is by far the largest contributor worldwide as reported in the Doha Development Agenda Trade Capacity Building Database (TCBDB). The figures have increased over time: the EU provides about 50% of

<sup>12</sup> Communication of the European Commission to the Council and the European Parliament entitled on "Trade and Development: Assisting Developing Countries to Benefit from Trade" (COM 513/2002); endorsed by the Council in November 2002.

total TRA, and the annual budget committed for TRA in the last four years is around €1 billion<sup>13</sup>.

The EU is also by far the main donor to key multi-donor TRA initiatives, such as the Integrated Framework for LDCs and the Doha Global Trust Fund, where it also accounts for over 50% of the pledges. A sizeable part of the EU's TRA is channelled through regional integration organisations. Regional initiatives can create trade opportunities that are not available in the multilateral context. It is to be noted, however, that the increased focus on TRA in development aid is different across EU Member States: some countries have taken up the commitment more systematically than others.

In terms of quality, the EU has taken seriously the issue of improving delivery and obtaining concrete results. In 2004 the EC undertook a comprehensive evaluation of TRA. Despite some shortcomings (EC procedures are not always well suited to the fast changing trade area; and trade assistance has not always been based on a detailed assessment) the conclusion is that Commission TRA has resulted in improved knowledge and awareness of trade-related issues in the central institutions of partner countries, and it has contributed to increased export performance and improved productivity among local enterprises. Efforts are being made to deliver more systematic training in that field.

Some Member States (UK, Netherlands) have also carried out external evaluations of their TRA activity. As far as the EC is concerned, its development policy has progressively integrated trade into its assistance programmes. The mid-term reviews of the Country and Regional Strategy Papers have to some extent allowed it to give a more prominent trade focus to the development dialogue with our partners, but the results vary considerably from country to country and from region to region. Developing countries face many competing challenges. Member States are also making efforts to integrate trade more systematically in their development cooperation programmes.

#### 4.3. Results of the survey

Some replies to the survey on trade-related assistance (TRA) are strikingly inconclusive. This may indicate that: (i) TRA is not a core priority in many Member States; (ii) different instruments which have emerged in the context of the Doha Development Agenda (DDA) have not yet found their way into Member States' cooperation programmes and/or (iii) the questions were not sufficiently focused to trigger clear answers.

There is **no systematic use of a single set of TRA-related policy guidelines**. Whereas the OECD/DAC guidelines of 2001 are frequently used by eleven Member States, neither the Council Conclusions of 2002 on the EC Trade and Development Communication<sup>14</sup> nor the EC TRA Guidelines of 2003 have – so far – broadly impacted on Member States' TRA. This is remarkable in so far as they take full account of the DDA, decided in 2002.

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<sup>13</sup> If we take the EC alone, since the Doha Conference it has scaled up its TRA funding considerably. Between 1996 and 2000 the EC allocated around € 700 million. Although these data may be underestimates, because before the establishment of the Doha database, trade-related projects were not recorded systematically, there has been a sizeable increase since the Doha Declaration in 2001. Between 2001 and 2004, the global allocation totalled € 2.9 billion, i.e. an average of more than € 700 million annually.

<sup>14</sup> The Commission Communication *Trade and Development: Assisting Developing Countries to Benefit from Trade* (COM513/2002) outlines the EC's trade and development strategy and contains concrete proposals for action at three different levels: (i) intensification of dialogue with partner countries, (ii) enhanced effectiveness of EU support; (iii) contribution to international effectiveness and coordination

Eight Member States refer to the Council Conclusions and five Member States to the EC guidelines frequently. The broad picture seems to be that **coherent guidelines acceptable for all Member States and the EC programmes still need to be developed**. The EU Informal Trade and Development Experts Group could play a key role in triggering progress towards a coordinated TRA approach at EU level. This seems even more important as the EU is globally the largest provider of TRA.

<b>The most important policy guidelines for delivery of bilateral TRA are:</b>				
<b>Policy guidelines:</b>	<b>Binding</b>	<b>Frequently used</b>	<b>Not relevant</b>	<b>No reply</b>
<i>Your national policy guidelines</i>	CZ, DE, DK, EE, FI, IT, SE	FR, EL, IE, LI, NL, UK	BE, EC, LU, LV, PL	MT, PT, SI, SK, ES.
<i>Council Conclusions of 20.11.2002 on Communication on Trade and Development (COM 513)</i>	EC	BE, DK, FI, FR, EL, IT, LI, NL,	LU, PL	No national guidelines on TRA: AT, HU
<i>EC Guidelines on TRA of 2003</i>	EC	BE, EL, FI, FR, IT	DE, DK, LU, PL	
<i>OECD/ DAC guidelines "Strengthening trade capacity for development (2001)"</i>		BE, DE, DK, FI, FR, EL, IE, IT, PL, SE, UK	LU	
<i>Other, please specify</i>		FR		

<b>Actions taken/planned as from 2005 to facilitate the mainstreaming of trade in your aid programmes</b>						
	<b>Training</b>	<b>Manuals/ Guidelin.</b>	<b>Instruct.</b>	<b>Organis. change</b>	<b>Monitoring / evaluations</b>	<b>Other</b>
<i>IN DEVELOPING COUNTRIES' INSTITUTIONS:</i>	CZ, DE, DK, EE, IE, IT, LI, MT, PL, UK	MT, UK	DE, MT, NL	DE, FR, UK	CZ, DE, IT	NL
<i>IN YOUR ADMINISTRATIONS</i>	EC, IT, UK	EC, IE, UK	EC,	BE, EC, DK, EE, FR	DE, EC, IT, MT, UK	DK, EC, UK
<i>- at Ministerial level</i>	LI,	FI, DE, IE, SE,	SE,	DK, EE, FI, FR, LI, SE		DK
<i>- in the headquarters</i>	EC, HU, IT, NL, SE, UK	EC, FI, IE, SE, PL	EC, EL,	BE, EC, EE, DK, FI, FR, IE, IT, NL, SE	EC, IT, NL, UK	DK
<i>- at field level</i>	EC, HU, IT, NL, SE, UK	EC, FI, IE, SE	EC, EL, PL, NL	EC, FR, IT,	DK, EC, IT, UK	DK, NL
<i>IN IMPLEMENTING AGENCIES:</i>				FR		

-- headquarters	EC, DE, IT, SE	EC, SE	EC, EL, SE,	EC, FR, IT	EC, IT, PL	DK
at field level	EC, IT	EC, SE,	EC, EL	FR, IT	EC, IT	DK

Main beneficiaries within Member States' TRA for 2005/2006				
International institutions	Regional organisations	Individual countries	NGO	Other
AT, BE, CZ, DE, DK, FI, IT, MT, NL, PL, SE, SK, UK.	DE, DK, SE, UK.	CZ, DK, EE, FI, DE, NL, SE, UK.	BE EC IT PL NL SE UK	DK

Some fifteen Member States stated that they used or were in process of evaluating future use of the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) as their main tool for TRA planning and delivery. Another eight Member States replied that they did not use it, while three did not reply. To the extent that coordination of TRA with other donors took place, many Member States stated that it was mainly undertaken at country level.

Question on the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS)					
Have you effectively used or are you prepared to use the IF as the main tool for TRA planning and delivery?	Yes	Will start soon using it	Evaluate future use	No	No reply
	DK, EC, DE, FR, FI, SE, UK		CZ EE, EL, IE, IT, MT, NL, SE	AT, BE, ES, HU, LI, LU, LV, PL	PT, SK, SI

Only two Member States were unconditionally ready to apply the IF DTIS approach to non-LDCs as well, while another four were ready to do so if certain conditions were in place. Ten Member States answered that they were not ready, while another seven did not reply – most of these were New Member States, who gave lack of human resources rather than political will as the main reason.

Are you ready to use the approach of the IF DTIS also for non-LDCs?	Yes	Yes, conditionally	No	No reply
	DE, DK	FR, IT, NL, SE	AT, BE, CZ, EE, HU, IE, LI, LU, LV, PL	EL, ES, FI, MT, PT, SI, SK,

A majority of Member States said they were contributing to the Doha Development Agenda Trade Capacity Building Database (TCBDB), or would start reporting to it soon – thirteen Member States were already contributing, while another three were planning to soon. Eight Member States stated that they did not contribute, while one did not reply.

Question on the Doha Development Agenda Trade Capacity Building Database				
Do you contribute to the Doha Development	Yes	Not yet, will start reporting to it soon	No	No reply

<b>Agenda Capacity Database (TCBDB)?</b>	<b>Trade Building</b>	AT, BE, EC, DE, DK, EL, ES, FI, FR, IE, SE, NL, UK.	EE, IT, PL	CZ, HU, LI, LU, LV, MT, SK, SI	PT
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A majority of Member States also expressed their readiness to intensify information exchange, coordination of TRA policies and activities in the Trade and Development Expert Group – thirteen Member States unconditionally and one conditionally, while eight Member States expressed no position and one was opposed to the idea. There was also a call for improved in-country coordination of concrete TRA activities.

<b>Question on information exchange</b>				
<b>Are you prepared to intensify information exchange, coordination of TRA policies and activities in the Trade and Development Expert Group?</b>	<b>Yes</b>	<b>Yes, conditionally</b>	<b>No</b>	<b>No position / not decided</b>
	BE, CZ, DK, EE, EL, IE, LI, LU, MT, ES, NL, SE, UK	IT	FI	AT, FR, HU, LV, PL, PT, SK, SI

A majority of Member States said that TRA had been relevant to achieving the goal of improved integration of developing countries into the world economy – fourteen Member States found it to be either “highly relevant” (8) or “relevant” (6). Only two Member States found it to be either “less relevant” or “irrelevant”, while another six expressed no opinion. Some replies pointed out that the concept of TRA was still fairly new, and that there yet was not enough experience on hand to assess the effect of TRA on developing- and transition countries’ integration into the world economy.

<b>Has TRA been relevant to achieve the goal of improved integration of developing countries into the world economy?</b>				
<b>Highly relevant</b>	<b>Relevant</b>	<b>Less relevant</b>	<b>Irrelevant</b>	<b>No reply</b>
EE, DK, EC, EL, ES, LV, PL, SE, UK	AT, EC, FI, FR, IT, LI, LU	NL	BE	CZ, HU, MT, PT, SI, SK

Most Member States took no position or did not reply as to their readiness to actively participate in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA. Thirteen Member States had not yet decided or did not reply. Seven Member States said they were prepared to participate, while four said they were not.

<b>Are prepared to actively participate in the OECD/DAC work towards establishing a common monitoring/ evaluation framework for TRA</b>			
<b>Yes</b>	<b>No</b>	<b>No position / not decided</b>	<b>No reply</b>
AT, DE, DK, IT, SK, SE, UK	FI, LV, LI, LU	BE, CZ, EC, EE, FR, EL, HU, PT, SI, NL.	ES, MT

## 5. COMMITMENT V: GLOBAL PUBLIC GOODS

Commitment: To further work towards a participatory process at the global level, including the proposal of setting up a task force open to all actors on a temporary basis, designed to lead to the identification of relevant Global Public Goods.

### 5.1. Background

A crucial element of Global Public Goods is that individual countries or entities cannot, or will not, by themselves act to ensure that they are adequately provided, therefore collective multilateral action is needed.

In the Council Conclusions on Monterrey and the World Summit on Sustainable Development (WSSD) in Johannesburg, the EU confirmed its commitment to tackling the issue of Global Public Goods (GPGs). Even though its proposal for the establishment of a global, participatory process on GPGs was not taken up in the final outcome documents of either event, an informal International Task Force on GPGs was launched at the WSSD by two EU Member States (France and Sweden), in collaboration with the UNDP in April 2003. The Secretariat of the Task Force has kept the process open by involving other stakeholders, the so-called “Group of Friends of the Task Force”

### 5.2. EU performance

The Commission and several EU Member States have been active members of the Group of Friends. The Commission hosted the Regional Consultation for Europe in February 2005 as part of its support. This event provided a key opportunity to discuss the Task Force’s draft findings and feed into its final recommendations.

The Task Force’s output should be widely disseminated in order to accelerate the provision of public goods vital to development. For this reason the EC questionnaire sent to MS this year centred on the Task Force’s preliminary outcomes – a definition of International Public Goods (IPGs) that broadens the scope of the work to include regional and transnational public goods, and the selection of six priority IPGs for enhanced action.

### 5.3. Results of the Survey

The 2004 questionnaire focused on the Task Force’s definition of **International Public Goods (IPGs)**, which seems widely accepted, and six priority IPGs that it selected for enhanced action. All Member States agreed that the selected IPGs (trade, knowledge, peace and security, financial stability, global commons, and eradication of communicable diseases) are relevant, although obviously perceptions of their importance differ.

A **majority of Member States** (14) and the EC **agreed with the Task Force’s definition of IPGs**; nine had no position, while only one Member State expressed the need for a more precise/concrete definition.

Agree with the definition of IPGs recently agreed by the International Task Force on GPG?		
In favour/Yes	Against/No	No position/not decided
BE, CZ, DE, DK, EC, EL, ES, FI, FR, IT, NL, PL, SE, SK, UK		AT, EE, HU, LI, LU, LV, MT, PT, SI

However, a majority of Member States considered further analysis of all the proposed areas as either extremely or very important. **Peace and security scored highest**, with seventeen Member States considering it extremely important, followed by the **eradication of communicable diseases and global commons**. Member States also made some suggestions on new or other IPGs which could be added to the list (see the country fiches in Annex 1 for further details).

These views reinforce the concept of complementarity between Member States: it means that the whole Union can increase its weight in the debate and the global governance mechanisms through action promoted by several constituencies of Member States in all priority IPGs.

The most important IPGs areas for further analysis	Extremely important	Very important	Important	Less important	No position
<i>Trade</i>	DK, EC, FR, IE, MT, SE, NL,	EE, FI, DE, HU, IT, LV, SK, ES, UK,	CZ, EL, PL,	BE,	AT, LI, LU, PT, SI,
<i>Knowledge</i>	FR, IE, LV, NL, SE	BE, CZ, DE, EC, EE, ES, FI, IT, MT, SK,	DK, EL, HU, PL, UK,		
<i>Peace and security</i>	BE, CZ, DK, EC, FI, FR, DE, HU, IE, IT, MT, PL, SK, ES, SE, NL UK,	EE, LV	EL		
<i>Financial stability</i>	FI, FR, IE, ES, SE, NL	CZ, EE, DE, EL, IT, MT, PL, SK,	BE, DK, EC, HU, LV, PL, UK,		
<i>Global commons, in particular natural resources</i>	EC, FR, DE, EL, IE, IT, SE, NL UK,	EE, FI, MT, PL, SK, ES	CZ, DK, HU, LV	BE,	
<i>Eradication of communicable diseases</i>	BE, FR, DE, EL, IE, SK, ES, SE, NL	CZ, DK, EC, EE, FI, IT, UK	HU, LV, MT		

On the question of their involvement in either the Task Force or the Group of Friends, ten Member States said they were actively involved, while eleven were not involved (mostly new Member States), and three did not reply. Most countries that did not participate in the Group of Friends of the Task Force said this was due to lack of human resources.

Yes	No	No reply
AT (Secretariat of the TF), BE, DK, EC, DE, FI, FR, IE, SE, NL, UK	CZ, EE, EL, HU, LV, LI, LU, MT, PL, SI, SK,	IT, PT, ES,

A sizeable majority of Member States was in favour of analysing the Task Force Action Plan with a view to using it as a basis for establishing an EU common platform on the provision and financing of GPGs/IPGs.

Agree to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs			
Yes	No	No position/not decided	Rationale for not participating/comments
AT, BE, DK, EC, DE, FI, FR, IE, LU, MT, PL, SI, ES, SE, UK		CZ, EE, EL, HU, LV, LI, PT, SK, NL	CZ, EE

Finally, a majority of fourteen Member States replied that IPGs should be financed from ODA only if especially linked to the MDGs/other objectives of development. Another seven Member States took no position, while one Member State was against financing IPGs from ODA.

Question on the provision of IPGs: Do you agree with the argument that provision of IPGs should not be financed through ODA?			
Yes	Yes, in context of joint initiative	No	No replied/ not position
IE	BE, CZ, DK, DE, EL, ES, FI, IT, LV, LU, MT, NL, PT, SK		AT, EE, HU, LI, PT, SI, SE

**6. COMMITMENT VI: INNOVATIVE SOURCES OF FINANCING**

Commitment: To further explore innovative sources of financing and taking into account the conclusions of the Commission Globalisation Report.

**6.1. Background**

With reference to the above Barcelona commitment, six Member States stated in 2002 that they were pursuing such initiatives. Their effort focused on international taxation mechanisms, public/private partnership and the HIPC initiative for the cancellation of the poorest countries’ debt.

**6.2. EU performance**

The search for innovative sources of finance must not distract from the primary task of increasing ODA directly. At the same time as agreeing and implementing ODA increases we should, however, explore innovative mechanisms that contribute to additional, stable, predictable financing for development. Whatever the source of funding, new delivery mechanisms will be needed to make it fully effective in helping countries to reach the MDGs.

A number of initiatives have been launched to support the provision of adequate resources to meet the MDGs. Perhaps the two most prominent innovative finance mechanisms proposed have been:

- (i) **The International Finance Facility (IFF)** – a UK proposal for a front-loaded pledge system for aid increases, which would allow borrowing from the markets against binding pledges from donors (with repayments coming from aid budgets), and deliver the resulting funding as grants to developing countries. It is claimed that the UK proposal could double existing ODA (roughly \$50bn/year) by 2010, with flows winding down after 2015 and ending by 2020. Payments to the IFF would come from ODA budgets for the next thirty years. However, the UK claims that the proposal should leave total ODA flows (net of repayments to the IFF) from 2015 onwards at least as high as they are now.
- For a donor, increasing ODA normally requires reducing other public expenditure, increasing taxes, or increasing borrowing. The IFF aims at keeping borrowing “off-budget”, arguing that it is a conditional liability rather than debt in a government accounting sense. It is not clear how many donors have the legal freedom to undertake

such a long-term binding budgetary commitment, even if its accounting status were clear. Also, this technical device may free politicians from the political challenge of increasing aid directly, leaving politicians and tax payers after 2015 to tackle the issue.

- **(ii) A range of proposals for international taxation and levies**, drawn together most powerfully perhaps in the “Landau Report” to the French President and – most recently - the work of the “Lula Group” (comprising the Presidents of Brazil, Chile, France and the Prime Minister of Spain) are currently under discussion. A staff paper by the IMF and World Bank to the 2004 Development Committee assessed a range of options.
- The higher-yielding proposals (such as a carbon tax, a tax on multinational corporations, or a “Tobin tax” on currency transactions) pose problems of political acceptability or economic efficiency. Easier options (such as taxing satellite orbits or sea-bed mining) are likely to have modest yields.
- Most examples require widespread – some effectively global – consensus to operate effectively (or to operate at all). However, despite these challenges the Development Committee mandated the International Financing Institutions to continue their work and “report on how to take such options forward”. It is clear that, in view of the long time necessary to reach agreement on such proposals, any initiative is likely to be relevant only in the medium term and will not reduce the necessity of providing more ODA from the budget in the short term.
- Various such initiatives have found favour at national level. The Belgian parliament, for example, has adopted a “Spahn tax” (a variant of the “Tobin tax” on currency transactions) subject to adoption by other EU countries. The European Central Bank has, however, issued an opinion<sup>15</sup> indicating that in its view the “Spahn tax” as passed may be incompatible with the Treaty.
- The Commission Staff Working Paper ‘Innovative sources of financing for development – a review of options’, currently under preparation, examines the most important questions.

### 6.3. Results of the Survey

A handful of Member States answered that they were already involved in studies, analysis and development of options on various types of innovative financing mechanisms and/or considering involvement from 2005 – basically with regard to the following mechanisms (some Member States are active on more than one mechanism):

- **six on a currency transaction tax,**
- **four on the International Financing Facility for ODA,**
- **three on other international taxes and levies (e.g. on deep sea minerals),**
- **two on an international carbon tax,**
- **two on an aviation fuel tax,**
- **two on a global lottery.**

On whether they were prepared to implement some of these innovative financing mechanisms from 2005, most Member States answered that they were not willing or had no position yet. Broadly speaking, **only those Member States who are already actively involved in the analytical work are willing to consider implementing the mechanisms.**

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<sup>15</sup> [http://www.ecb.int/ecb/legal/pdf/en\\_con\\_2004\\_34\\_f\\_sign.pdf](http://www.ecb.int/ecb/legal/pdf/en_con_2004_34_f_sign.pdf).

Prepared to implement from 2005 the following innovative financing mechanism						
Financing mechanism:	Yes	Yes given support	Yes globally	No	No position yet	No reply
International carbon tax	IT, UK	FR,	SE, NL	AT, CZ, DK, EC, EE, FI, HU, IE, LV, MT, PL	BE, DE, EC, EL, ES, SI, SK	PT, SI, SK
Tax on aviation fuel	IT,	FR,	SE, NL	AT, CZ, DK, EC, EE, FI, HU, IE, LV, MT, PL	BE, DE, EC, EL, SI, SK, ES, UK	
Currency Transaction Tax	IT,	BE, FR,	ES, NL	AT, CZ., DK, EC, EE, FI, HU, IE, LV, MT, PL, SE,	EC, DE, EL, SI, SK, UK	
Other international taxes and levies, e.g. on deep sea mineral extraction/satellite orbits	IT,	FR,	ES, NL, SE	AT, CZ., DK, EC, EE, FI, HU, IE, LV, MT,	BE, DE, EC, EL, PL, SI, SK, UK	
Global lottery for ODA	IT,	FI, FR,	DK PL, SE,NL	AT, CZ., EC, HU, LV, MT,	BE, EC, EE, DE, EL, SI, SK	
International Financing Facility	IT,	FR, UK		AT, CZ, DK, EC, ES, FI, HU, LV, MT, PL, SE, NL,	BE, DE, EC, EE, EL, IE, SI, SK	
Other	<b>DK</b> : Public Private Partnership; <b>FR</b> & <b>ES</b> : Emission of SDRs (given support)					

As to the possible areas in which additional resources resulting from these financing proposals should be used, replies ranged across the spectrum of mechanisms for either ODA, IPGs or both (no clear trend/inconclusive).

Purpose envisaged for the above-mentioned proposals					
Financing mechanism:	ODA	IPGs	Both ODA+IPGs	No opinion	No reply
International carbon tax		NL	FR, SE,	IE,	AT, BE, DK, EE, FI, DE, EL, IT, PL, PT, SI, SK,
Tax on aviation fuel		NL	FR, SE,	IE,	
Currency Transaction Tax	ES, NL			IE, SE,	
Other international taxes and levies,	ES		FR, SE,	IE, NL	
Global lottery for ODA	PL		FR, SE, the NL	IE,	
International Financing Facility	ES, SE, NL, UK		FR,	IE,	

The Survey showed a mixed picture of current or possible engagement in Public Private Partnerships (PPPs) – nine MS are either currently engaged or are considering engagement in

PPPs (ranging from business partnerships to infrastructure to environment and climate change), while four Member States are not engaged and eleven did not take a position.

Are you currently engaged in, or considering engagement in PPPs?		
Yes	No	No position / not decided
AT, BE, DK, FI, FR, IT, SE, NL, UK,	HU, IE, LV, LU,	CZ, EE, DE, EL, LI, MT, PL, PT, SI, SK, ES,
If <u>YES</u> , specify according to the following PPP purposes:	Engaged by end-2004	Considering engagement from 2005
Development	BE, DK, IT, NL, SE, UK	AT, DK, IT, NL, UK
GPGs, based in developing or transition countries	DK, FI, SE, UK	DK, SE, UK
<i>GPGs, based within the EU</i>	DK, SE	DK, SE

## 7. COMMITMENT VII: REFORM OF THE INTERNATIONAL FINANCIAL SYSTEM

Commitment: to influence the reform of the international financial system by combating abuses of financial globalisation, strengthening the voice of developing countries in international decision making and, while respecting their respective roles, enhancing the coherence between the UN, international financial institutions and the WTO. The 2003 report concluded that the uncoordinated initiatives by several MS in the preparation for the governing boards of the WB and IMF have not produced good results.

### 7.1. Background

If the EU wants to be effective on the international scene and generate changes on the issues covered by this commitment, more needs to be done. By presenting a single European position as often as possible, the Union would increase its visibility and influence in the IFIs.

A joint position by the EU Member States is crucial to moving towards a credible solution which honours the Monterrey commitment to developing countries.

Measuring progress on the 2002 EU commitment is difficult due to the general and complex nature of the undertaking, which requires long-term efforts to achieve progress. Nevertheless, there has been some modest progress over the past few years pertaining to enhanced EU coordination.

Concerning the specific question of “*enhancing the voice of developing and transition countries*” in the IMF and World Bank, only limited progress has been achieved.

### 7.2. EU performance

The informal EU consultation and cooperation processes and mechanisms in the Governing Boards of the IFIs have seen improvements over the last couple of years, in the form of regular coordination meetings with which the Commission is associated. Moreover, the **Economic and Financial Committee (EFC) has established a special sub-committee (SCIMF)** to coordinate the EU position on IMF and related issues. This kind of EU collaboration has also been extended to the Regional Development Banks, where collective EU shareholding is significant.

### 7.3. Results of the Survey

The Survey prompted a range of replies. There does not seem to be a single line among Member States – some stressed informal coordination, others called for Brussels-based coordination to complement that of Washington. One could perhaps even say that there still seems to be limited willingness among Member States to improve coordination and the development of an EU profile in the IFIs.

In accordance with the Council Conclusions of April 2004, should EU seek a systematic coordination mechanism and joint EU statements at the governing boards of the IFIs?			
In favour/Yes	Against/No	No position/not decided	No reply
AT, EC, IE IT, LV, LU	DK, EE, FR, HU, SE, NL, UK	BE, CZ, DE, EL, FI, LI, PL, SI,	MT, PT, SK,

A majority of Member States, however, expressed **general satisfaction with the improved informal EU coordination at the level of EU Executive Directors of the IMF and the World Bank, and other Governing Boards of the IFIs**, over the past few years.

**Several Member States expressed a wish to go further** (e.g. improved information sharing, more harmonised approach, etc.). A first visit by the EU Executive Directors of the World Bank to the European institutions in January 2004 had a catalytic effect on cooperation. Such meetings in Brussels are intended to be held annually, and the second meeting took place in March 2005.

This kind of collaboration could also be extended to other regional development banks where collective EU shareholding is significant, such as the African Development Bank, the Asian Development Bank and the Inter-American Development Bank.

## 8. COMMITMENT VIII: DEBT RELIEF

Commitment: to pursue the EU efforts to restore debt sustainability in the context of the enhanced Heavily Indebted Poor Countries (HIPC) initiative, so that developing countries, and especially the poorest ones, can pursue growth and development unconstrained by unsustainable debt dynamics.

### 8.1. Background

The EU's contribution to the HIPC initiative consists of different strands:

- the EU collectively provides the largest contribution to the HIPC Trust Fund as creditor and donor (with a total pledge > €1.6 billion);
- the EC pledge also includes additional assistance to cope with an unfavourable debt sustainability outlook, stemming from external shocks (so-called 'topping up');
- special loans owed to the EC are cancelled in full after full application of the HIPC terms for LDCs.

However, major concerns regarding the debt levels/situation of poor countries remain and require further reflection<sup>16</sup> and action. The more short-term aspect pertains to the overall funding of the HIPC initiative, which is not fully secured as long as non-Paris Club creditors do not deliver their part of debt relief. The other more long-term and increasingly pressing aspect concerns the emerging consensus that despite several extensions the HIPC initiative will not suffice to ensure sustainable debt levels for poor countries in the long run.

### 8.2. EU performance

By May 2003, all the Member States of the Union had already made the necessary provisions to ensure their own participation in the HIPC initiative. The ten new Member States have made the necessary contribution to HIPC as creditors, and some have contributed to the HIPC Trust Fund.

Most of the EU-25 are committed to going beyond the requirements of the HIPC scheme by providing 100% debt relief on their pre-cut-off-date claims. EU support for the implementation of the extended HIPC initiative, now with the sunset clause extended until 2006, is well on track, and the EU is fully delivering on this commitment.

### 8.3. Results of the Survey

Concerning the implementation of the extended HIPC Initiative for the ten new Member States, five had already made provisions to fulfil their financial HIPC commitments, while the other five had not (three of them had no bilateral debt with HIPC countries).

Question for the 10 new Member States			
Have you already made provisions to	YES	NO	No reply

<sup>16</sup> See the EC funded study "Beyond the HIPC Initiative" of March 2004: [http://europa.eu.int/comm/development/body/theme/hipc/docs/Beyond\\_HIPCen.pdf](http://europa.eu.int/comm/development/body/theme/hipc/docs/Beyond_HIPCen.pdf).

<sup>17</sup> The financial commitment of creditors is to grant debt relief according to the debt reduction factor defined by the Debt Sustainability Analysis (DSA) of the IMF/WB, at the decision point for each country covered by the HIPC initiative. All DSAs are now available on the website of the World Bank: [www.worldbank.org/debt](http://www.worldbank.org/debt).

fulfil your financial commitments <sup>17</sup> to the Heavily Indebted Poor Countries (HIPC) initiative?	CZ, EE, HU, PL, SK	LV, LI, MT, PL, SI	CY
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On the question of the additionality of debt relief, a **majority of Member States (13) rejected the idea of achieving the minimum target of 0.7% ODA/GNI if it excluded contributions to debt relief**; five said “Yes” and three had no position.

Question on additionality of debt relief			
Would you agree to achieve the minimum target of 0.7% ODA/ GNI, considering figures excluding debt relief?	YES	NO	No position/ Not replied
	DK, FI, IE, MT, SI,	AT, CZ, FR, DE, EL, HU, IT, LI, PL, SK, ES, NL, UK,	BE, EE, PT,

Detailed analysis reveals that some countries that have fully benefited from the HIPC initiative remain or return to debt distress (debt overhang) situations, after their graduation from HIPC. The Survey showed that most Member States agree or are not opposed to providing additional debt relief, but have diverging views on how to deliver this.

Should a country be found to remain, following HIPC debt relief, debt distressed according to the debt sustainability analyses of IMF/ WB, would you be ready to finance:				
	YES	Yes, conditionally	NO	Not decided/ no position
-Any additional multilateral debt relief?	UK	DK, FR, DE -IE, IT, LV SE,	EE, HU, SK, NL	AT, CZ EL, FI, LI, PL, PT, SI, ES,
-Any additional bilateral debt relief?	UK	DK, FR, HU, IT, ES, SE, NL	EE, DE, LV, SK,	AT, CZ, FI, EL, IE, LI, PL, PT, SI,
-increased ODA allocations?	FR, IE, SE,	DE – HU, IT, UK, NL	EE, LV,	AT, CZ., DK, EL, FI, LI, PL, PT, SI, ES,
-ODA only in form of grants?	DK,IE,NL	CZ, FR, DE - UK	EE, IT, LV, SE	AT, FI, EL, ES, HU, LI, PL, PT, SI,

Despite the latest extension of the sunset clause to the end of 2006, which could benefit a minimum of eleven more countries, several countries, mostly in post-conflict situations, will remain excluded from the HIPC initiative. Most Member States agree that this prospect is of concern, but have no coherent view on possible solutions. As to the more specific alternative solutions listed, Member States took the following broad positions on the four sub-questions provided:

- Twelve agreed that the situation of those countries is of concern, but varied in their position as to whether to solve it within HIPC or through an alternative approach, while another seven took no position.
- Eleven agreed that a solution needed to be found, but again positions varied between finding a solution within HIPC or through an alternative approach. Eight took no position.
- Eight would welcome further studies by the World Bank and IMF in order to devise tailor-made solutions for these countries, while seven took no position.

- As to how MS intend to contribute to finding suitable solutions, ten Member States pointed to multilateral consultations/negotiations in the IFI, the HIPC Trust Fund and/or the Paris Club. Some would prefer a case-by-case solution to a more systematic approach to tackling cases of continued debt distress. Seven Member States took no position.

Question:	Country	No replied/ no position yet
Do agree that the situation of those countries is of concern within HIPC or through an alternative approach:	AT, DK, EE, FR, HU, DE, IE, LV, SK, SE, NL, UK	EL, LI, LU, MT, PL, PT, SI,
Do agree that a solution should be found, within HIPC or through an alternative approach?	AT, CZ., EE, DE, IE, IT, LV, SK, SE, NL, UK	EL, HU, LI, LU, MT, PL, PT, SI,
Do intend to call on the World Bank and IMF staff in order to study more tailor made solutions for these countries	AT, EE, DE, HU, IE, IT SE, UK	EL, LI, LU, MT, PL, PT, SI
How do you intend to contribute to finding suitable solutions?	AT, CZ, DK FR HU, IE, IT, LV, NL, UK	EL, LI, LU, MT, PL, PT, SI

The Survey showed a **generally positive attitude among donors to the prospects of increasing the grant component of their ODA flows, or perhaps moving to purely grant-based assistance** (note some Member States' ODA is already entirely grant-based). Six Member States were unconditionally in favour, another five conditionally in favour (in the context of a joint initiative), while two were against and another seven took no position.

Would consider increasing the grant component of their ODA flows or perhaps moving to a purely grant-based assistance?			
YES	Yes, in context of joint initiative	NO	No reply / no position
AT, DK, FI, IT, NL, PL	CZ, DE, EL, ES, HU	FR, LV	EE, IE, LI, MT, PT, SI, SK

The Survey also showed that there is broad agreement in the EU that the forward-looking, sound **debt sustainability analysis framework (DSA) for low-income countries** currently developed by the IMF and the World Bank, and its strict application, are crucial to tackling the aforementioned problems. This framework is welcomed as it will improve the monitoring of debt levels and offers a much more differentiated approach to measuring debt sustainability in low-income countries.

The DSA framework provides that countries that reach the set lending threshold should receive additional support on a grant basis. The DSA framework has the great merit of emphasising the **close relation between debt sustainability and vulnerability to external shocks**. The EC is actively involved in these discussions, drawing lessons from its long experience with ex-post instruments of export earning stabilisation (STABEX, Sysmin, FLEX). Further **instruments to assist countries hit by external shocks are required** (e.g. quick disbursement instruments, market-based ex-ante instruments, or the temporary suspension of debt service). There are, however, some **areas of concern** concerning the new DSA framework, notably with regard to the **transparency and neutrality of the assessments** by the IMF/WB.

## ANNEX

### **Annex 1: Country fiches**

Country fiches have been established for all Member States except Cyprus, which did not reply to the Monterrey questionnaire.

## AUSTRIA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003	550 m \$	0,2
2004	First preliminary estimates available in April 2005	0,2
2005		0,25
Target-Year 2006		0,33
2009		0,33
Not fixed (**)		0.7

- Austria expresses no position concerning a new EU interim target for additional ODA increases by 2010. No timetable has been set to achieve the UN 0,7% ODA/GNI target.
- Austria is ready to define an interim target for the ODA increase of the new Member States and suggests a lower level than the one set for the EU 15.

### 2. Co-ordination of policies and harmonisation of procedures

- **Coordination/ harmonisation initiatives at field / country level:** Austria participates in donor coordination in: Nicaragua, Cape Verde, Burkina Faso, Uganda, Ethiopia, Mozambique, Palestine, Bhutan, Albania, Macedonia, Bosnia & Herzegovina, Serbia Montenegro. The density and quality of donor coordination lacks specifically where a small number of donors is present (Cape Verde, Bhutan). Particularly useful are Consultative Group meetings (IFI) and Round Tables (UN).
- **Coordination/ harmonisation initiatives among Headquarters:** Austria participates in relevant OECD/DAC working groups and the EU “ad hoc Working Party on Harmonization”, relevant Council Working Groups (eg. Dev, ACP). A relevant source for coordination with commission services are the committees such as EDF, ALA, MED etc.; efforts in IFIs and UN.
- **On complementarity:** Austria suggests that increased complementarity should be achieved by concentrating on SWAPs rather than through the lead donor-driven approach proposed by the Commission.

### 3. Untying of Aid

- Austria has not introduced in 2003 further concrete proposals or policy papers on untying of bilateral aid beyond the OECD/ DAC Recommendations nor is it ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid.

#### 4. Trade Related Technical Assistance

- As a small donor Austria concentrates on few sectors. Trade and development are only part of them to a very limited extent. The main beneficiary is the WTO/DOHA Global Fund (200.000 per year).
- Austria has no bilateral program in this field (with the exception of the promotion of Fair Trade Labelling in the country).
- Austria considers TRA as relevant to achieve the goal of improved integration of developing countries into the world economy.
- Already member of the evaluation network of the OECD/DAC, Austria is prepared to actively participate in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA while is not willing to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group.

#### 5. Global Public Goods

- Austria supports the secretariat of the Task Force on GPGs and is active member of the Group of Friends.
- Austria considers the proposed definition of international public goods (IPGs) not very concrete; a more operational definition could be politically more acceptable. Austria feels that the question of defining GPGs and “priority areas” shall be discussed in an open participatory way, within the EU and within the UN, especially with the G7. These discussions have not yet taken place.
- Austria agrees to analyse the Task Force action plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs
- No position on the relation between IPGs provisions and ODA-ability.

#### 6. Innovative sources of financing

- Austria has not been involved so far in any study/analysis on innovative financing mechanisms, neither foreseen the implementation of the proposed innovative financing mechanism in the future.
- Austria is currently considering to take part actively in the programmes of the European Investment Bank – the "Investment Facility", the EC-water facility and to help establish the "sustainable energy facility" within the EC-frame.

#### 7. Reform of the International Financial System

- In order to improve the quality of the EU co-operation at the governing boards of the IFIS: Austria suggests to “enhance formal and informal coordination at IFI board of directors level; possible additional coordination of EU-capitals for crucial IFI policy positions - including in regional development banks - provided duplication of fora can be avoided (example: economic and financial committee coordination for IMF matters)”.

- concerning the scope for improving the quality of EU coordination at the IFIs (called by the council conclusions of April 2004), Austria agrees to a systematic coordination mechanism and joint EU statements at the governing boards of the IFIs. Austria would welcome with this regards the coordination chaired by the presidency.

## 8. Debt Relief

- No position on additional relief.
- following the extension of the sunset clause until the end of 2006, Austria considers that:
  - the situation of HIPC Eligible countries is of concern,
  - the HIPC should not be reopened,
  - IMF and world bank should come up with genuinely joint proposals
  - Austria intends to contribute through IFI and cooperation through Paris club mechanisms. as far as IFI soft windows are concerned Austria supports an increased grant component for debt distressed countries; IFI soft windows, however, should not play main role in provision of grants for debt distressed countries (EU aid and bilateral aid can provide such grant support).

concerning the structure of the Austrian ODA flows it has to be noted, that they consist mainly of grants and that the share of credits is marginal only.

## BELGIUM

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (m €)	AS % OF GNI
2004	1.279,73	0.45
2005	1.331,321	0.45
Target-Year 2006	1.541,120	0.50
2007	1.760,924	0.55
2008	1.993,782	0.60
2009	2.242,429	0.65
2010	2.486,022	0.7

- Belgium expressed no position concerning a new EU interim target.

### 2. Co-ordination of policies and harmonisation of procedures

- **at field / country level:** through the PRSP-process, basket funding and budget support

- **among Headquarters:** EU-coordination, OECD/DAC.
- **On complementarity:** Belgium is favourable to the “five lead donors driven” approach proposed by the Commission, preferably within a sector approach, and in the partner countries where the historical link with the Belgian cooperation is stronger.

### 3. Untying of Aid

- No further proposals. BE agrees on the broadening of the scope of the DAC recommendation.

### 4. Trade Related Technical Assistance

- Actions taken to facilitate the mainstreaming of trade in the aid programs: organisational changes; inter/intra-agency working groups at headquarters level.
- The main beneficiaries for 2005/2006 TRA are the international institutions (1.25 m. €) and NGOs (1.5 m. €).
- Belgium contributes to the Doha Agenda Trade Capacity Building Databases and is ready to intensify the information exchange through the Trade and Development Expert Group.
- Belgium considers TRA as irrelevant with regards to the achievement of the goal of improved integration of developing countries into the world economy.
- No position is taken yet with regards to the participation in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA.

### 5. Global Public Goods

- Belgium agrees with the definition of International Public Goods (IPGs) recently proposed by the International Task Force on Global Public Good. With regards to the six IPGs areas identified by the TF as priority, Belgium considers Peace and security and eradication of communicable diseases as being extremely important, followed by knowledge (very important) and financial Stability (important).
- Belgium is currently involved in the works of the Group of Friends of the Task force.
- About the relation between IPGs provisions and ODA-ability, Belgium believes that IPGs should be financed from ODA only if they are especially linked to the MDGs.

### 6. Innovative sources of financing

- Belgium does not agree with the implementing modalities of IFF.
- Belgium has not been involved in any study/analysis on innovative financing mechanisms, but it foresees the implementation of the currency transaction tax proposal as for next year.

### 7. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Belgium suggests to organize regular meetings of the resident representatives of the EU Member States at the headquarters of the IFI along the same lines as the SCIMF (mechanism already existing within the IMF).
- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs called by the Council Conclusions of April 2004, Belgium has no position yet.

8. Debt Relief

- No position on additional relief.

## CZECH REPUBLIK

### 9. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	90.550.000 USD	0,101
<b>2004</b>	104.300.000 USD	0,105
<b>2005</b>	135.000.000 USD	0,128
<b>Target-Year 2006</b>	150.000.000 USD	0,133

- CZ is, depending on the general economic performance, ready to define a new EU interim target for additional ODA increases by 2010 while this is not the case for the new Member States.
- No timetable has been set yet to achieve the UN 0,7% ODA/GNI target.

### 10. Co-ordination of policies and harmonisation of procedures

- **Assessment of the four pilot countries:** CZ participates in few activities in Morocco, Mozambique and Nicaragua. Vietnam constitutes the priority country of Czech Republic ODA, the EU harmonisation is here at its initial stage.
- **At field / country level, among Headquarters:** No initiative undertaken at this stage.
- **On complementarity:** The Czech Republic would be favourable to start working through one of the five “lead donors” as proposed by the Commission, preferably within a sector approach.
- The most important criteria for development of operational elements of complementarity is the availability of staff and expertise in a given sector/country.

### 11. Untying of Aid

- CZ has not introduced so far concrete proposals nor policy papers on untying of bilateral aid beyond the OECD/ DAC Recommendations.
- The competitiveness of the Czech ODA stakeholders is still in the process of evaluation, therefore no position is yet taken with regards to the possibility to broaden the scope of and/ or simplification of the DAC recommendation on untying of aid.

### 12. Trade Related Technical Assistance

- CZ has undertaken few actions to facilitate the mainstreaming of trade in aid programmes. These are mainly taken within the developing countries’ institutions and focus on training and monitoring/evaluating programmes.

- The main beneficiaries for 2005/2006 TRA:

International institutions	2,5 mil. USD
Regional organisations with a mandate for trade and integration	
Individual countries: Vietnam, Mongolia, Serbia and Montenegro, Yemen, Bosnia - Herzegovina, Ukraine, Jamaica, Namibia, Philippines and China.	4,5 mil. USD
Non-governmental organisations	
TOTAL	7,0 mil. USD

- CZ is currently evaluating the scope for future use of the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) as main tool for TRA planning and delivery. Experience is insufficient to express a position with regards the use of such approach for non-LDCs.
- CZ does not contribute to the Doha Development Agenda Trade Capacity Building Database (TCBDB) however is willing to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group.
- No position has been expressed yet on participating in the OECD/DAC work towards establishing a common monitoring framework for TRA.

### 13. Global Public Goods

- CZ agrees with the definition of international public goods (IPGS) proposed by the International Task Force on Global Public Goods. CZ suggests to add the following IPGs areas to the six selected by the TF: Good Governance, Reproductive Health, Human Rights and Democracy.
- CZ does not participates in the work of the Group of Friends of the Task Force and is not in the position yet to decide whether analysing the TF Action Plan as a basis for elaborating the EU approach before we had an opportunity to see and analyze it. In principle, CZ agrees that a discussion at the EU level of GPGs might be useful and that the Action Plan could be used as a basis for it.
- On the relation between IPGs provisions and ODA-ability, CZ generally agrees that IPGS should be financed from ODA.

### 14. Innovative sources of financing

- Czech Republic has NOT been involved in any study/analysis on innovative financing mechanisms, neither foreseen the implementation of the proposed innovative financing mechanism in the future. CZ has examined the IFF proposal but for the time being, in consideration of the questions that stay open on the IFF mechanism, CZ prefers the utilisation of the already existing financial instruments.

### 15. Reform of the International Financial System

- No position yet

#### 16. Debt Relief

- CZ has already made provisions, in accordance with the system of HIPC initiative, to fulfil its financial commitments.
- On additionality of debt relief: no position yet except: - CZ does not agree to achieve the UN target of 0.7% ODA/GNI excluding debt relief. - CZ agrees in principle to deliver ODA in form of grants to the HIPC post completion point countries that continue to face debt sustainability problems.
- Following the extension of the sunset clause until the end of 2006, Czech Republic considers that:
  - The situation of HIPC eligible countries (although to be specified) is of concern,
  - Debt should be solved within existing mechanisms
  - IMF and World Bank should not intervene at present, maybe in the future
  - It is necessary to find solution on the basis of an agreement within the international community.
- In the case of countries particularly vulnerable to debt distress episodes, CZ would consider increasing the grant component of the ODA flows in the context of joint initiatives.

## DENMARK

#### 17. Volume of ODA

##### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (X 1000 €)	AS % OF GNI
2003	1547.6	0.84
2004	1641.9	0.85
2005	1682.5	0.83
Target-Year 2006	1722.9	0.82
2007	1749.7	0.81
2008	1776.6	0.80
2009	1803.5	0.79

- Denmark is ready to define a new EU interim target for additional ODA increases by 2010, as well as an interim target for the ODA increase of the new Member States.

## 18. Co-ordination of policies and harmonisation of procedures

- **Coordination/ harmonisation initiatives at field / country level:** Denmark is involved in a large number of harmonization and alignment initiatives at national and sectoral level in its 15 priority partner countries. It is therefore not possible to specify each individual activity. It should be highlighted, however, that Denmark is currently co-lead-donor (with the World Bank and Ireland) in the *Zambian Wider Harmonisation in Practice* initiative.
- **Coordination/ harmonisation initiatives among Headquarters:**
  - DAC Working Party on Aid Effectiveness and subgroups;
  - Joint Guidelines on Joint Financial Arrangements are almost finalised. Partner countries: Nordic countries and Canada;
  - Joint procurement policy. Partner countries: Nordic Countries. The policy is almost finalised.
  - A Joint evaluation planning system has been established with the Nordic countries.
  - Joint assessment of multilateral organisations/MOPAN has been established together with the Nordic and other countries.
  - A Joint donor training activities system is currently under preparation. Partner Countries: the – Nordic and other countries, the EC
  - joint PRSP course under implementation; “Swap and harmonisation” course under preparation
- **On complementarity:** Denmark is not willing to work towards the five lead donors proposed by the Commission. Denmark considers as the most important criteria for the development of operational elements of complementarity on country or sector level:
  - Availability of staff and expertise in a given sector or country
  - Overall distribution of sector allocations to the country
  - Involvement of partner country in decisions

## 19. Untying of Aid

- No further concrete proposals or policy paper has been introduced during 2003. DK is not considering untying of bilateral aid beyond the OECD/ DAC Recommendations.
- Dk is ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid on: extending beyond the LDCS; cover food aid; cover technical assistance; provide access for recipient countries.

## 20. Trade Related Technical Assistance

- Denmark has taken action to facilitate the mainstreaming of trade in aid programmes: in developing countries it has intensified initiatives of training, while at the national administration level the DANIDA strategy has
- The main beneficiaries of the 2005/2006 Danish TRA are the WTO/DOHA Global Trust Fund (6.6 m euro per year), IFC – Sustainable Business Action Programme (4.5 m euro per year), Denmark has bilateral program in this field Vietnam, Tanzania, Ghana and others (2.5 m euro per year)

- Denmark has already effectively used the Integrated Framework diagnostic Trade Integration Studies within several frameworks: EU, OECD, Nordic countries, IF, JITP, World Bank and is ready to use such approach also for non LDCs to elaborate a matrix of TRA,
- Denmark contributes to the Doha Agenda Trade Capacity Building Databases and as well ready to intensify the information exchange through the Trade and Development Expert Group.
- Denmark considers TRA as highly relevant to achieve the goal of improved integration of developing countries into the world economy.
- It is willing to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group.

## 21. Global Public Goods

- Denmark agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Denmark considers peace & security and trade as the most important, followed by the eradication of communicable diseases. Knowledge, financial Stability, Global commons are also considered important.
- Denmark is member of the Group of Friends TF and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, Denmark believes that IPGs should be financed from ODA only if they are especially linked to the MDGs.

## 22. Innovative sources of financing

- Denmark has not been involved in any study/analysis on innovative financing mechanisms, but has implemented already initiatives of public private partnership and foresees the implementation (if globally) of the proposals concerning global lottery.

## 23. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Denmark considers important to continue with the current informal Washington –based information-exchange exercise.
- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs, as called by the Council Conclusions of April 2004: Denmark is against a systematic coordination mechanism and joint EU statements at the governing boards of the IFIs

## 24. Debt Relief

- Denmark's bilateral assistance is provided in the form of grants (mixed credits a minor part.)
- In consideration of the debt sustainability problems of some HIPC's Denmark, would be ready to finance additional, multilateral as well as bilateral, debt relief. Considering the risks of exclusion that may derive from the expiration of the sunset clause, Denmark is strongly favourable to a higher support for multilateral approach.

## ESTONIA

### 25. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	27,4 mil EEK	0,02 %
<b>2004</b>	73 mil EEK**	
<b>Target-Year 2006</b>		

- EE is ready, if the special situation of the new member states has been taken into account, to define a new EU interim target for additional ODA increases by 2010. No position has been expressed yet with regards with a possible interim target for the new Member States.
- No timetable has been set yet to achieve the UN 0,7% ODA/GNI target.

### 26. Co-ordination of policies and harmonisation of procedures

- **In the four pilot countries:** Estonia does not have any bilateral activities in the pilot countries.
- **At field / country level, among Headquarters:** No coordination/harmonisation initiative undertaken at this stage. EE is ready to coordinate activities with other donors in Georgia.
- **On complementarity:** No position had been taken yet with regards to the five “lead donors” approach proposed by the Commission. Concerning the criteria for development of operational elements of complementarity the most important are: the comparative advantage of donors at global level and the availability of staff and expertise in a given sector/country.

### 27. Untying of Aid

- EE has not introduced so far concrete proposals nor policy papers on untying of bilateral aid.
- EE is not a member of OECD, but supports initiatives of further untying of ODA. EE considers that coordination of EU positions in the DAC should come from the EC.

### 28. Trade Related Technical Assistance

- EE has taken few actions to facilitate the mainstreaming of trade in aid programmes: - training seminars on WTO issues to the government officials from different developing countries (mainly from CIS) - organisational changes within the national administrations: the officials from the External Trade Department in the Ministry of Foreign Affairs and from other ministries such as Ministry of Economic Affairs and Communications are now members of the inter-ministerial Development Cooperation Committee.

- The main beneficiaries for the Estonian 2005/2006 TRA are individual countries in central Asia.
- EE is currently evaluating the future use of the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) as main tool for TRA planning and delivery although for non-LDCS, limited funding makes the elaboration of the TRA matrix not relevant
- EE does not yet contribute to the Doha Development Agenda Trade Capacity Building Database (TCBDB) but will start reporting to it soon.
- EE is willing to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group but no position has been expressed yet as to participating in the OECD/DAC work towards establishing a common monitoring framework for TRA.

#### 29. Global Public Goods

- EE expresses no position with regards to the definition of international public goods (IPGS) proposed by the International Task Force on Global Public Goods. It regards at the six IPGs areas selected by the TF as all equally important.
- EE does not participate in the work of the Group of Friends of the Task Force and although favourably inclined towards creating a EU common platform, needs to acquaint with the action plan before decision can be made
- No position yet on the relation between IPGs provisions and ODA-ability.

#### 30. Innovative sources of financing

- Estonia has not been involved in any study/analysis on innovative financing mechanisms, neither foresees the implementation of the proposed innovative financing mechanism in the future.
- No position yet on PPPs.

#### 31. Reform of the International Financial System

- In general, Estonia is satisfied with the level of EU-coordination in the Boards of the IFIs. EE is especially comforted with the EU-coordination in the Board of IMF as it is supported by the formal coordination mechanism in the EFC. For further formalisation of EU-coordination EE needs to take into account the differences in the mandates of the World Bank and the IMF.
- EE would not agree to a systematic coordination mechanism and joint EU statement at the governing board of the IFIs.

#### 32. Debt Relief

- Estonia never had any official bilateral claims on HIPC countries. However, to support HIPC initiative Estonia has contributed to the HIPC Trust Fund 372 000 SDR in 2002.

- Following the extension of the sunset clause until the end of 2006, Estonia considers that:
  - The situation of HIPC eligible countries is of concern and that a country specific approach should be used in defining sustainable debt levels
  - Debt should be solved through an alternative approach
  - Close cooperation between the World Bank and IMF is of utmost importance in finding and implementing the future framework. EE supports that WB/IMF staff actively start looking for alternatives beyond the present HIPC initiative.

## FINLAND

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (M €)	AS % OF GNI
<b>2003</b>	506,8	0,36
<b>2004</b>	545,6	0,37
<b>2005</b>	601,4	0,39
<b>Target-Year 2006</b>	667,6	0,42
<b>2007</b>	734,3	0,45
<b>2008</b>	839,0	0,49
<b>2009</b>	985,1	0,56
		0.7 %

- Finland is ready to define a new EU interim target for additional ODA increases by 2010, as well as an interim target for the ODA increase of the new Member States.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- **Coordination/ harmonisation initiatives at field / country level:** Finland participates in the harmonisation and alignment processes led by the partner country's national institutions and based on the PRSPs. Two main approaches are emerging: in some partner countries the governments have established specific harmonisation processes and structures (e.g. Vietnam), in others harmonisation has been implemented for several years primarily by increasing programme-based support (e.g. Mozambique). Ethiopia and Tanzania are examples of countries that combine these strategies. In Zambia, Finland participates in Harmonisation in Practice-process led by the Zambian government.
- **Coordination/ harmonisation initiatives among Headquarters:** Finland participates in harmonisation work in partnership with OECD/DAC, Nordic Countries, EU ad hoc working group on harmonisation, United Nations and Bretton Woods
- **On complementarity:** Finland is not willing to work towards the five lead donors proposed by the commission. it considers that at the opposite also other donors than the top five ones must be able to act as donors at country level. Also small donors may have valuable added value in a certain country or a sector. Finland considers complementarity as achieved most effectively at the country level, agreeing on the division of work based on the added value of each donor present.
- Finland considers as the most important criteria for the development of operational elements of **complementarity** on country or sector level:

- Availability of staff and expertise in a given sector or country.
- Comparative advantage of donors at global level of a country sector.
- Partner country's point of view

### 3. Untying of Aid

- Finland has taken further concrete proposals or policy paper has been introduced during 2003 and is ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid on: extending beyond the LDCS; cover food aid; cover technical assistance; provide access for recipient countries.

### 4. Trade Related Technical Assistance

- Finland has taken action at the national administration level to facilitate the mainstreaming of trade in aid programmes: this was mainly achieved through the creation of inter-intra agency and working groups and the introduction of manuals and guidelines.
- The main beneficiary of Finnish TRA 2005/06 are the individual countries.
- Finland has supported the Integrated Framework diagnostic Trade Integration Studies multilaterally through UNDP, UNCTAD and ITC and is presently evaluating the possibilities to include the country-based IF processes within our bilateral country programmes.
- Finland contributes to the Doha Agenda Trade Capacity Building Databases but it is not willing to intensify the information exchange through the Trade and Development Expert Group.
- Finland considers TRA as having been less relevant and insufficient in achieving the goal of improved integration of developing countries into the world economy.
- Finland is not prepared to participate in the OECD / DAC work towards establishing a common monitoring / evaluation framework for TRA due to the lack of resources and time.

### 5. Global Public Goods

- Finland agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Finland considers peace&security and financial stability as the most important.
- Finland is member of the Group of Friends and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, Finland believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

### 6. Innovative sources of financing

- Finland has been involved in analysis on innovative financing mechanisms, such as: currency transaction tax and global lottery. and is prepared to implement from 2005 initiatives global lottery. (if given global support)
- Finland is currently engaged in PPPs, targeting in particular GPGs based in Russia and In the commonwealth of independent states.

#### 7. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Finland considers important to improve information sharing and coordination between the ED- offices.
- It is not decided yet whether to further explore the possibilities for improving the quality of EU coordination at the IFIs as it was called by the Council Conclusions of April 2004.

#### 8. Debt Relief

- Finland supports the WB/IMF proposal of a new operational framework for debt sustainability in low-income countries. The issue of increasing grant financing is discussed within the context of IDA 14 replenishment negotiations.
- Finland has supported the extension of the HIPC Sunset Clause. The situation of the countries unable to benefit from HIPC even with the latest extension will be discussed on a case-by-case-basis within the Nordic-Baltic Constituency at the World Bank.

## FRANCE

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT (m €)	AS % OF GNI
2003	6 420	0.41 %
2004	6 821	0.42 %
2005	7 501	0.44 %
2007		0.50 %
2012		0.70 %

- FR is ready to define a new EU interim target for additional ODA increases by 2010, and proposes to apply a similar floor and EU average ODA/GNI format to the new Member States.
- If the engagements are fulfilled the UN 0,7% ODA/GNI target will be achieved in 2012.

### 2. Co-ordination of policies and harmonisation of procedures

- FR participates to the 4 EU pilot initiatives in **Morocco, Mozambique, Nicaragua, Vietnam.**
- Coordination/ harmonisation initiatives among Headquarters:
  - Feuille de route franco-allemande
  - Plan d'action franco-britannique en matière de développement,
  - Concertations entamées avec la Suède et les Pays-Bas,
  - Consultations avec la Commission sur les stratégies sectorielles,
  - Consultations envisagées en 2005 avec les autres Etats membres, notamment les dix nouveaux Etats membres.
- **On complementarity:** FC is willing to work towards the five lead donors proposed by the Commission and considers as the most important criteria for the development of operational elements of complementarity **on country or sector level:** 1) Availability of staff and expertise in a given sector or country. Followed by 2) Size of financial allocation.

### 3. Untying of Aid

- F a mis en oeuvre la recommandation du CAD. L'aide-projet gérée par l'AFD est désormais entièrement déliée depuis le 01/01/2002. Elle ne souhaite pas d'extension de la Recommandation du Cad. Elle est favorable au déliement total de l'aide alimentaire.

### 4. Trade Related Technical Assistance

- The coordination of the measures takes place essentially at the field level, through the French system of Agencies and Development Services. The Integrated Framework

diagnostic Trade Integration Studies has also been effectively used within several frameworks: EU, OECD, Nordic countries, IF, JITP, World Bank. France is ready to use such approach also for non LDCs, with bilateral ODA funds, to elaborate a matrix of TRA.

- France contributes to the Doha Agenda Trade Capacity Building Databases but as no position yet with regards to the participation to the information exchange process of the Trade and Development Expert Group and to the development of a common monitoring evaluation framework for TRA within the OECD/DAC.
- France considers TRA as having been relevant to achieve the goal of improved integration of developing countries into the world economy.

## 5. Global Public Goods

- FR a lancée des réflexions sur les taxations internationales par le Groupe de travail sur les nouvelles contributions internationales au financement du développement
- FR agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good and considers all the 6 IPGs areas identified by the TF (peace&security, trade, eradication of communicable diseases, Knowledge, financial Stability and Global commons) as equally essential.
- FR is member of the Group of Friends and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, FC believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

## 6. Innovative Sources of Financing

- **LE RAPPORT LANDAU** (sept.2004) constatant que le flux de l'aide se caractérise par une absence de prévisibilité et par son volatilité, identifie deux voies principales : 1/le financement de l'aide au développement par l'emprunt (IFF) ; 2/ le recours à la fiscalité. Ce seraient ainsi aux Etats, et non pas à une autorité supranationale, de mettre leur propre pouvoir de taxer au service du développement. Dans cette optique, le rapport passe en revue plusieurs types de taxes:
  - taxes environnementales (en particulier par les transports aériens et maritimes)
  - taxes sur les transactions financières à taux faibles
  - taxes additionnelles à l'impôt sur les sociétés acquitté par les entreprises multinationales
  - taxes sur les ventes d'armement.
- **Options présentées par le groupe quadripartite** (issue du rencontre à Genève le 30 janvier 2004 entre le Président Lula, Le Président Lagos, le Secrétaire Général des Nations Unies et le Président de la République):
  - des mesures pour rendre plus équitables certains flux financiers: améliorer les conditions de transfert et d'utilisation des remises des travailleurs émigrés dans leur pays d'origine, renforcer la lutte contre l'évasion fiscale et le recours aux paradis fiscaux

- des mesures faisant appel aux particuliers : encourager les particuliers à apporter leur contribution en consacrant au développement une fraction de leurs achats effectués par carte de crédit, sous la forme d'une sorte de prélèvement automatique favoriser l'investissement socialement responsable et soutenir les « fonds éthiques ».
  - des émissions de DTS supplémentaires par le FMI ;
  - le recours à l'emprunt par les pays bailleurs pour accroître l'aide au développement ;
  - l'institution de taxes internationales : sur les transactions financières et sur les armes.
- FR souhaite que le débat actuel sur les sources innovantes de financement puisse progresser et si l'adhésion du plus grand nombre est évidemment souhaitable, il est également envisageable d'étudier la mise en œuvre de mécanismes innovants sur **une base régionale**. L'instauration de projets pilotes constitue l'une de priorités. Concernant l'IFF (dont la France envisage le lancement d'un projet pilote appliquée à la vaccination) son intérêt est d'enregistrer hors-bilan les engagements des Etats à son égard afin qu'ils n'aient pas d'impact à court terme sur leur dette et leur déficit. Dans le même temps, la facilité financière internationale doit obtenir des ressources peu onéreuses et donc émettre des titres notés AAA. Concernant l'usage qui sera réservé à ces ressources, la France propose à un menu d'options et ne se prononce pas sur l'affectation future des fonds.

## 7. Reform of the International Financial System

- FR considère que le cadre actuel de coopération européenne est satisfaisant.
- FR qu'une coordination européenne limitée sur certains sujets stratégiques

## 8. Debt Relief

- **Les allègements de dette**, en réduisant le service de la dette des pays débiteurs, contribuent à l'accroissement des dépenses affectées à la réduction de la pauvreté et doivent donc, par conséquent, **être comptées parmi les dépenses d'APD** des pays donateurs.
- La France n'est pas favorable à une annulation à 100% de l'ensemble de la **dette multilatérale** des pays ayant atteint le point d'achèvement de l'initiative PPTE. Néanmoins, la France propose une action spécifique permettant d'alléger le service de la dette multilatérale des pays pauvres au travers de la création de fonds fiduciaires à l'AID et au FAD chargés du refinancement des échéances dues aux bailleurs multilatéraux par les pays rencontrant des difficultés à servir leur dette externe (service de la dette supérieur à 15% des exportations).
- A **titre bilatéral**, la France fournit déjà un effort complémentaire, puisqu'elle annule la totalité de ses créances d'APD sur les pays éligibles à l'Initiative (3,9 Md d'euros). D'autre part elle annule la totalité de ses créances commerciales éligibles dès le point de décision (et non pas seulement au point d'achèvement), ce qui représente 1,1 Md d'euros supplémentaires. Dans ces conditions, un effort bilatéral supplémentaire pour les pays post-PPTE ne pourrait porter que sur les créances commerciales résiduelles (i.e. post-date butoir contracté avant le 20 juin 1999) qui représentent des montants limités et ne concernent qu'un nombre restreint de pays. En outre, la France ne pourrait accepter un tel

effort supplémentaire que dans le cadre d'une action commune à l'ensemble des créanciers du Club de Paris.

## GERMANY

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	App. 6 billion €	0.283
<b>Target-Year 2006</b>		0.33
?		0.7 %

- Germany has no position yet regarding the definition of a new EU interim target for additional ODA increases by 2010, neither of an interim target for the new Member States.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- Initiatives of coordination/ harmonisation initiatives at field / country level:

**Morocco:** Co-ordination of sector policy, partners EU-KOM, EIB, AFD.

**Mozambique:** Germany is lead donor and co-ordinator of co-operation partners in education sector for 2004. Active participation in Financial Management Committee of joint financing mechanism (basket), procurement initiative.

**Nicaragua:** Participation in Budget Support Group (BSG). In the framework of BSG a Joint Financing Agreement has been agreed with the objective of harmonising procedures. Participation of KfW at Water Sector Table.

**Vietnam:** Besides the EU initiative, Germany is also involved in various co-ordination/ harmonisation initiatives, including the LMDG, the Harmonisation initiative of the Development Banks (WB, ADB, JBIC, KfW, AFD), the Harmonisation of Implementation Framework in the Forestry Sector as part of the Forestry Sector Support Program and a number of other sectoral initiatives according to our sectoral focus (environment, economic reforms, health).

- Initiatives of coordination/ harmonisation initiatives among Headquarters:
  - Ad Hoc Working Party Harmonisation of the EU - Global Donor Platform on Rural Development - Procurement initiative; Capacity building in PFM; active participation in DAC-WP EFF and its subgroups, LENPA.
- **On complementarity:** Germany is willing to work towards the five lead donors proposed by the Commission and considers as essential criteria for the development of operational elements of complementarity on country or sector level: 1/the availability of staff and expertise in a given sector or country, 2/ the comparative advantage of donors at country and sector level; 3/ the Readiness of involved parties to base co-operation on sound

operational agreements and to establish efficient monitoring mechanisms and agreement;  
4/ Country or sector programme frameworks.

### 3. Untying of Aid

- Germany proposed (and realised) the reporting of the tying status of bilateral Technical Cooperation.
- Ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid to cover food aid and after 2007 to extend beyond the LDCS; and to cover technical assistance.

### 4. Trade Related Technical Assistance

- Germany has taken a broaden set of action, at both national and field level, in order to facilitate the mainstreaming of trade in aid programmes. More specifically it has focused on the restructuring of inter-intra agencies and working groups, training programs, and the introduction of manuals and guideline.
- The main beneficiaries of the German TRA for 2005/2006 are the individual countries (85-95% TRA).
- Even though coordination is mainly undertaken at the country level, Germany has already effectively used the Integrated Framework diagnostic Trade Integration Studies within several frameworks and it is ready to use such approach, together with other donors, also for non LDCs to elaborate a matrix of TRA.
- Germany contributes to the Doha Agenda Trade Capacity Building Databases and is willing to participate and intensify information exchange through the Trade and Development Expert Group. Anyway the latest is considered not suited for coordination of TRTA at the country level.

### 5. Global Public Goods

- Germany agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Germany considers peace&security, the eradication of communicable diseases and the global commons as extremely important, followed by trade, Knowledge and financial Stability.
- Germany is member of the Group of Friends and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, Germany believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

### 6. Innovative Sources Of Financing

- Germany is still in the process of defining its position of innovative sources of financing nevertheless it regards them as an important supplement to ODA. The German

Government is currently verifying different types of innovative financing mechanism (i.g. a feasibility study on Currency transaction tax) and considers a stronger involvement in the international debate on this issue.

#### 7. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Germany considers essential to reinforce the EU coordination meetings on focal issues.
- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs called by the Council Conclusions of April 2004, Germany does not have a position yet but is in principle in favour of a more harmonised approach in the WB-Board.

#### 8. Debt Relief

- Germany is contrary to the exclusion of debt relief from the ODA target.
- In consideration of the debt sustainability problems of some HIPCs Germany would be ready to increase ODA, allocation and, under condition that IFIs contribute through transfer of net income, finance additional multilateral debt relief.
- Germany would be in favour of ODA only in form of grants under the condition that all LDC are receiving only grants.
- German considers the composition of future aid, particularly the mix of grants and loans in the context of debt sustainability scenarios to be dependant on the particular (tailor made) DSA to be prepared for each country. It consider therefore counterproductive to foresee general rules as to the provision of grants/loans independently of such “new” DSA.

## GREECE

### 1. Volume of Official Development Assistance

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (m €)	AS % OF GNI
<b>2003</b>	320	0.21
<b>2004</b>	421	0.26
<b>2005</b>	519	0.30
<b>Target-Year 2006</b>	609	0.33
<b>2007</b>	Data n.a.	0.33
<b>2008</b>	Data n.a.	0.33
<b>2009</b>	Data n.a.	0.33

- No position on a new EU interim target for additional ODA.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- Hellenic Aid is currently reorganizing its field offices and has just drafted its Coordination And Harmonization Action Plan

### 3. Untying of Aid

- No position

### 4. Trade Related Assistance

- No position

### 5. Global Public Goods

- ELI recognizes the Global commons, in particular natural resources has the main GPGs to be followed by financial stability.

### 6. Innovative sources of financing

- No position

### 7. Reform of the International Financial System

- No position

## 8. Debt Relief

- No position

# HUNGARY

## 1. Volume of ODA

### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003	HUF 4.8 billion	0.027 %
2004	HUF 10.6 billion *	0.056 %*
2005	HUF 15.3 billion **	0.073%**
Target-Year 2006	HUF 22.4 billion **	0.1%**

\*\*only estimation: depending on the annual budget adopted by the Parliament. The Hungarian budget cycle is annual, not multi-year.

- HU expresses reservations to set new and higher ODA targets in early 2005 for 2009/2010 and is not ready to define a new interim target for the new Member States by 2010.

## 2. Co-ordination of policies and harmonisation of procedures

- Hungary has undertaken bilateral activities only in one of the four EU pilot countries: Vietnam. In order to use the limited resources in the most efficient way, HU has set clear targets and preferences when deciding on partner countries and IDC sectors. To be able to fully utilise comparative advantages and to ensure maximum added value to the EU common IDC, HU mainly focus on Western Balkan, Vietnam, PNA and some CIS countries and would like to share our experiences gained during the political and economic transition and EU accession. Therefore Hungary recommends to include some Balkan (MIC) countries, such as Serbia Montenegro, or Bosnia and Herzegovina among pilot countries. We believe that neighbouring countries have to receive special attention from the European Union due to the important role they are playing in the security of the Union.
- **At field / country level:** Action has been taken to harmonize and coordinate HU development cooperation activities with the European Union in Vietnam: a framework agreement of development cooperation has been initiated in line with EU recommendations and the areas of cooperation have been selected aligned with EU's goals for development cooperation.
- **among Headquarters:** no action taken.
- **On complementarity:** HU is favourable to work through one of the five "lead donors" with ACP countries, where Hungarian experiences are lagging behind those of the older EU Member States'.

## 3. Untying of Aid

- HU has not introduced so far concrete proposals nor policy papers on untying of bilateral aid, but is ready to enter after 2007 a discussion within the OECD on the broadening of the scope of the DAC recommendations on: cover food aid and access for recipient countries.

#### 4. Trade Related Technical Assistance

- Hungary has not performed TRA yet neither has national policy guidelines on trade related technical assistance.
- HU is planning trainings as part of capacity building of people dealing with International Development Cooperation, emphasizing also the need of policy coherence. The special aspects of IDC (trade, environment, agriculture) are taken into account and dealt with at the regular meetings of the Interdepartmental Experts Group.
- HU is not prepared to use the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) and does not yet contribute to the Doha Development Agenda Trade Capacity Building Database.
- HU has not decided yet whether to intensify information exchange and coordination of TRA policies and activities in the Trade and Development Expert Group nor to participate in the OECD/DAC work towards establishing a common monitoring framework for TRA.

#### 5. Global Public Goods

- HU expresses no position with regards to the definition of international public goods (IPGS) proposed by the International Task Force on Global Public Goods. Among the six IPGs areas selected by the TF, peace and security is considered to be the most important followed by trade.
- HU is in the phase of setting up the institutional and policy framework of international development cooperation and still lack experiences and human resources to participate in the work of the Task Force /Group of Friends. More experience is also needed before decision can be made on the possibility to analyse the TF Action Plan with a view to use it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs,
- No position yet on the relation between IPGs provisions and ODA-ability.

#### 6. Innovative sources of financing

- HU has NOT been involved in any study/analysis on innovative financing mechanisms, neither foresees the implementation of the proposed innovative financing mechanism in the future.
- HU is not engaged nor considers engagement in PPPs.

#### 7. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs, Hungary suggests to improve the use of the existing mechanisms of cooperation, which are considered adequate, without recurring to new bodies. On this same basis HU would not

agree to a systematic coordination mechanism and joint EU statement at the governing board of the IFIs.

## 8. Debt Relief

- Hungary joined the HIPC framework in 2000. Contributions take the form of depositing (from National Bank's foreign currency reserves) SDR 9.24 million at 0% interest rate at the International Monetary Fund expiring in 2018. Interests are used to ease the debt burden. This sum is estimated to be approximately SDR 6 million. Hungary takes steps on bilateral level, dealing with debts outstanding from individual countries. Hungary plans to eliminate 100% of Ethiopia's debt to Hungary, by writing down 90 % of the country's debt, with the remaining debt to be converted to development assistance. Hungary has made provisions to fulfil the financial commitment in Nicaragua where HU has written off 90% of total debt, the remaining 10% is to be paid back in 16 years. Announcement of 100% debt relief to other HIPC (Mozambique, Ethiopia).
- HU does not agree with additionality of debt relief: HU agrees with the minimum target as EU and UN target, but not as a target for an individual country.
- Following the extension of the sunset clause until the end of 2006, Hungary:
  - considers the situation of HIPC eligible countries is of concern;
  - intends to call on the WB and IMF staff in order to study more tailor made solutions;
  - intends to contribute finding suitable solutions through the leading international institutions, and participation in different fora.
- For those countries vulnerable to debt distress episodes, HU would consider increasing the grant component of the ODA flows in the context of joint initiatives.

## IRELAND

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT(M €)	AS % OF GNP
<b>2003</b>	446	0.40
<b>2004</b>	475 (Provisional outturn)	0.39
<b>2005</b>	535	0.41
<b>Target-Year 2006</b>	600	0.42
<b>2007</b>	665	0.43

- Ireland has no position yet with regards to the definition of a new EU interim target for additional ODA increases by 2010, neither does for that of new member states.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- Initiatives of coordination/ harmonisation initiatives at field / country level:
- Ireland has actively supported the Harmonisation in Practice initiative in Zambia and is fully committed to implementing the Rome Declaration on Harmonisation
- Initiatives of coordination/ harmonisation initiatives at among Headquarters:
- At the DAC, Ireland has participated fully in the Expert Group on Donor Practices from which much of the dynamic and thinking towards harmonisation emerged. Ireland continues to work in the DAC working party on Aid Effectiveness Task Team on Harmonization and Alignment.
- On **complementarity**: NO POSITION with regards to the 5 lead donors approach proposed by the Commission. As for the criteria for development of operational elements of complementarity on country or sector level, comparative advantage of donors and availability of staff and expertise are considered as most important.

### 3. Untying of Aid

- All IRELAND aid has been fully untied and not conditional.

### 4. Trade Related Technical Assistance

- Ireland has undertaken a broad set of action in order to facilitate the mainstreaming of trade in aid programmes. In the developing countries institutions action consists mainly of

training programs, while in the Irish administration bodies of diffusion of manuals and guidelines.

- Ireland contributes to the Doha Agenda Trade Capacity Building Databases and is currently evaluating the future use of the Integrated Framework diagnostic Trade Integration Studies.
- Ireland has participated in the annual OECD/DAC TRA meetings in the past 2 years but NAS NO POSITION yet regarding the establishing of a common monitoring evaluating system for TRA. As a matter of fact it considers the link between TRA and the integration of developing countries into the world economy as unproven.

#### 5. Global Public Goods

- Ireland has no position yet regarding the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good, it considers nevertheless all the IPGs areas identified by the TF as priority, as equally essential.
- Ireland is member of the Group of Friends and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, IRELAND believes that IPGs should never be financed from ODA.

#### 6. Innovative Sources of Financing

- The IFF is still under consideration. No further studies accomplished on 2004.
- Engagement in PPPs is NO under consideration.

#### 7. Reform of the International Financial System

- How to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): IRELAND suggests proceeding with informal consultations of MS representatives within the IFIs in coordination with ECOFIN.
- Ireland would agree to a systematic coordination mechanism and joint EU statements at the governing boards of the IFIs.

#### 8. Debt Relief

- Ireland's aid programme has always been completely untied and distributed in the form of grants.

## ITALY

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	2,432 M USD	0.18%
<b>2004</b>	2,306 M EURO	0.17%
<b>2005</b>		0.27%
<b>Target-Year 2006</b>		0.33%

- Italy has no position yet regarding the definition of a new EU interim target for additional ODA increases by 2010, neither does with regards to an interim target for the new Member States.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- Italy has taken coordination/ harmonisation initiatives in Mozambique but none among the headquarters.
- On **complementarity**: Italy is willing to work towards the five lead donors proposed by the Commission and considers as essential criteria for the development of operational elements of complementarity on country or sector level: the comparative advantage of donors and the availability of staff and expertise in a given sector or country, followed by the size of the financial allocation.

### 3. Untying of Aid

- The debate is ongoing. Italy sees some merits in further untying.
- Italy seems ready to enter a discussion within the OECD, after the 2007, on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid on: provide access for recipient countries.

### 4. Trade Related Technical Assistance

- Italy has undertaken a broad set of action, at both national and field level, in order to facilitate the mainstreaming of trade in aid programmes. More specifically it has focused on the restructuring of inter-intra agencies and working groups, training programs, and the introduction of monitoring procedure and evaluations.
- The main beneficiaries of the Italian TRA for 2005/2006 are international institutions and individual countries.

- Italy is currently evaluating the use of the Integrated Framework diagnostic Trade Integration Studies in the next future. If the instruments prove to be efficient the country would be also ready to use such approach for non LDXs.
- Italy doesn't contribute to the Doha Agenda Trade Capacity Building Databases yet, but is ready to start to report to it soon. Provided the general acceptance at 25 level, Italy is ready to intensify the information exchange through the Trade and Development Expert Group.
- Italy considers TRA as having been relevant to achieve the goal of improved integration of developing countries into the world economy and is willing to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group.

#### 5. Global Public Goods

- Italy agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Italy identifies “peace & security” and “global commons” as priority.
- Italy feels as adequately represented by the EC and does not therefore foresee any membership in the Group of Friends of the TF. About the relation between IPGs provisions and ODA-ability, Italy believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

#### 6. Innovative sources of financing

- No position.
- Italy is considering engagement from 2005 in PPPs for development purposes (CARE)

#### 7. Reform of the International Financial System

- How to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Italy indicates the paragraph 25 of the above mentioned conclusions which should be the basis for any further reform

#### 8. Debt Relief

- Italy is contrary to the exclusion of debt relief from the ODA and to deliver of ODA target only in form of grants but would be ready to increase ODA allocation, multilateral as well as bilateral debt relief.
- In favour of moving to purely grant-based assistance for those countries found to be vulnerable to debt distress episodes.

## LATVIA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003	LVL 551,466 (actual data)	0.008%
2004	LVL 2,614,000 (estimate)	0.037%

- Latvia is not ready to define a new interim target for additional ODA increases and higher ODA targets in early 2005 for 2009/2010 neither is ready to define a new interim target for the new Member States by 2010.

### 2. Co-ordination of policies and harmonisation of procedures

- Latvia has not taken part in these initiatives in any of the four pilot countries.
- At field / country level and among Headquarters: no action taken.
- On complementarity: Latvia would be favourable to start working through one of the five “lead donors” as proposed by the Commission, preferably within a sector approach.

### 3. Untying of Aid

- Latvia has not introduced so far concrete any proposals nor policy papers on untying of bilateral aid, nor is it considering, as it is not a Member of the OECD, entering a discussion on the broadening of the scope of the DAC recommendations.

### 4. Trade Related Technical Assistance

- Latvia has not taken not taken and do not plan as from 2005 any specific actions to facilitate mainstreaming of trade in aid programmes.
- No specific priorities are set at this point with regards to the main beneficiaries of the 2005/2006 TRA.
- LV is not prepared to use the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) and does not yet contribute to the Doha Development Agenda Trade Capacity Building Database.
- LV has no decided yet whether to intensify information exchange and coordination of TRA policies and activities in the Trade and Development Expert Group nor is willing to participate in the OECD/DAC work towards establishing a common monitoring framework for TRA.

### 5. Global Public Goods

- LV expresses no position with regards to the definition of international public goods (IPGS) proposed by the International Task Force on Global Public Goods. Among the six IPGs areas selected by the TF, knowledge is considered to be the most important followed by trade, peace and security.
- LV lacks human resources to participate in the work of the Task Force /Group of Friends. More experience is also needed before decision can be made on the possibility to analyse the TF Action Plan with a view to use it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs,
- About the relation between IPGs provisions and ODA-ability, Belgium believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

## 6. Innovative sources of financing

- Latvia has not made any in-depth studies for possible implementation of the above issues. However, theoretical analysis of pros and cons of such options was undertaken while preliminary position on these matters was formulated within the Nordic-Baltic constituency of the World Bank.
- On the financing modalities, LV expresses full support for exploring innovative solutions for development purposes. Also, welcomes the progress made in enhancing further progress in elaboration of the practical aspects regarding the implementation of IFF. However, LV shares the concerns expressed by some European donor-countries on the costs of the administration of the IFF, as well as uncertainty about fiscal transparency and accountability arrangements. In addition, IFF governance structure and aid delivery framework remain unclear – clarification and further consultations process is needed for both issues.
- Latvia is sceptical on the global taxation initiative, as believes it might face some legal implementation constraints and also lack of political support and consensus at the decision point.
- The proposals to enhance voluntary contributions is regarded as valid. This applies to the global lottery initiative in particular. LV also believe in the value-added of the World Bank's proposal for tax deductions in case of public gifts for development purposes (as mentioned in the World Bank paper "Aid Effectiveness & Financing Modalities" of September 3, 2004). But in this case, to the certain extent, we have to agree with the Banks' sceptical predictions, as such initiative can also easily become additional vehicle for tax avoidance.
- Legislative framework for PPP has been recently elaborated in Latvia. Initial preparations for the implementation of first PPP projects in Latvia are currently underway. Therefore, in the medium-term we do not intend to use PPP for development aid objectives.

## 7. Reform of the International Financial System

- About how to improve the quality of the EU co-operation at the Governing Boards of the IFIs: Latvia welcome the Council Conclusions and underlines the importance of the dialogue with the developing and transition countries and the necessity of improving

capacity building as well as developing countries' participation in decision making at country and institutional level. In this sense a set of interconnected measures is suggested, among which: enhancing country ownership and perspectives in the IFIs-supported programs (giving countries an opportunity to express their actual needs rather than those imposed by the donors). In addition, more constructive discussions should continue on the potential changes in the compositions of the Boards, greater support for Executive Directors of large multi-country constituencies of the Breton woods institutions, and structural issues relating mainly to voting and potential changes in capital structure should be examined further. Latvia considers common EU position on the issue, very applicable. An active coordination process could take place, as the issues touch upon further strategic direction of multilateral financial organizations, which is among the questions of joint concern.

- Latvia would agree to a systematic coordination mechanism and joint EU statement at the IFIs governing boards. Latvia suggests using the experience of the IMF, where common European view is coordinated both in Washington, having regular EURIMF meetings of European chairs, and a wide consultation process with capitals during SCIMF meetings in Brussels. Discussions, followed by corresponded actions, have kicked-off at the World Bank as well.

#### 8. Debt Relief

- Since Latvia does not have any bilateral lending arrangements for HIPC countries, it abstains from expressing our view on this matter. In the light of tight fiscal pressure Latvia is experiencing the lowest GDP per capita indicators among EU-25 countries, therefore the 0.7% ODA/GNI target is perceived to be merely a long-term target.
- Latvia is not ready to go beyond the commitment of the extension of HIPC initiative for another two years. In the medium-term increases in ODA allocations are projected solely for bilateral development aid activities.

## LITHUANIA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003		0,02 %
2004		0,057 %
2005		0,07 %
Target-Year 2006		0,07 %

- Lithuania has taken no position on a new interim target for additional ODA increases by 2010 for the EU and the new Member States specifically.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. Co-ordination of policies and harmonisation of procedures

- Lithuania does not participate to any activities in the pilot countries.
- Lithuania is not involved to any coordination/ harmonisation initiatives at field / country level nor does among headquarters.

### 3. Untying of Aid

- Lithuania has not introduced any concrete proposals or policy papers during 2003 on untying of bilateral aid beyond the OECD/ DAC Recommendations, it is nevertheless ready to enter, after 2007, a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid. The following amendments could be discussed after 2007: extension beyond the LDCs, cover food aid, Cover Technical Assistance.

### 4. Trade Related Technical Assistance

- To facilitate the mainstreaming of trade in the aid programmes Lithuania has taken few actions:
  - Training programmes at national ministerial level and within developing countries institutions.
  - Organisational change at the national ministerial level.
- Lithuania is not prepared to use the IF Diagnostic Trade Integration Study.
- Lithuania is ready to report to the Doha Development Agenda Trade Capacity Building Database and participate in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA, as soon as it becomes a member of OECD

- Lithuania is willing to intensify information exchange and coordination of TRA policies and activities in the Trade and Development Expert Group.

#### 5. Global Public Goods

- Lithuania expresses no position on the definition of international public goods (IPGS) recently agreed by the International TF on GPGs.
- LH is not involved in either the Task Force nor of the Group of Friends, and has taken no position yet on the possibility to analyse the TF action plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- No position on the relation between IPGs provisions and ODA-ability.

#### 6. Innovative sources of financing

- Lithuania has not made any investigations or analysis regarding innovative sources of financing.

#### 7. Reform of the International Financial System

- No position

#### 8. Debt Relief

- Lithuania has not provided financial support to HIPC's since none is indebted to Lithuania. Currently no provisions are made to fulfil financial commitments to HIPC initiative.
- Lithuania is against additionality of debt relief.

## LUXEMBOURG

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (M €)	AS % OF GNI
<b>2003</b>	171, 677	0,81 %
<b>2004</b>	183	0,84 %
<b>2005</b>	203	0,85 %

- Luxembourg agrees to a new EU interim target

### 2. Co-ordination of policies and harmonisation of procedures

- LU is very active in Vietnam, participating in monthly Development Counsellors Meeting working on common strategies, common statement at GC, publication of cost norms, publication of “Rule Book on EU development cooperation programs”.
- LU has established contacts on this topic with all other EU-member states working in its target countries (Burkina Faso, Cap Vert, El Salvador, Laos, Mali, Namibia, Nicaragua, Niger, Senegal, Vietnam).
- Dans le but de renforcer l’efficacité et l’impact de son aide, le Luxembourg a décidé de concentrer son effort de coopération sur un nombre limité de 10 pays, appelés pays-cible.

### 3. Untying of Aid

- LUX Aid is completely untied.

### 4. Trade Related Assistance

- TRA is currently not considered as a priority area for Luxembourg

### 5. Global Public Goods

- No position

### 6. Innovative sources of financing

- LUX est d’avis qu’avant de s’engager concrètement sur la voie des nouvelles sources de financement du développement, les Etats-membres de l’UE devraient principalement se concentrer sur la réalisation de leurs engagements en faveur de l’objectif des 0,7% pour leur APD

### 7. Reform of the International Financial System

- Pour la Présidence luxembourgeoise l'année prochaine, le Luxembourg a spécialement détaché un fonctionnaire du Ministère des Finances auprès de la BM à cet effet (la coordination au sein du FMI étant assurée par un représentant de la BCL).

#### 8. Debt Relief

- Dans le cadre AID, le Luxembourg préférerait la voie de la réduction additionnelle de la dette multilatérale à un accroissement de l'élément don (les deux autres options ne s'appliquant pas au Luxembourg).
- Suite à l'expiration de la "sunset clause" fin 2006, nous verrions d'un œil favorable un arrangement "grand-fathering" (élaboré par les services la BM/FMI) pour les pays qui à ce moment-là rempliraient les critères HIPC.

## MALTA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (M €)	AS % OF GNI
<b>2003</b>	3.1	0.07
<b>2004</b>	7.66	0.18
<b>2005</b>	7.66	0.18
?	29.78	<b>0.7</b>

- Malta has expressed no position with regards to the definition of a new interim target for additional ODA increases either at EU level nor specifically for New Member states.

- The UN 0,7% ODA/GNI target is

### 2. Co-ordination of policies and harmonisation of procedures

- Malta does not have any bilateral activities in the pilot countries and it is not involved in any coordination/harmonisation initiative neither at country level, nor among its national headquarters.

### 3. Untying of Aid

- Malta has not introduced so far concrete proposals nor policy papers on untying of bilateral aid.
- Malta is not a member of OECD and neither is considering to enter a discussion on the broadening of the scope or simplification of DAC recommendation untying of aid.

### 4. Trade Related Technical Assistance

- Malta has taken few actions to facilitate the mainstreaming of trade in aid programmes: - in developing countries institutions: training seminars and adoption guidelines and instructions. - In the national administration: monitoring programs and evaluations.
- Commonwealth is the main beneficiary of Maltese 2005/2006 TRA (69000 euros).
- ML is currently evaluating the future use of the Integrated Framework (IF) Diagnostic Trade Integration Study (DTIS) as main tool for TRA planning and delivery.
- ML does not contribute to the Doha Development Agenda Trade Capacity Building Database (TCBDB) but is willing to intensify information exchange and coordination of TRA policies and activities in the Trade and Development Expert Group.

### 5. Global Public Goods

- ML expresses no position with regards to the definition of international public goods (IPGS) proposed by the International Task Force on Global Public Goods. With regards to the six IPGs areas selected by the TF Malta considers Peace and Security and Trade as being the most important.
- Although prevented by lack of manpower from participating to the work of the Group of Friends of the Task Force on GPGs, Malta is favourably inclined towards analysing the TF Action Plan with a view to use it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- On the relation between IPGs provisions and ODA-ability Malta believes that IPGs should be financed from ODA only if linked to MDGs.

#### 6. Innovative sources of financing

- No position.

#### 7. Reform of the International Financial System

- No position.

#### 8. Debt Relief

- Malta has no debtors that qualify as HIPC and is in principle in favour of ODA target considering figures excluding debt relief.

## THE NETHERLANDS

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT (M €)	AS % OF GNI
2003	3756,2	0,8 %
2004	3707,8	0,8 % **
2005	3795,8	0,8 %
Target-Year 2006	3951,8	0,8 %
2007	4116,9	0,8 %
2008	4288,9	0,8 %
2009	4468,1	0,8 %

- The Netherlands are ready to define a **new EU interim target for additional ODA increases by 2010**, but HAVE NO POSITION yet with regards to the definition of an interim target for the **New Member States**.

### 2. Co-ordination of policies and harmonisation of procedures

- Initiatives of coordination/ harmonisation initiatives at field / country level:

The NL participate to the EU pilot initiatives in Mozambique, Nicaragua and Vietnam

National Harmonisation Action Plans: Zambia

Joint Assistance Strategies: Tanzania, Uganda and Zambia

Multi-donor direct budget support operations in: Benin, Bolivia, Ghana, Mali, Tanzania, Uganda

Sector Wide and harmonised approaches in: Bangladesh/basic education; Bolivia Education, Productive Development and Governance; Ethiopia Teacher Development Programme; Ghana Health; Cape Verde Environment; Mali Education; Rwanda Decentralisation; Senegal Environment; Tanzania Health and Education; Uganda Education and Governance; Zambia Health and Education

In 18 of its 36 partner countries the Netherlands do operate on the basis of a clear set of programmes and objectives in the field of harmonisation. Each year activity updates are produced by the various countries. An increase in the kind of activities as well as the volume of the activities (e.g. an increase of harmonised approaches and modalities, like direct budget aid) is expected in the course of 2005.

- Initiatives of coordination/ harmonisation initiatives at among Headquarters:

EU, Nordic+, DAC Task Team on Harmonization, World bank.

NL wishes that more emphasis was given to an improved joint planning / programming, complementarity and communication. On **complementarity**: the Netherlands do favour complementarity and will identify ways to contribute to further complementarity in various countries. However, this will depend on the specific circumstances in the field. Most probably it will be easier to seek complementarity within countries. (with means withdrawal of some sectors / SWAP's and concentration on others)

### 3. Untying of Aid

- Food aid from the Netherlands is already untied. The Netherlands are considering developing proposals calling for further untying of food aid (i.e. on EU-scale).

### 4. Trade Related Technical Assistance

- The NL doesn't have explicit national guidelines for TRTA, but bilateral assistance is guided by the policy memorandum "In business against poverty" (on private sector development and strengthening the business climate) and "Aan elkaar Verplicht" (2003), a policy memorandum on bilateral aid priorities, including the business climate and TRTA. This memorandum stresses the need for public private partnerships (PPP) in order to improve aid effectiveness. PPPs are being put into practice in TRTA, f.i. in the area of SPS/TBT standards.
- NL have undertaken a broad set of action, at both national and field level, in order to facilitate the mainstreaming of trade in aid programmes: mainly through support to multilateral programmes aimed at mainstreaming (IF, JITAP) and bilaterally by strengthening the trade component in activities to support the private sector and business climate
- The main beneficiary of the TRA for 2005/2006 (total: 25.8 Mn euro) are the international institutions (9 mn euro) and the individual countries (9 mn euro).
- The future use of the Integrated Framework diagnostic Trade Integration Studies is still under evaluation (Considering the few examples of a successful IF process that facilitates donors to use the IF for TRTA planning and delivery it is not practical to postpone TRTA activities until the IF is in the implementation stage. In countries where NL does not yet have bilateral TRTA activities and the IF makes good progress, NL aims to participate in implementation of TRTA activities. In countries where the IF process is making slow progress, it is difficult for embassies to start TRTA activities.) but the NL would be ready to finance it in NON-LDCs with bilateral ODA funds.
- The Netherlands are positive towards more coordination and exploiting the comparative advantage of the Commission and the Member States; as part of this they contribute to the Doha Agenda Trade Capacity Building Databases and participate in the Trade and Development Expert Group.
- NL considers TRA as having been less relevant to achieve the goal of improved integration of developing countries into the world economy. The effectiveness of TRTA needs to be improved, especially by more concerted efforts to meet the priority demands mentioned time and again by African countries, in particular capacity to meet product standards and transport and communication. Supply capacity is at least as important as capacity to

negotiate. To strengthen supply capacity TRTA should be linked to more general programmes aimed at private sector development, the business climate, value chain development etc

#### 5. Global Public Goods

- The Netherlands agrees with the definition of International Public Goods (IPGs) proposed by the International task Force on Global Public Good, it considers nevertheless all the IPGs areas identified by the TF as priority, as equally essential.
- The Netherlands is member of the Group of Friends but has no position yet whether to analyse or not the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, The Netherlands believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

#### 6. Innovative Sources of Financing

- No further studies accomplished on 2004. Ready to implement various innovative financing mechanism from 2005 if globally.
- Engagement in PPPs: Netherlands' Development Cooperation supports various Partnerships related to sustainable development in DC. In March 2004 an international 'call for ideas' was initiated. Currently 18 Public-Private Partnerships are considered in which the private sector contributes at least 50% of the budget additional to ODA.

#### 7. Reform of the International Financial System

- The Netherlands feel essential to improve the coordination in Brussels

#### 8. Debt Relief

- The Netherlands have achieved a target of 0.8% ODA/GDP already many years ago and is committed continue this for the years to come. Debt relief is a integral part of ODA. Additionality of ODA has to come from growth of ODA budgets. The Netherlands disapprove the split between 'regular' ODA and so called 'additional debt relief' ODA.
- All Official Development Assistance by the Netherlands is financed exclusively through grants. Any country that after debt relief under HIPC still faces debt distress could qualify for additional bilateral debt relief from the Netherlands. Such debt relief should be negotiated in the Paris Club.
- Equally an increase of ODA allocations could be considered for partnership countries for bilateral co-operation with the Netherlands. Amounts to be considered would a.o. depend on an analyses of the underlying causes (such as external shocks) of the renewed debt distress, the overall economic and governance performance and the extent to which pro poor policies as part of an overall poverty reduction framework have been implemented.
- All considerations for the provision of additional support will, however, be second to the prevention of debt distress through a radical application of debt sustainability analyses as

part of the Debt Sustainability Framework currently undertaken by WB/IMF. In situations of increased risk for debt distress, grants instead of loans should be provided. If (International Financial) Institutions continue to offer loans, thereby contributing to the level of debt distress, such an institution should finance the ensuing debt relief from its own resources.

## POLAND

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003	USD 27 Million	0,013
2004	USD 100 Million	0,05
2005	USD 160 Million	0,07
Target-Year 2006	USD 230 Million	0,1

- Poland would be ready to define a new EU interim target for additional ODA increases by 2010, if the financial capacities of the New Member States are taken into account and if the new interim target stems from the process of consultation with all EU Member States.
- No position is taken yet on an interim target for ODA increase in New Member States.
- The UN 0,7% ODA/GNI target is still a long term objective, no timetable has been defined for its achievement.

### 2. Co-ordination of policies and harmonisation of procedures

- Poland has not been involved in the harmonization process in the four EU pilot countries to the extent that could enable it to make an assessment of the progress in this area.
- Poland is not yet involved in coordination/harmonisation initiatives at field/country level, nevertheless it envisages to join the harmonisation process in Vietnam in the very near future. It is possible that Poland will start to harmonize procedures among Headquarters since 2005 onwards after internal procedural changes in the national ODA programme.
- On complementarity: Poland is favourable to the “5 lead donors” approach proposed by the Commission, preferably within a sector approach.

### 3. Untying of Aid

- No further concrete proposals or policy paper have been introduced during 2003. Poland is not yet member of the DAC and therefore is not considering entering a discussion within the OECD on the broadening of the scope of and/or simplification of the DAC recommendation on untying of aid.

### 4. Trade Related Technical Assistance

- Action taken to facilitate the mainstreaming of trade in the aid programs: training programmes in developing countries institutions, adoption of guidelines, instructions and monitoring/evaluations programmes at national level.
- The main beneficiaries for Polish 2005/2006 TRA are international institutions and NGOs.

- Poland does not contribute yet to the Doha Agenda Trade Capacity Building Databases but is ready to start reporting to it soon.
- PL is not ready to use the Integrated Framework Diagnostic Trade Integration Study and has no position yet regarding the possibility of improving coordination of TRA policies and information exchange through the Trade and Development Expert Group.
- Poland considers TRA as relevant with regards to the achievement of the goal of improved integration of developing countries into the world economy.
- Since PL is not a DAC member, no position is taken on the participation in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA.

#### 5. Global Public Goods

- Poland agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the six IPGs areas identified by the TF as priority, PL considers Peace and security as the most important, followed by eradication of communicable diseases and financial Stability.
- Poland is following closely the progress realised within the Task Force on GPGs and is considering joining it in the near future.
- About the relation between IPGs provisions and ODA-ability, Poland believes that IPGs should be financed from ODA only if they are especially linked to the MDGs.

#### 6. Innovative sources of financing

- Poland has not been involved in any study/analysis on innovative financing mechanisms.
- Poland is rather sceptical about the idea of creating the International Finance Facility. Reserves are expressed in consideration of the risk of creating additional level in the “bureaucratic structure” of the international development assistance procedures and tools. Further details are requested with regards to the expected administrative costs, the mechanism of distribution and the capacity of absorption in the short terms by recipient countries. Of fundamental importance for Poland the question whether legal systems, particularly budgetary acts in donor countries, allow to create realistic long term commitments regarding funds which may be earmarked for the IFF by donor countries.

#### 7. Reform of the International Financial System

- No position

#### 8. Debt Relief

- Poland intends to fulfil EU financial commitment of 100 % HIPC debt relief. It has taken efforts to provide debt relief to Nicaragua, Mozambique and Tanzania.
- No position yet on additionality of debt relief.

- The issue of the HIPC eligible countries that might be excluded from the mechanism after the expiry of the sunset clause is currently under consideration.
- Poland intends to increase the grant component of the Polish ODA flows on a step by step basis.

## PORTUGAL

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT (M €)	AS % OF GNI
2003	283	0.22%
Target-Year 2006		0.33%
?		0.7 %

- Portugal is ready to define a new EU interim target for additional ODA increases by 2010, but has no position yet concerning the definition of an interim target for the ODA increase of the new Member States.

### 2. Co-ordination of policies and harmonisation of procedures

- Coordination/ harmonisation initiatives at field / country level:

Mozambique: The Portuguese participation in the Budget Support Programme (G15).

Partnership with USA in a Trilateral Project - Portugal/USA/Sao Tomé e Príncipe to Combat Malaria. East Timor with the EC Health sector.

- Coordination/ harmonisation initiatives among Headquarters:

Portugal has produced an **Internal Plan on Harmonisation** that contains several coordination activities involving HQ, Embassies and other stakeholders. This Plan will lead to a final Action Plan on Harmonisation at the start of 2005.

The **CIC (Inter-Ministerial Committee for Cooperation)** has been a privilege forum of discussion in order to coordinate and avoid overlaps between projects.

Portugal has also reinforced the financial planning mechanisms, through the creation of a centralised cooperation budget – **Portuguese Cooperation Budget Programme (P5)**. The P5, by adjusting the Country Programme options with the multi-year budget is an essential instrument to facilitate coordination between line ministries and other cooperation stakeholders.

- **On complementarity:** Portugal is NOT willing to work towards the five lead donors proposed by the Commission.
- Portugal considers as the most important criteria for the development of operational elements of **complementarity** on country or sector level:
  - Comparative advantage of donors at global level of a country or sector,
  - Availability of staff and expertise in a given sector or country.

### 3. Untying of Aid

- No further concrete proposals or policy paper has been introduced during 2003. Not considering untying of bilateral aid beyond the OECD/ DAC Recommendations.

- Ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid? on what amendments: extend beyond the LDCS; cover food aid; provide access for recipient countries.

#### 4. Trade Related Technical Assistance

- No Position

#### 5. Global Public Goods

- Portugal agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Portugal considers peace and security as being the most important, followed by the eradication of communicable diseases, knowledge, financial Stability, Global commons and Trade.
- Portugal agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs , but it expresses NO interest in participating to the Group of Friends TF.
- About the relation between IPGs provisions and ODA-ability, Belgium believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

#### 6. Innovative Sources of Financing

- Portugal has not been involved in any study/analysis on innovative financing mechanisms, but it foresees the implementation of the proposals concerning: international carbon tax, tax on aviation fuel, global lottery, international financing facility., other international taxes and levies, e.g. deep sea mineral extraction/satellite orbits
- Portugal is currently considering engagement in, PPPs: in particular: -Water supply & Sanitation for Development purposes. - Natural Resources for GPGs purposes.

#### 7. reform of the international financial system

- How to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Portugal considers that the main mechanisms of EU cooperation at the Governing Board of IMF are already implemented and in full operation, mainly through the EFC Sub-Committee on IMF and related matters (SCIMF) and the IMF EU Coordination Group in Washington (EURIMF). Portugal suggests therefore exploring similar mechanisms on WB and other Multilateral Development Banks.”
- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs called by the Council Conclusions of April 2004: no position

#### 8. Debt Relief

- no position except
- in order to avoid them getting again into unsustainable debt dynamics, Spain would consider increasing the grant component of ODA flows or perhaps moving to a purely grant-based assistance, in the context of joint initiative.

## SLOVAKIA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	SKK 553.5 mil.	0,048
<b>2004 (estimate)</b>	SKK 975.7 mil.	0,074
<b>2005 (forecast)</b>	SKK 1,225.4 mil.	0,085
<b>Target-Year 2006</b>	SKK 1,500.4 mil.	0,092
<b>2007</b>		0,110
<b>2008</b>		0,118
<b>2009</b>		0,120
N/A		0.7

- Slovakia expresses no position with regards to the definition of a new EU interim target for additional ODA increases by 2010 but it is ready to define a new interim target for new Member States. Slovakia feels strong moral duty to increase its ODA, but respecting economical development and own resources and intends to increase its ODA with forecast of 5% per annum.
- The UN 0,7% ODA/GNI target is still a long term objective, no timetable has set yet as for its achievement.

### 2. Co-ordination of policies and harmonisation of procedures

- Slovakia has not been involved in the harmonization process in the four EU pilot countries to the extent that could enable it to make an assessment of the progress in this area.
- **at field/country level:** A specific principle of the Slovak development assistance is the intensive cooperation with bilateral and multilateral donors. Slovakia very closely and intensively cooperates with the Regional Centre of UNDP in Bratislava and with the Canadian International Development Agency (CIDA). If the Slovak projects are harmonized with Canadian sectoral and territorial priorities, they are provided and implemented on trilateral level. Slovakia is ready to coordinate, harmonize and cooperate in trilateral projects also with other donors, mainly within the EU.
- **among Headquarters:** The UNDP Regional Centre in Bratislava. Memorandum of Understanding has been signed and Financial Memoranda are executed annually. The UNDP Trust Fund (TF) has been established by the MFA of the Slovak Republic and the United Nations Development Programme as a component of the Slovak National ODA Programme. The TF project is executed and implemented directly by the UNDP RC in Bratislava. It operates as a separate project, managed by TF Steering Committee while

making full use of the UNDP Regional Support Centre’s administrative and financial capacities

- **On complementarity:** Slovakia is favourable to the “5 lead donors” approach proposed by the Commission, preferably within a sector approach.

Programme country	Project countries
Serbia and Montenegro	Afghanistan, Albania, Bosnia and Herzegovina, Cambodia, Kazakhstan, Republic of Kenya, Kyrgyzstan, Republic of Macedonia, Mongolia, Mozambique, Sudan, Tajikistan, Uzbekistan

### 3. Untying of Aid

- Slovakia has not introduced any concrete proposals or policy paper on untying of aid but is ready enter a discussion within the OECD on the broadening of the scope of and/or simplification of the DAC recommendation on untying of: food aid, technical assistance, extension beyond LDCs.

### 4. Trade Related Technical Assistance

- No Action has been taken yet to facilitate the mainstreaming of trade in the aid programs.
- The main beneficiaries for 2005/2006 TRA are international institutions WTO (8 million SKK) and UNIDO (1.65 SKK).
- No position has been taken yet on the Integrated Framework Diagnostic Trade Integration Study nor does it on the possibility to improve coordination of TRA policies and information exchange within the Trade and Development Expert Group. Slovakia considers WTO and OECD/DAC as the most appropriate forum to enhance TRA coordination.
- Slovakia does not contribute yet to the Doha Agenda Trade Capacity Building Databases but is ready to start reporting to it soon.
- Although Slovakia is not a member of DAC it is prepared to actively participate in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA.

### 5. Global Public Goods

- Slovakia agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the six IPGs areas identified by the TF as priority, SK considers Peace and security and eradication of communicable diseases as the most important.

- Slovakia is not a member of the Task Force on GPGs and has not decided yet whether to analyse the TF Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, Poland believes that IPGs should be financed from ODA only if they are especially linked to the MDGs.

#### 6. Innovative sources of financing

- Slovakia is very cautious to integrate to the financing mechanisms or to envisage for any funds that could increase the external debt and negative balance of the state budget. The IFF is regarded as quite demanding from the legal and financial point of view. No position on engagement in PPPs.

#### 7. Reform of the International Financial System

- No position

#### 8. Debt Relief

- Out of total number of countries covered by HIPC Initiative, Slovakia has, or had, the claims in the following countries: Ethiopia – 1999; Ghana - 1997; Guinea – 1999; Mozambique – 2001; Tanzania – 2001; Zambia – 2000; Vietnam 2000; Angola – 2002; Yemen - 2001. Nicaragua – The settlement is being carried out on the basis on contractual relation between Slovakia (the Finance Ministry) and Raffels AG Herissau with termination in 2013. Laos - The settlement is being carried out on the basis on intergovernmental agreement between Slovakia and Lao People's Democratic Republic with termination in 2009. Myanmar – The settlement is being carried out on the basis on contractual relation between Slovakia (the Finance Ministry) and Transakta Bratislava with termination in 2007. Sudan - These claims have not been settled by now. Slovakia will propose 100% debt cancellation on its official bilateral pre-COD claims in a line with the EU commitment. Unfortunately, Sudan has not replied to any of Slovakia's calls up to now. This is also subject to government's decision.
- SR goal is to reach 0.092% by 2006, excluding debt relief with forecast of 5% annual increase (phasing in) and EDF contributions from 2008.
- SK is against additional debt relief, either multilateral or bilateral.
- SK considers that the situation of those countries that might be affected by the expiry of the sunset clause is of concern and that a solution should be found within the HIPC approach. Instead of calling on the World Bank and IMF staff for a tailor made solution Slovakia prefers a case to case approach.

## SLOVENIA

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
2003	cca 20 mio EURO	0.1%
2004	cca 20 mio EURO	0.1%

- Slovenia expresses no position with regards to the definition of a new interim target for additional ODA increases by 2010 for EU and new Member States.
- The UN 0,7% ODA/GNI target is still a long term objective, no timetable has set yet as for its achievement.

### 2. Co-ordination of policies and harmonisation of procedures

- Slovenia has not been involved in the harmonization process in the four EU pilot countries to the extent that could enable it to make an assessment of the progress in this area.
- at field/country level: Project on Psychosocial assistance to Iraqi children/co financed and coordinated with Austrian ADA/project carried out 2003-2004 and continued in 2005. In 2005 a similar project will be carried out in Bosnia and Herzegovina/co financed between Slovenia and Austria.
- among Headquarters: none.
- No position on complementarity.

### 3. Untying of Aid

- Slovenia has not introduced any concrete proposals or policy paper on untying of aid.

### 4. Trade Related Technical Assistance

- No action has been taken yet to facilitate the mainstreaming of trade in the aid programs.
- No position has been taken yet on the Integrated Framework Diagnostic Trade Integration Study nor has it on the possibility to improve coordination of TRA policies and information exchange within the Trade and Development Expert Group.
- Slovenia does not contribute yet to the Doha Agenda Trade Capacity Building Databases.
- Slovenia is not a member of DAC, decision has not been taken yet whether actively participate in the OECD/DAC work towards establishing a common monitoring/evaluation framework for TRA.

### 5. Global Public Goods

- Slovenia expresses no position with regards to the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the six IPGs areas identified by the TF as priority, SK considers Peace and security and eradication of communicable diseases as the most important.
- SL is not a member of the Task Force on GPGs nevertheless agrees to analyse the TF Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- No position has been taken on the relation between IPGs provisions and ODA-ability.

#### 6. Innovative sources of financing

- No position

#### 7. Reform of the International Financial System

- No position

#### 8. Debt Relief

- No position yet but in favour in principle with the exclusion of debt relief from the ODA target.

## SPAIN

### 1. Volume of ODA

#### New projected ODA in national budget

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	1.735.956.214	0.23 %
<b>2004</b>	2.290.455.003	0.3 %
<b>2005</b>	2.670.822.488	0.32 %
<b>Target-Year 2006</b>	3.226.822.488	0.37 %
<b>2007</b>	3.887.487.488	0.44 %
<b>2008</b>	4.553.023.563	0.5 %
<b>2009</b>	5.148.852.073	0.54 %
<b>na</b>		0.7 %

- Spain is ready to define a new EU interim target for additional ODA increases by 2010, but has no position yet concerning the definition of an interim target for the ODA increase of the new Member States.
- No timetable has been set to achieve the UN 0,7% ODA/GNI target.

### 2. CO-ORDINATION OF POLICIES AND HARMONISATION OF PROCEDURES

- **Coordination initiatives at country level.** Areas of interest: South and Central America.

**Initiatives:** regular information sharing about implementing projects and programs (within the G-17 framework whose presidency was held by Spain since September 2003 until June 2004); currently reorganisation of the Field Offices (i.e. Honduras) in order to adapt the institutional contexts to new relations between agencies and governments, via:

- Co-ordination table, where sit on local government an bilateral agencies. Spanish Co-operation would be represented by the Head on Mission on the Office.
- Several sectorial tables. Then an national authority in the sector and Chiefs of areas by Spain would be represented

In Mozambique, very active on Development Partners Group (DPG), as well as other coordination groups (Justice, Fishery, electoral processes, environment

- Harmonization initiatives at country level: Mozambique, Honduras.
- NO involvement in coordination/ harmonisation initiatives Among Headquarters
- Spain considers as the most important criteria for the development of operational elements of **complementarity** on country or sector level:

(2) Comparative advantage of donors at global level of a country or sector,

(3) Availability of staff and expertise in a given sector or country.

3. Untying of Aid

- No further concrete proposals or policy paper has been introduced during 2003. Not considering untying of bilateral aid beyond the OECD/ DAC Recommendations.
- Not Ready to enter a discussion within the OECD on the broadening of the scope of and/ or simplification of the DAC recommendation on untying of aid. Priority: to implement the 2001 recommendation and analyse its effects on the aid effectiveness and quality, the development of local capacities and the aid flows to the Least Development Countries (LDC).

4. Trade Related Technical Assistance

- No Position except: prepared to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group.
- Spain considers TRA as highly relevant with regards to the achievement of the goal of improved integration of developing countries into the world economy.

5. Global Public Goods

- Spain agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, Spain considers: Peace and security, eradication of communicable diseases and financial stability as being extremely important, followed by knowledge, Trade, Global Commons in particular natural resources (important).
- Spain agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs , but it expresses NO POSITION with regards to the Group of Friends TF
- About the relation between IPGs provisions and ODA-ability, Spain believes that IPGs should be financed from ODA only if they are especially linked to the MDGs.

6. Innovative sources of financing

- Spain has contributed as of late to the Technical Group stemming from the 2004 Geneva Declaration, which was subscribed by the Presidents of Brazil, Chile and France, with the support of the UN Secretary General. This Technical Group committed to study various proposals for innovative ways of financing development, which has led to the recent Report of the Technical Group on Innovative Financing Mechanisms. Through this report, Spain, as well as the rest of the members of the Group, aims at joining efforts in order to fight against poverty and hunger.

7. Reform of the International Financial System

- How to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): Spain considers that the quality for the EU cooperation has already increased substantially and suggests to have EU coordination meetings periodically in all

IFI's, indicating the informal status of such as the most sound and sensible solution for the time being.”

- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs called by the Council Conclusions of April 2004: “Spain strongly supports informal and pragmatic ad-hoc meetings where member countries try to reach common grounds and positions. Spain believes nevertheless that the idea of introducing a systematic coordination mechanism is unnecessary, while having joint statements systematically is probably impossible. As an example of the first type of informal approach it should be borne in mind that regarding IMF issues, there is an ECF subcommittee where Member States do share their views. This exercise is not always a straightforward one for a country like Spain, where its IMF constituency is shared with Middle Income Countries, and HIPC countries”. In relation to other IFI's, Spain would favour the idea for the country holding the Presidency to submit, on its own behalf, a statement to which other Member States can associate themselves, totally or to a few points if they so wish.

#### 8. Debt Relief

- No Position on additional relief.
- Spain has supported the extension of the sunset clause until 2006 with the hope and belief that such a measure will be enough for the HIPIC countries which have not reached the decision point yet. In order to avoid them getting again into unsustainable debt dynamics, Spain would consider increasing the grant component of ODA flows or perhaps moving to a purely grant-based assistance, in the context of joint initiative.

## SWEDEN

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	<b>SEK 19 388 297 000</b>	<b>0,795%</b>
<b>2004</b>	<b>SEK 19 180 000 000</b>	<b>0,868%</b>
<b>2005</b>	<b>SEK 21 770 000 000</b>	<b>0,889%</b>
<b>Target-Year 2006</b>	<b>SEK 26 190 000 000</b>	<b>1%</b>
<b>2007</b>	<b>SEK 27 436 000 000</b>	<b>1%</b>
<b>2008</b>		<b>1%</b>
<b>2009</b>		<b>1%</b>

- SE is agrees to a new EU interim target, including a specific target for New MS.

### 2. Co-ordination of policies and harmonisation of procedures

- SE is very active in the OECD, and within the Nordic + group. They have a rather non-European approach and favour systematically worldwide harmonisation and country alignment.

### 3. Untying of Aid

- SE aid is untied

### 4. Trade Related Assistance

- SE is the largest single donor to the WTO Global Trust Fund. The exact composition of the Swedish trade related assistance for 2005/2006 is yet to be decided.
- SIDA is in the process of rendering internal reporting procedures more adapted to the WTO/OECD database reporting.

### 5. Global Public Goods

- Sweden and France took the initiative to establish the Task Force but the countries are not members of it.

### 6. Innovative sources of financing

- SE considers the IFF as the most realistic proposal for an innovative financing mechanism at this stage. However, IFF is primarily aimed at countries that want to increase their

ODA-levels to at least 0,7% and that are finding it difficult to do so fast enough. So not SE.

- SE is pessimistic to the feasibility of realizing them. Se prefers to build on collecting taxes on a national rather than international basis.

#### 7. Reform of the International Financial System

- SE is satisfied with the present level of coordination. In the case of the World Bank SE may consider further coordination in GAERC and Ecofin. Se is against a more systematic coordination mechanism and joint EU statements, primarily at the World Bank.

#### 8. Debt Relief

- One of the arguments for increasing ODA in Sweden has been the need to fulfil international obligations of debt relief.
- SE will continue to shoulder and thus finance its fair share of multilaterally agreed debt relief provided conditions similar to those applied within the HIPC-framework, e.g. track record, fair burden sharing amongst donors etc
- SE is prepared to support initiatives beyond the existing HIPC Initiative on a case-by-case basis. SE also provides 100 % bilateral debt cancellation on a case-by-case basis and after the completion point to maximize the benefit to the country.

## UNITED KINGDOM

### 1. Volume of ODA

#### New projected ODA in national budget (\*)

YEAR	ABSOLUTE AMOUNT	AS % OF GNI
<b>2003</b>	£3847 million	0.34 %
<b>2004</b>	£4141 million	0.35 %
<b>2005</b>	£4889 million	0.39 %
<b>Target-Year 2006</b>	£5521 million	0.42 %
<b>2007</b>	£6460 million	0.47 %
?		0.7 %

- UK is ready to define a **new EU interim target for additional ODA increases by 2010**, and proposes to apply a similar floor and EU average ODA/GNI format to the **new Member States**.

### 2. Co-ordination of policies and harmonisation of procedures

- Initiatives of coordination/ harmonisation initiatives at field / country level:

UK is involved in coordination and harmonisation issues in three EU pilot countries (Mozambique, Nicaragua and Vietnam) and is engaged in a wide range of joint working with other donors. DFID is using programmatic support (sector and budget support) as key instruments for promoting harmonisation and alignment around country led PRSs. Country programmes report annually on progress and plans for the coming year. In 2003 UK set out 88 indicators for measuring performance for 2003 across 24 partner countries and wider Europe/Balkans region. Of these, 32 were completely met and 48 are in progress.

- Initiatives of coordination/ harmonisation initiatives at among Headquarters:

High level of commitment from UK senior management to the harmonisation agenda. Effective DFID participation in the DAC Alignment Survey. New team established in Policy Division to support a more strategic approach to harmonisation and country led approaches. All Directors Delivery Plans include reports on progress and plans for coming year on harmonisation. Coordination and harmonisation concepts are included in programme management training and a Guidance Note on Alignment was issued to DFID staff in July. Work has been done to simplify DFID procedures in line with DAC best practice. UK is also developing a new matrix of harmonisation indicators, based on those of the DAC, to help measuring progress and benchmark against other donors.

- DFID has made substantial progress on harmonisation but aims to accelerate progress in the future and strongly suggests that the EC encouraged strategic medium term approaches to harmonisation, monitored at the country level and internationally. DFID is aiming to incorporate monitoring of DAC harmonisation indicators into corporate processes (Harmonisation Action Plan, Directors Delivery Plans).

- On **complementarity**: UK would strongly favour a system that encouraged a more rational allocation of overall aid resources between countries and limited the number of donors active in particular countries or sectors. The UK would be keen to contribute to the debate on the design of such a system.
- The key reason for seeking improvements in complementarity is to increase the effectiveness of assistance to partner countries, and to reduce the burdens on them in administering that assistance. UK therefore believes that complementarity arrangements should reflect partners' preferences on how aid is delivered, should increase the average size of financial allocation per active donor, and should reduce the range of different systems and procedures with which the partner country has to deal.

### 3. Untying of Aid

- All UK aid has been fully untied since 2001.
- The Commission's proposal to fully untie EC aid on a reciprocal basis was agreed by the Council in May 2003. This gives a lead to the international community. The UK supports the draft implementing Regulation and wishes to see early entry into force. This will provide a practical basis for further consideration by DAC members of how to build on the current DAC Recommendation

### 4. Trade Related Technical Assistance

- The approach the UK adopts to TRCB is influenced strongly by our 2000 White Paper, 'Eliminating Poverty: Making Globalisation Work For the Poor'. The UK supported the development of the DAC guidelines and makes use of them. The EC guidelines were found to be compatible, and are not used separately.
- DFID is set to roll out its new trade strategy for years 2005-07. It has been developed in partnership with geographical divisions, so that it establishes priorities across DFID and builds synergies between country and regional levels and headquarters. New directions are based on learning from the evaluations of DFID's work on trade. The EC has provided inputs on an early draft of the strategy.
- The main beneficiaries of the UK TRA for 2005/2006 are the international institutions, (8M£), and the individual countries (7m£).
- UK has effectively used the Integrated Framework diagnostic Trade Integration Studies Via in-country groups on trade. DFID is/supports the donor facilitator in Nepal, Lesotho and Rwanda. If embedded in the country's plan for poverty reduction and development UK is ready to extend the approach to non LDCs.
- UK encourages the development community to use the Doha Agenda Trade Capacity Building Databases as it is an excellent resource of information and very useful tool to help avoid duplication of effort.
- UK is ready to intensify information exchange, and coordination of TRA policies and activities in the Trade and Development Expert Group, and wishes the Group to develop a more comprehensive work plan and closer relationship with other Working Groups to enhance coordination and effectiveness.

- UK have been actively encouraging the donor group to develop a companion manual to OECD guidelines on TRCB.

## 5. Global Public Goods

- UK agrees with the definition of International Public Goods (IPGs) recently proposed by the International task Force on Global Public Good. With regards to the 6 IPGs areas identified by the TF as priority, UK considers peace&security (included organized crime, money laundering and illegal drugs as well as conflict prevention/resolution) and global commons (global change) as the most important.
- UK is member of the Group of Friends and agrees to analyse the Task Force Action Plan with a view to using it as a basis for elaborating an EU common platform on the provision and financing of GPGs/IPGs.
- About the relation between IPGs provisions and ODA-ability, UK believe that IPGs should be financed from ODA only if they are especially linked to the MDGs.

## 6. Innovative Sources Of Financing

- UK supports further exploration of any feasible option for increasing financing for development, including international taxation, of course the IFF is seen as the most suitable option to provide now the significant funds needed to meet the MDGs by 2015.
- With regards to PPPs UK identifies considerable scope for further international facilities to help mobilise further private sector investment in infrastructure (such as the Public Private Infrastructure Advisory Facility, or the Emerging Africa Infrastructure Fund).

## 7. Reform of the International Financial System

- On how to improve the quality of the EU co-operation at the Governing Boards of the IFIs (in accordance with the Council Conclusions of April 2004 regarding the last Monterrey monitoring report): UK believes that the current system of informal weekly EU coordination meetings for World Bank and IMF Board representatives works well, allowing adequate time for members to exchange views on priority issues and – where appropriate – to agree shared positions. Where necessary, these meetings could be supplemented by others on issues of particular interest to EU countries.
- From a UK perspective, there is a need to bring greater coherence to the deployment of trust funds under the AsDB umbrella, but to do this further progress is required in EU capitals on the question of untying. This cannot be achieved at Board level.
- In the Inter-American Development Bank, the UK is in a mixed EU/non EU constituency (as are other EU countries). Co-operation tends to cross these boundaries and on balance this is positive. All non-borrowing chairs, often including the US and Canada, meet regularly to co-ordinate our positions. In the case of the IDB, the UK is leading an effort among a small group of countries to create a coherent approach to using trust funds and bilateral programmes to promote the implementation of change, especially around development effectiveness and harmonisation. In this case our main partners are the Nordics and Canada. The common factor is a shared approach to development and the availability of flexible funding (that is not shared by all EU member states).

- At present there is no formal EU co-ordination mechanism within the African Development Bank (AfDB). UK believes it would be helpful if a system of more regular consultation between Executive Directors (EDs) representing EU member states could be established. This could be undertaken on an informal basis; and could, if appropriate, be delegated to other staff members of the Constituency offices.
- Concerning the further exploration of the possibilities for improving the quality of EU coordination at the IFIs called by the Council Conclusions of April 2004, UK does not believe it is appropriate for there to be systematic coordination of EU countries' views or joint EU statements in the World Bank and the IMF. This would be very labour intensive, and would reduce the flexibility of EU Board members to engage with other shareholders. UK prefers the more informal approach outlined above.

## 8. Debt Relief

- Where debt forgiveness is simply granted as recognition that a bad loan will not be repaid, this does not and should not count as ODA.
- All UK bilateral development assistance is entirely grant based.
- The UK goes further than required under the HIPC Initiative, and provides 100% relief on all debts owed by HIPC. The UK has also pressed for the calculation of HIPC debt relief to exclude the additional bilateral assistance provided by the UK and some other donors to ensure the most generous treatment possible.
- In addition to debt relief provided under the HIPC initiative, the UK has announced that it will go further and provide its share – just over 10% - of the debt service owed to the World Bank (IDA) and African Development Bank (AfDF) by post-completion point HIPC countries and other IDA-only poor countries with sufficiently robust public expenditure management systems. The UK hopes that other donors will join in this effort.

The UK provides bilateral assistance (ODA) to many HIPC countries. All of the UK's bilateral development assistance is provided in the form of grants only. Increases in ODA allocations will be provided for within the UK's existing budgets for development assistance.

## **Annex 2: Matrices of individual answers**

### **LEGEND of official abbreviations**

**AT** - Austria

**BE** – Belgium

**CZ** – Czech Republik

**DK** – Denmark

**DE** – Germany

**EC** - European Commission

**EE** – Estonia

**EL** – Greece

**ES** – Spain

**FR** – France

**IE** – Ireland

**IT** – Italy

**CY** – Cyprus

**LV** – Latvia

**LT** – Lithuania

**LU** – Luxembourg

**HU** – Hungary

**MT** – Malta

**NL** – The Netherlands

**PL** – Poland

**PT** – Portugal

**SI** – Slovenia

**SK** – Slovakia

**FI** – Finland

**SE** – Sweden

**UK** – United Kingdom

Commitment II: Co-ordination of Policies and harmonisation of procedures

<b>Assessment of the progress of initiatives in the field, in the four EU pilot countries:</b>	
<b>MOROCCO</b>	
<b>BE</b>	<b>General assessment of the initiative:</b> Progress is very slow. Belgium is concentrating its efforts in the water sector but on a programme/project basis as most countries still do.
<b>FR</b>	<b>General assessment:</b> La volonté du gouvernement marocain de coordonner la gestion de l'aide publique au développement s'exprime à travers la tenue de réunions régulières sur les thèmes de l'harmonisation des procédures et du partage de l'information sur les données macro-économiques et sectorielles du pays. Le pilotage est réalisé par la direction du Trésor du ministère du Trésor.
<b>DE</b>	<b>Most successful elements:</b> Excellent co-ordination with EU-KOM, EIB and AFD in the water sector.
<b>IT</b>	<b>General assessment:</b> The allocation of resources complies with the needs of the country.
<b>EU members with no bilateral program in the country.</b>	AT, FI, EL, ES, HU, IE, LV, LI, LU, MT, NL, PL, PT, SK, SI, UK

## MOZAMBIQUE

AT	<p>General assessment: Bilateral programme concentrated on province of Sofala which is adequate for a small donor's input. Coordination on local level allows alignment to provincial government plans and coordinated complementarity of other donors inputs.</p>
BE	<p>General assessment: Signed the Memorandum of Understanding in December 2003. BE is actively participating in the process. No particular difficulties by the implementation have been reported so far.</p>
FI	<p>General assessment : Harmonisation process in Mozambique is very advanced in African terms. Budget support and sectoral programmes are in use, but also project support is still used by many donors. EU member states and European Commission participate in donor coordination, which functions very well. Also dialogue between the donor community and the government of Mozambique is good. FI supports efforts of further harmonisation of donor activities in Mozambique also in the future.</p> <p>Most successful elements: The Programme Aid Partners Performance Assessment Framework Matrix agreed at the September 2004 Mid-Term Review is considered as particularly successful since the number of donors using the same performance assessment framework is exceptionally high.</p>
FR	<p>General assessment: La coordination et d'harmonisation entre les bailleurs est élevée au Mozambique, comme l'ont confirmé les conclusions de la mission sur place de la Cour des comptes européenne en 2004. En matière d'aide budgétaire, la concertation au sein du groupe international du G15 a accompli de réels progrès, qui expliquent les demandes faites par de nouveaux Etats pour en faire partie. Le G15 s'est imposé comme interlocuteur privilégié du gouvernement du Mozambique dans le domaine financier. Pour les différents fonds multi-bailleurs dans les différents domaines de la coopération, le dialogue est favorisé par les groupes de travail sectoriels, pilotés par le PNUD ou la BIRD, dont l'efficacité varie d'un groupe à l'autre. Enfin, les réunions mensuelles de coordination organisées par la délégation de la Commission européenne permettent des échanges d'informations entre Européens et constitue une enceinte idoine pour des concertations avec d'autres acteurs de l'aide.</p> <p>Most successful elements: En matière d'aide budgétaire, la concertation au sein du groupe international du G15 a accompli de réels progrès, qui expliquent les demandes faites par de nouveaux Etats pour en faire partie.</p>
DE	<p>General assessment: lead donor and co-ordinator of co-operation partners in education sector for 2004. Active participation in Financial Management Committee of joint financing mechanism (basket), procurement initiative.</p> <p>Most successful elements: creation of joint financing mechanism, donor harmonisation matrix, integration of sector activities into macro-economic dialogue linked to general budget support.</p>
ES	<p>General assessment: Spanish Aid has been traditionally articulated by the means of projects and Sectorial Approach has not been an instrument for Spanish Aid. However, it is worth to underline the recent subscription of a SWAP in Health Sector in Mozambique. Such subscription was preceded of technical participation in task teams during the last 3 years. This has been the first concrete action of Spanish Aid conceived under Sector Approach, focused on 10 of the poorest regions in the country. Contribution aims to the Common Fund for Provinces in order to finance ordinary expenditures in each region, counting on participation of FR, DK, IE, EU, Switzerland and Norway.</p>

IT	General assessment: Good involvement of civil society with enhancement of local ownership.
PT	<p>General assessment : participation in the Budget Support Programme, under the aegis of the G15, facilitates a deeper dialogue with Mozambican authorities and a closer monitoring of the PARPA's execution through the PAF (Performance Assessment Framework)</p> <p>Most successful elements: G 15 budget support</p>
NL	<p>General assessment : In Mozambique, donors have been providing co-ordinated and untied budget support since 2000. A new MoU was signed on April 2004 involving 15 donors (EC, WB, S, No, Fin, UK, NL, B, DK, Ir, It, Ger, FR, Pt, Swt) = ("G-15"). Signatories of the MoU declare commitment to NEPAD, the Monterrey Consensus and the Rome Declaration on Harmonisation. The MoU entails mutual accountability, clarifying performance and reporting commitments of Mozambique as well as the Programme Aid Partners (PAPs). While Mozambique is accountable based on the terms of its performance assessment framework (PAF), the G-15 have also signed up to specific commitments concerning how they will provide programme aid in future. These obligations are an effort to effectively implement the concerns of the Rome Declaration on Harmonisation. Donors provide an annual report on their efforts in implementing these obligations, following a baseline on donor performance in 2003.</p> <p>Most successful elements: Signing of the new MoU in April 2004 was in itself a major step forward in the process of harmonising and aligning PAP's support to the implementation of Mozambique's poverty reduction strategy. It is a remarkable innovation that 15 donors agree to (1) have no conditionality outside the common performance assessment framework; (2) strongly enhance predictability; (3) align on the GoM cycle and documents. For further info see: Harding Alan/Gerster Richard, Learning Assessment of Joint Review 2004. Final Report, June 2004</p> <p>In addition to above (G-15-budget-support) SWAP development is promoted in agriculture, education and health. Progress in these sectoral programmes is also documented by SPA-DAC survey on harmonisation and alignment 2003 and 2004</p>
UK	<p>General assessment : Direct budget support governed by a common MoU and Performance Assessment Framework across 14 donors and the World Bank. By 2005/6 Poverty Reduction Budget Support (PRBS) will account for 70% of DFID's support for Mozambique.</p> <p>Most successful elements: <u>PRBS</u> in Mozambique is a positive example of harmonisation and alignment around the Government's Poverty Reduction Strategy, the PARPA. Given the Government's track record on reform and poverty reduction there is scope to increase the proportion of total donor assistance provided as programmatic support. However, this would need to go hand in hand with efforts to enhance the <u>predictability</u> of financial aid.</p> <p>Negative assessment: <u>high transaction costs of aid</u> is a continuing problem due to the total number of donors and large numbers operating in particular sectors. Greater <u>complementarity and selectivity</u> within the donor community would help address this and generate real benefits for the Government of Mozambique.</p>
EU members with no bilateral program in the country.	ES, HU, IE, LI, LU, LV, MT, PL, SI, SK

## NICARAGUA

<b>AT</b>	<p><b>General assessment:</b> Austria supports a program of decentralized cooperation which is often based of (ATn) NGO-initiatives with local partners. Attempts are made to integrate project clusters into (local) government structures.</p>
<b>FI</b>	<p><b>General assessment:</b> Nicaragua is the first country to finalise its Joint Country Learning Assessment Process. Sectoral roundtables constitute a core mechanism of harmonisation. Harmonisation is relatively advanced, budget support and sectoral programs are in use, but much still remains to be done, especially in terms of strengthening national ownership. With regard to budget support, a Joint Financing Arrangement is being negotiated. Performance Assessment Matrix should be aligned with the national development strategy in order to avoid duplication of indicators and monitoring mechanisms. EU coordination functions well. Member States have been kept informed on Commission's planning missions, which in turn has facilitated work in ALA Committee.</p> <p><b>Most successful elements:</b> Finalisation of the Joint Country Learning Assessment Process. With regard to budget support, a Joint Financing Arrangement is being negotiated.</p> <p><b>Negative assessment:</b> Despite progress in harmonisation, alignment is often lacking. Leadership by the Government of Nicaragua in harmonisation and alignment should be respected instead of creating parallel structures for donor coordination.</p>
<b>FR</b>	<p><b>General assessment :</b> Le Nicaragua a adopté un dispositif performant et structurant de concertation à travers</p> <p>(1) La mise en place d'une instance globale de concertation qui traite des problèmes macro-économiques, coordonnée par un membre du gouvernement et un représentant des bailleurs. Cette instance chapeaute des tables rondes sectorielles qui comportent le ministre compétent (président), un coordinateur du gouvernement, des représentants des institutions concernées par le secteur, des ONG et des bailleurs de fonds.</p> <p>(2) L'adoption d'un plan national de développement opérationnel (PNO) pour 5 ans qui constitue un cadre pluri-annuel de budgétisation. Il est le document de base servant à la stratégie de réduction de la pauvreté. Par ailleurs, la communauté des bailleurs engagés dans l'appui budgétaire (BM, EU, Suède, Norvège, Fie, Allemagne, Royaume Uni et Suisse) - la FR est membre observateur (mise en oeuvre du C2D) - constitue le Budget Support Group (BSG) qui régule les appuis budgétaires et fixe les modalités de suivi/évaluation avec le gouvernement.</p>
<b>DE</b>	<p><b>General assessment :</b> Participation in Budget Support Group (BSG) Participation of KfW at Water Sector Table.</p> <p><b>Most successful elements :</b></p> <ul style="list-style-type: none"> <li>▪ In the framework of BSG a Joint Financing Agreement has been agreed with the objective of harmonising procedures</li> <li>▪ elaboration of a National Development Plan and an Action Plan for the co-ordination and harmonisation activities.</li> <li>▪ Numerous initiatives on co-ordination and harmonisation (6 sector co-ordination tables).</li> </ul> <p><b>Negative assessment:</b> <u>Implementation</u> is falling behind. Stronger leadership of government in policy development is necessary. Institutional implementation capacities are still weak. This is the reason why sector co-ordination activities as well as initiatives on budget financing in the framework of the National Development are up to now mainly donor driven.</p>
<b>IT</b>	<p><b>General assessment :</b> The little allocation of resources does not permit a comprehensive judgement</p>
<b>NL</b>	<p><b>General assessment:</b> Dutch embassy started an initiative for coordinated general budget support. At present 10 multi and bilateral partners (WB, EC, IDB, S, No, Fin, UK, NL, D, A) have indicated their willingness to provide such support under a joint financing arrangement and a single set of indicators. Discussions have started with GoN and are expected to produce a positive result for the 2005 budget. Embassy participated together with EC, UNDP and Japan as lead facilitators to the Joint Country Learning Assessment. Embassy is lead</p>

	manager for a Health SWAP development fund. All Embassy activities on governance are implemented jointly with other donors.
<b>UK</b>	<p><b>General assessment:</b> A framework for multi-donor budget support to the GoN National Development Plan (NDP/PRSPII) is being developed involving 10 donors including DFID. Opportunities for greater harmonisation will improve as the Plan becomes better linked with the <u>national budget</u>. DFID is providing technical assistance to enable GoN to meet some of the policy reform indicators and general support to overall harmonisation, by providing a secondment to the EC Delegation to work with the GoN to develop the Budget Support Joint Financing Arrangement (JFA).</p> <p><b>Most successful elements:</b> DFID has focused its support to two of the four priority areas of the NDP/PRSPII (public administrative and political reform; competitiveness, trade and productivity).</p> <p><b>Negative assessment:</b> GoN has expressed concern that <u>complementarity</u> (leading to a reduction in the number of donors per sector) can increase vulnerability where <u>predictability</u> of aid remains uncertain. They would prefer to maintain some <u>choice over partners</u> and focus on <u>donor quality</u> and a <u>reduction in financing instruments</u>.</p>
<b>EU members with no bilateral program in the country.</b>	<b>BE, ES, HU, IE, LI, LU, LV, MT, PL, PT, SI, SK</b>

## VIETNAM

<b>BE</b>	<b>General assessment of the initiative:</b> The Memorandum of Understanding on the alignment of procedures is still under preparation and is not yet signed. BE has been very active in the preparation process.
<b>CZ</b>	Priority country for the CZ for ODA, EU harmonization in initial stage.
<b>EC</b>	<p>In May 2003 the EU donors in Hanoi agreed on an Action Plan for harmonisation and co-ordination</p> <ul style="list-style-type: none"> <li>- an annual "Blue Book" - a directory of all EU co-operation activities in Vietnam</li> <li>- the EU norms for local costs in development activities in Vietnam (updated in September 2004: these costs are followed by all EU donors and several other donors including some UN agencies)</li> <li>- a model framework agreement for co-operation covering issues such as tax status for consultants</li> <li>- a joint EU statement at the Consultative Group meeting every year</li> <li>- a joint EU pledge at the CG meeting</li> <li>- the creation EU working groups in key sectors (defined in the Action Plan) in order to define EU policy and to set down how the EU can work more effectively. Sectors are health, education, and private sector development, and a geographical area, the central highlands</li> <li>- the establishment of a system of delegated co-operation/representation among EU donors in policy dialogue discussions preparing the next World Bank-led Poverty Reduction and Growth Credit (budgetary aid instrument in which the EC participates together with several MS)</li> <li>- the making available of the services of a harmonisation adviser to the Government of Vietnam</li> </ul> <p>A recent retreat of EU development counsellors agreed to further actions including:</p> <ul style="list-style-type: none"> <li>- the revision of the Action Plan</li> <li>- the established of targets for closer co-ordination, such as a reduction in the number of EU projects</li> <li>- the identification of specific joint actions.</li> </ul>
<b>FI</b>	<p><b>Most successful elements</b></p> <ul style="list-style-type: none"> <li>▪ Blue book (annual EU aid catalogue);</li> <li>▪ Green book (EU trade relations catalogue);</li> <li>▪ Cost norm (for local consultants/TA);</li> <li>▪ Shared Consultative group statements;</li> <li>▪ sector level coordination group (when not replicating other government led groups);</li> </ul> <p>shared training activities.</p>

FR	<p><b>General assessment :</b> Le processus de coordination et d'harmonisation est extrêmement avancé au Vietnam ; le pays est considéré comme en avance sur ces deux sujets par la Commission. Cette réussite est rendue possible par des réunions fréquentes entre les Etats membres, notamment des conseillers de coopération.</p>
DE	<p><b>General assessment :</b> EU Initiative, various co-ordination/ harmonisation initiatives, including the LMDG, the Harmonisation initiative of the Development Banks (WB, ADB, JBIC, KfW, AFD), the Harmonisation of Implementation Framework in the Forestry Sector as part of the Forestry Sector Support Program and a number of other sectoral initiatives according to our sectoral focus (environment, economic reforms, health).</p> <p>Planned actions for the future include: Initiation of an EU objective setting and strategy process, development of common “EU contributions” to wider development process and the increased use of delegated co-operation.</p> <p><b>Most successful elements</b></p> <ul style="list-style-type: none"> <li>▪ EU common statements and pledges as part of the Vietnam CG process;</li> <li>▪ The “Blue Book”</li> <li>▪ A set of “local cost norms” to be used by the EC and EU MS in implementing projects in Vietnam. The local cost norms have now become a de facto standard for all donors in Vietnam, not just EU donors;</li> <li>▪ the EU Action Plan for harmonisation and co-ordination;</li> <li>▪ a number of sector or thematic working groups in Health, Education, Private Sector Development and Central Highlands Regional Development; initiative to co-ordinate input of EU member states to the PRSC.</li> </ul> <p><b>Negative assessment:</b> introduction of sector partnership groups that duplicate existing donor partnership groups.</p>
HU	<p><b>General assessment :</b> Hungary has already harmonized its development cooperation activities with the European Union in Vietnam. We have initiated a framework agreement of development cooperation in line with EU recommendations and selected the areas of cooperation aligned with EU’s goals for development cooperation</p>
LU	<p><b>General assessment :</b> very active, participating in monthly Development Counselors Meeting working on common strategies, common statement at GC, publication of cost norms, publication of “Rule Book on EU development cooperation programs”.</p> <p><b>Most successful elements:</b> publication of cost norms, publication of “Rule Book on EU development cooperation programs”.</p>
NL	<p><b>General assessment:</b> The EU Harmonization pilot in Vietnam has produced some concrete results: Sector and thematic working groups have been established to promote coordination among EU partners and to prepare the ground for joint initiatives. At an early stage the EU MS and Commission had already developed common statements for CG meetings, the annual 'Blue Book' summarising all EU aid, the so-called 'EU cost norms' for domestic costs and tariffs (now also being used by non-EU countries), a common text for drafting bilateral agreements and a Harmonisation Action Plan has been drawn up. This Plan contributes to the wider harmonisation framework that is organised along OECD/DAC lines in the Partnership Group on Aid Effectiveness.</p>
SE	<p>EC coordination process was not very well integrated in other more important harmonisation processes, but this has recently improved.</p>
UK	<p><b>General assessment:</b> DFID is working with the Government and other donors to merge key elements of the Government’s Comprehensive Poverty Reduction and Growth Strategy (CPRGS) into the Government’s new five year plan (2006-10). In 2004/5, 50% (£20 million) of DFID programme funds will be used to co-finance the World Bank's <u>Poverty Reduction Support Credit</u> (PRSC) that supports implementation of the CPRGS. A wide range of donors (Japan, Asian Development Bank, DK, NL, SE, Australia, Canada the EC) have either joined the PRSC already or are considering whether to do so in the future. This should be encouraged. DFID also supports work to help the Government of Vietnam implement its own <u>harmonization action plan</u> and actively participates in the <u>Partnership Group for Aid Effectiveness</u>.</p>

**EU members with no bilateral program in Vietnam**

**AT, ES, LI, LV, MT, PL, PT, SI, SK**

Specific information about coordination/harmonisation initiatives at field country level		
Countries involved in coordination /harmonisation initiatives at field /country level	Yes	No
	AT, BE, DK, FI, FR, DE, HU, IE, IT, LU, ES, SK, SI, SE, NL, UK,	EE, CZ, EL, LV, LI, MT, PL,
AT	<p><b>Partners</b> Nicaragua, Cape Verde, Burkina Faso, Uganda, Ethiopia, Mozambique, Palestine, Bhutan, Albania, Macedonia, Bosnia;&amp;Herzegovina, Serbia Montenegro</p> <p><b>Kind of initiative:</b> Coordination among donors from ATn perspective is particularly positive in Burkina Faso, Uganda, Ethiopia, where had – generally speaking - improved over the last five years. AT participates in donor coordination exercises where ATn coordination bureaus for Development cooperation are present (Nicaragua, Cape Verde, Burkina Faso, Uganda, Ethiopia, Mozambique, Palestine, Bhutan, Albania, Macedonia, Bosnia &amp; Herzegovina, Serbia Montenegro). These contribute to the selection of ATn complementary inputs to development programs of government or civil society. The density and quality of donor coordination lacks specifically where a small number of donors is present (Cape Verde, Bhutan).</p> <p><b>Progress Achieved:</b> Particularly useful are Consultative Group meetings (IFI) and Round Tables (UN).</p>	
BE	<p><b>Kind of initiative:</b> Through the PRSP-process,</p> <p><b>Progress Achieved:</b> basket funding and budget support</p>	
DK	<p><b>Kind of initiative:</b> DK is involved in a large number of harmonization and alignment initiatives at national and sectoral level in its 15 priority partner countries. It is therefore not possible to specify each individual activity. It should be highlighted, however, that DK is currently co-lead-donor (with the World Bank and IE) in the Zambian Wider Harmonisation in Practice initiative</p>	
FI	<p><b>Partners:</b> Ethiopia, Tanzania, Zambia</p> <p><b>Kind of initiative:</b> Two main approaches are emerging: in some partner countries the governments have established specific harmonisation processes and structures (e.g. Vietnam), in others harmonisation has been implemented for several years primarily by increasing programme-based support (e.g. Mozambique). Ethiopia and Tanzania are examples of countries that combine these strategies. In Zambia, FI participates in Harmonisation in Practice-process led by the Zambian government.</p>	
FR	<p><b>Kind of initiative:</b> Participation aux réunions locales de coordination, proposition d'échanges de documents stratégie pays</p>	
HU	<p><b>Partners:</b> Vietnam</p>	
IE	<p><b>Partners:</b> Zambia</p> <p><b>Kind of initiative:</b> has actively supported the Harmonisation in Practice initiative in Zambia and is fully committed to implementing the Rome Declaration on Harmonisation</p>	
IT	<p><b>Partners:</b> Mozambique</p>	
LU	<p><b>Partners:</b> Burkina Faso, Cap Vert, El Salvador, Laos, Mali, Namibia, Nicaragua, Niger, Senegal, Vietnam.</p> <p><b>Kind of initiative:</b> On an informal basis, LU has established contacts on this topics with all other EU-member states working in its target countries</p> <p><b>Progress Achieved:</b> Different sectors (health, education, private sector development, as well as one region (central highlands), have yet been identified for common undertakings. Nonetheless there is still a far way to go.</p>	

NL	<p><b>Partners:</b> Benin, Bolivia, Cape Verde, Ethiopia, Ghana, Mali, Rwanda, Senegal, Tanzania, Uganda and Zambia.</p> <p><b>Kind of initiative:</b> National Harmonisation Action Plans: in Zambia; Joint Assistance Strategies in Tanzania Uganda and Zambia; Multi-donor direct budget support operations in Benin, Bolivia, Ghana, Mali, Tanzania, Uganda; Sector Wide and harmonised approaches in: Bolivia - Education, Productive Development and Governance Ethiopia - Teacher Development Programme; Ghana Health; Cape Verde Environment; Mali Education; Rwanda Decentralisation; Senegal Environment; Tanzania Health and Education; Uganda Education and Governance; Zambia Health and Education.</p> <p><b>Progress</b> Achieved: In 18 of its 36 partner countries NL do operate on the basis of a clear set of programmes and objectives in the field of harmonisation. An increase in the kind as well as the volume of the activities (e.g. an increase of harmonised approaches and modalities, like direct budget aid) is expected in the course of 2005.</p>
PT	<p><b>Partners:</b> East Timor, Sao Tomé and Príncipe.</p> <p><b>Kind of initiative:</b> PT participates in the World Bank Trust Fund for East Timor, jointly with other donors.</p> <p>In the health sector, PT works in partnership with USA in a Trilateral Project - PT/USA/Sao Tomé e Príncipe to Combat Malaria. Health sector was also considered a priority in East Timor by the EC, in that sense PT aid is channelled to judicial assistance and to training and capacity building in a strategy of complementarity with other countries.</p>
SK	<p><b>Kind of initiative:</b> intensive cooperation with bilateral and multilateral donors. Between the Regional Centre of UNDP in Bratislava and the Canadian International Development Agency (CIDA). If the Slovak projects are harmonized with Canadian sectoral and territorial priorities, they are provided and implemented on trilateral level. SK is ready to coordinate, harmonize and cooperate in trilateral projects also with other donors, mainly within the EU.</p>
SI	<p><b>Kind of initiative:</b> Project on Psychosocial assistance to Iraqi children/ cofinanced and coordinated with ATn ADA/project carried out 2003-2004 and continued in 2005. In 2005 a similar project will be carried out in Bosnia and Herzegovina/cofinanced between SI and AT</p>
ES	<p><b>Kind of initiative:</b> Technical Offices on the Field disseminate regular information about implementing projects and programs. This dissemination process is addressed to donors and local co-ordination authorities. Data includes effective disbursements and committed for next budget. Annual and regular Reports, following notes of Assessment and Evaluations Committees, Mixed Commissions and Sector Strategy Papers are also available on web-pages. In Central America, information about commitments, disbursements and action lines is regularly shared with the rest of donors' community in the G-17 framework (Honduras). Actually, since September 2003 until June 2004 ES was held the Presidency pro tempore in this Group. During this period, ES has been co-coordinating the Consultant Group Process. Regarding multi-annual financing, this is only used in the context of Programs and projects that benefit NGOs. In case of Strategies, normal period lasts up to 4 years. Besides, Programs are limited to 3 years time. Although effective disbursements are limited to annual budget, this does not affect to engagements that remain unchanged. It is worthy to mention the Spanish interest to join to EFA (Education For All), in the Fast Track Initiative (FTI) in basic education in Honduras, foreseeing a donor's basket fund. In Mozambique, Spanish co-operation is very active on Development Partners Group (DPG), as it is in the different coordination groups (Justice, Fishery, electoral processes, environment...). Moreover, since last year ES has been admitted as an observer to Macro-finance Support Group, attending weekly economist meetings. Co-ordination and harmonization among agencies implies re-structure Field Offices to new requirements. Significant efforts are in process in Central America (El Salvador, Honduras to adapt the institutional contexts to new relations between agencies and governments.</p> <p>1 - A co-ordination table, where sit on local government an bilateral agencies. Spanish Co-operation would be represented by the Head of Mission</p> <p>2-Several sectorial tables. Then an national authority in the sector and Chiefs of areas by ES would be represented</p> <p>More concretely, ES is very active in Coordination of the Round Tables on governance and particularly on Justice Table. It should be note that in Nicaragua this initiative has been the first one to lead to a Sectorial Plan counting on participation of experts from ES and Nicaragua and a "Supreme Court Global Operative Plan 2003-2007". Both documents have been relieved as useful tools not only in projects and / or programs implementation but as a starting point for budget support under Sector Justice Approach.</p> <p><b>ES I- Country Level Coordination:</b></p> <p>Technical Offices on the Field disseminate regular information about implementing projects and programs. This dissemination process is addressed to donors and local co-ordination authorities. Data includes effective disbursements and committed for next budget. Annual and regular Reports, following notes of Assessment and Evaluations Committees, Mixed</p>

	<p>Commissions and Sector Strategy Papers are also available on web-pages. In Central America, information about commitments, disbursements and action lines is regularly shared with the rest of donors' community in the G-17 framework (Honduras). Actually, since September 2003 until June 2004 ES was held the Presidency pro tempore in this Group. During this period, ES has been co-coordinating the Consultant Group Process. Regarding multi-annual financing, this is only used in the context of Programs and projects that benefit NGOs. In case of Strategies, normal period lasts up to 4 years. Besides, Programs are limited to 3 years time. Although effective disbursements are limited to annual budget, this does not affect to engagements that remain unchanged. It is worthy to mention the Spanish interest to join to EFA (Education For All), in the Fast Track Initiative (FTI) in basic education in Honduras, foreseeing a donor's basket fund. In Mozambique, Spanish co-operation is very active on Development Partners Group (DPG), as it is in the different coordination groups (Justice, Fishery, electoral processes, environment...). Moreover, since last year ES has been admitted as an observer to Macro-finance Support Group, attending weekly economist meetings. Co-ordination and harmonization among agencies implies re-structure Field Offices to new requirements. Significant efforts are in process in Central America (El Salvador, Honduras to adapt the institutional contexts to new relations between agencies and governments. 1-A co-ordination table, where sit on local government an bilateral agencies. Spanish Co-operation would be represented by the Head on Mission on the Office. 2-Several sectorial tables. Then a national authority in the sector and Chiefs of areas by ES would be represented More concretely, ES is very active in Coordination of the Round Tables on governance and particularly on Justice Table. It should be note that in Nicaragua this initiative has been the first one to lead to a Sectorial Plan counting on participation of experts from ES and Nicaragua and a "Supreme Court Global Operative Plan 2003-2007". Both documents have been relieved as useful tools not only in projects and / or programs implementation but as a starting point for budget support under Sector Justice Approach.</p> <p><b>II.- Country level Harmonization: Honduras:</b> It is worthy to mention the Spanish interest to join to EFA (Education For All), in the Fast Track Initiative (FTI) in basic education in Honduras, foreseeing a donor's basket fund.</p>
SE	<p>SE is involved in most coordination, harmonisation and alignment initiatives at the field level where we have an Embassy or a field office. In some countries this is taking place within the context of large combined partner country/donor groups, in others in EU-coordinated groups or smaller groups of like-minded donors. It all depends on the local set-up and the role taken by the partner countries and the donors present in that country. SE has been very active in such coordination in Mozambique, Tanzania, Zambia, Vietnam and Nicaragua and many other countries. Progress in terms of less transactions costs are not easy to measure and results of harmonisation/alignments actions may take a long time to be effective. It is clear however that benefits are beginning to be seen in Tanzania overall and in Mozambique in budget support.</p>
UK	<p><b>Kind of initiative:</b> UK engaged in a wide range of <u>joint working</u> with other donors; we may take the lead in particular issues or support other donors to lead. UK country strategy papers start from the premise that the programme will be <u>aligned</u> with government policy as articulated in a PRS or national development strategy. DFID is using <u>programmatic support</u> (sector and budget support) as key instruments for promoting harmonisation and alignment around country led PRSs. Country programmes report annually on progress and plans for the coming year.</p> <p><b>Progress Achieved:</b> In 2003 we set out 88 indicators for measuring performance for 2003 across 24 partner countries and wider Europe/Balkans region. Of these, 32 were completely met and 48 are in progress.</p>

Specific informations about coordination/ harmonisation initiatives among Headquarters				
Countries involved in coordination /harmonisation initiatives among headquarters		Yes	No	No reply
		AT, BE, DE, DK, ES, FI, IE, LU,NL, PL, SE, SK, UK	CZ, EE, ES, HU, IT, LI, LV, MT, PL	EL, PT, SI
<b>AT</b>	<p><b>Kind of initiative:</b> AT participates in relevant OECD/DAC working groups and the EU “ad hoc Working Party on Harmonization”, relevant Council Working Groups (eg. Dev, ACP). A relevant source for coordination with commission services are the committees such as EDF, ALA, MED etc.; efforts in IFIs and UN</p> <p><b>Partners :</b> OECD/DAC +, EU ad hoc;EDF, ALA, MED etc.; IFIs and UN</p>			
<b>BE</b>	<p><b>Partners:</b> EU-coordination, OECD/DAC</p>			
<b>DE</b>	<p><b>Kind of initiative:</b></p> <ul style="list-style-type: none"> <li>- Ad Hoc Working Party Harmonisation of the</li> <li>- Global Donor Platform on Rural Development s)</li> <li>- Procurement initiative</li> <li>- Capacity building in PFM</li> <li>- active participation in DAC-WP EFF and its subgroups;</li> <li>- LENPA</li> </ul> <p><b>Partners:</b> EU MS, EU-KOM, DAC</p>			
<b>DK</b>	<p><b>Kind of initiative:</b></p> <ul style="list-style-type: none"> <li>- DAC Working Party on Aid Effectiveness and subgroup</li> <li>- Joint Guidelines on Joint Financial Arrangements</li> <li>- Joint procurement policy</li> <li>- Joint evaluation planning</li> <li>- Joint assessment of multilateral organisations/MOPAN</li> <li>- Joint donor training activities</li> <li>- joint PRSP course under implementation; “SWAp and harmonisation” Partners DAC, EU, Nordic Countries and Canada</li> </ul>			

<b>FI</b>	<b>Kind of initiative:</b> harmonisation work in OECD/DAC, Nordic +, EU ad hoc. Working group on harmonisation, United Nations and Bretton Woods institutions <b>Partners</b> OECD/DAC, Nordic, EU, ad hoc, United Nations and Bretton Woods institutions.
<b>FR</b>	<b>Kind of initiative :</b> - Feuille de route franco-allemande - Plan d'action franco-britannique en matière de développement, - Concertations entamées avec la Suède et les Pays-Bas, - Consultations avec la Commission sur les stratégies sectorielles, - Consultations envisagées en 2005 avec les autres Etats membres, notamment les dix nouveaux Etats membres - DE, SE, NL, EC, from 2005 EU NMS
<b>IE</b>	<b>Kind of initiative:</b> At the DAC, IE has participated fully in the Expert Group on Donor Practices from which much of the dynamic and thinking towards harmonisation emerged. IE continues to work in the DAC working party on Aid Effectiveness Task Team on Harmonization and Alignment.
<b>LU</b>	<b>Kind of initiative :</b> Active participation in the meetings on this topics organized by the European Commission on Director General Level as well as on other levels <b>Partners</b> EC
<b>NL</b>	<b>Partners:</b> EU, Nordic+, DAC Task Team on Harmonization, World bank.
<b>PL</b>	It is possible that Poland will start to harmonize procedures on this level since 2005 onwards after internal procedural changes in the national ODA programme.
<b>SK</b>	The UNDP Regional Centre in Bratislava. Memorandum of Understanding has been signed and Financial Memoranda are executed annually. The UNDP Trust Fund (TF) has been established by the MFA of the Slovak Republic and the United Nations Development Programme as a component of the Slovak National ODA Programme. The TF project is executed and implemented directly by the UNDP RC in Bratislava. It operates as a separate project, managed by TF Steering Committee while making full use of the UNDP Regional Support Centre's administrative and financial capacities.
<b>SE</b>	There is a strong commitment to harmonisation and alignment from the Swedish Government as expressed in the Government Bill: Shared Responsibility, SE's Policy for Global Development, which was approved by the Parliament in December 2003. The conclusion on increasing the effectiveness of development cooperation is summed up by the following statements: SE should urge that the effectiveness of international development cooperation be improved by untying aid, improving coordination, simplifying procedures and ensuring more careful monitoring and evaluation. SE should play a leading role in the efforts to harmonise procedures and routines and should pursue issues on a broad front in all relevant fora. The aim should be to ensure that all development actors adapt to the systems in the partner countries. "Following those guidelines focal points have been established at the Ministry for Foreign Affairs and at Sida to coordinate work on harmonisation and alignment. Bo Westman, from the Swedish Ministry for Foreign Affairs, is also the co-chair of the Task Team on Harmonisation and Alignment within the OECD/DAC Working Party on Aid Effectiveness.

<b>UK</b>	High level of commitment from UK senior management to the harmonisation agenda. This was demonstrated by messages sent to staff concerning commitments included in the 2003 Action Plan and more recently to encourage effective DFID participation in the DAC Alignment Survey. New team established in Policy Division to support a more strategic approach to harmonisation and country led approaches. All Directors Delivery Plans include reports on progress and plans for coming year on harmonisation. Coordination and harmonisation concepts are included in programme management training and a Guidance Note on Alignment was issued to DFID staff in July. Work has been done to simplify DFID procedures in line with DAC best practice. We are developing a matrix of harmonisation indicators, based on those of the DAC, to help us measure progress and benchmark against other donors. These will be included in the new Medium Term Harmonisation Action Plan.
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**Summary of the replies to Commitment IV/Trade Related Assistance**

<b>Main beneficiaries within MS' TRA for 2005/2006</b>						
	<b>International institutions</b>	<b>Regional organisations</b>	<b>Individual countries</b>	<b>NGOs</b>	<b>Other</b>	<i>Total</i>
<b>AT</b>	WTO/Doha Global Trust Fund: (200.00 P.Y); Unido					
<b>BE</b>	X (1.25 mio)			+/- 1,5 mio	-	-
<b>CZ</b>	2,5 mil USD		Vietnam, Mongolia, Serbia & Montenegro, Yemen, Bosnia - Herzegovina, Ukraine, Jamaica, Nanibia, Philippines and China (4,5 mil USD)			7 mil USD
<b>DK</b>	6,6 m Euro	- Project pending approval	2,5 m € Vietnam, Tanzania, Ghana and others	- Project pending approval	4,5 m €	
<b>EC</b>				4,5 m € IFC – g		
<b>EE</b>			Central Asia sum not specified yet			
<b>FI</b>	c. 3,325 million euros		X			
<b>DE</b>	5-10 %	1-5 %	85-95 %	< 1%		100%
<b>IE</b>	Approx 1.3 m €					
<b>IT</b>	X NA			X N.A.		
<b>MT</b>	690.000 € commonwealth					
<b>PL</b>	X N.A.			X N.A.		
<b>SK</b>	WTO (8 m. SKK) UNIDO (1.65 m. iSKK)					
<b>NL</b>	9 mn Euro	-	Centre for the Promotion of Imports form Developing Countries (9 mn €); Country programmes mainly in: Zambia, Uganda, Nicaragua, Rwanda and Indonesia.( 5.3 mn €)	2,5 mn		25.8

<b>SE</b>	DDAGTF: 17,5, IF: 9, ITC Global Trust Fund: 5, JITAP: 2,5, UNCTAD: 9 AITIC: 2,5	AU, WAEMU, ECOWAS, EAC, etc.	Tanzania, East Timor, Kenya, Vietnam, Mozambique, Namibia, Guatemala, Sri Lanka, Jamaica, Nicaragua, South Africa.	standardization organizations such as ISO	IDEAS, South Centre,	
<b>UK</b>	£8m	£2m	£7m	£1m		£18 m
<b>NO D.A./ NO REPLY</b>	FR, EL, HU, LV, LI, LU, PT, SI, ES.					

**EN**

**EN**

## Summary of replies to commitment VIII/ Debt relief

Should a country be found to remain, following HIPC debt relief, debt distressed according to the debt sustainability analyses of IMF/ WB, would you be ready to finance				
	Yes	Yes, under conditions	No	No position /Not decided
-Any additional multilateral debt relief?	UK	<u>DK, FR, DE</u> - that IFIs contribute through transfer of net income <u>IE</u> Under condition that the debt relief mechanisms provides full additionality to the beneficiary country, <u>IT, LV SE</u> .	EE, HU, SK, NL	AT, CZ EL, FI, LI, PL, PT, SI, ES,
-Any additional bilateral debt relief?	UK	<u>DK, FR, HU, IT, ES, SE,NL</u> All Official Development Assistance by NL is financed exclusively through grants. Any country that after debt relief under HIPC still faces debt distress could qualify for additional bilateral debt relief from NL. Such debt relief should be negotiated in the Paris Club.	EE, DE, LV, SK,	AT, CZ, FI, EL, IE, LI, PL, PT, SI,
-increased ODA allocations?	FR, IE, SE,	<u>DE</u> Yes, however equity considerations as part of ODA allocation to avoid moral hazard <u>HU, IT, UK, NL</u> Equally an increase of ODA allocations could be considered for partnership countries for bilateral co-operation with NL. Amounts to be considered would a.o. depend on an analyses of the underlying causes (such as external shocks) of the renewed debt distress, the overall economic and governance performance and the extent to which pro poor policies as part of an overall poverty reduction framework have been implemented. All considerations for the provision of additional support will be, however, second to the prevention of debt distress through a radical application of debt sustainability analyses as part of the Debt Sustainability Framework currently undertaken by WB/IMF. In situations of increased risk for debt distress, grants instead of loans should be provided. If (International Financial) Institutions continue to offer loans, thereby contributing to the level of debt distress, such an institution should finance the ensuing debt relief from its own resources.	EE, LV,	AT, CZ., DK, EL, FI, LI, PL, PT, SI, ES,
-ODA only in form of grants?	DK, IE, NL	<u>CZ, FR, DE</u> - Yes, under following conditions that are already principles of our Development Co-operation: - All LDC are receiving only grants (most HIPC are LDC). -To non-LDC (including HIPC that are non-LDC) grants are available for - social infrastructure projects/ programmes, - environmental and resource protection projects/ programmes, self-help oriented poverty alleviation measures, - credit guarantee funds for small and medium-sized enterprises, - Projects /programmes that achieve the improvement of the social status of women. <u>UK</u> ,	EE, IT, LV, SE,	AT, FI, EL, HU, LI, PL, PT, SI, ES,

**Following the extension of the sunset clause until the end of 2006, a risk remains that some HIPC eligible countries might still be excluded from the mechanism after its expiry.**

Question:	Country	Envisaged action	No replied/ no position yet
Do agree that the situation of those countries is of concern within HIPC or through an alternative approach:	AT, DK, EE, FR, HU, DE, IE, LV, SK, SE, NL, UK	<p><u>AT</u>, no concrete action decided</p> <p><u>EE</u>- a country specific approach should be used in defining sustainable dept levels</p> <p><u>FR</u> -This situation will need to be considered at the end of the extension of the sunset clause</p> <p><u>DE</u>, explore alternatives.</p> <p><u>UK</u></p>	EL, LI, LU, MT, PL, PT, SI,
Do agree that a solution should be found, within HIPC or through an alternative approach?	AT, CZ., EE, DE, IE, IT, LV, SK, SE, NL, UK	<p><u>AT</u>, HIPC should not be reopened, action should depend on concrete country circumstances</p> <p><u>CZ</u> - Debt should be solved within existing mechanism</p> <p><u>EE</u>, Through an alternative approach</p> <p><u>DE</u>, Within HIPC as to allow to reduce debt overhang. Beyond HIPC aiming at the definition of a forward looking debt strategy for the respective country.</p> <p><u>NL</u> -the country is on the present list for HIPC eligible countries, a solution should be found within the HIPC.</p> <p><u>UK</u> At the moment, HIPC is the best tool we have available for this</p>	EL, HU, LI, LU, MT, PL, PT, SI,
Do intend to call on the World Bank and IMF staff in order to study more tailor made solutions for these countries	AT, EE, DE, HU, IE, IT (for some particular concern), SE, UK	<p><u>AT</u>, IMF and World Bank should come up with genuinely joint proposals</p> <p><u>EE</u>, we support that WB/IMF staff actively start looking for alternatives beyond the present HIPC initiative</p> <p><u>DE</u>, Yes, within DS Framework contributions to develop a sound framework for Debt Sustainability</p> <p><u>UK</u> We will consider asking the World Bank and IMF for more information</p>	EL, LI, LU, MT, PL, PT, SI,
How do you intend to contribute finding suitable solutions?		<p><u>AT</u>, Through IFIs and cooperation through Paris Club mechanisms</p> <p><u>CZ</u>, It is necessary to find solution on the basis of an agreement within the international community.</p> <p><u>DK</u> – Support for a multilateral approach. Need to ensure that mechanisms are in place to provide comprehensive treatment of debt beyond 2006.</p> <p><u>FR</u> - Propose and participate to financial schemes in support of arrears clearance towards the IMF</p> <p><u>HU</u>, through the leading international institutions, participation in different fora.</p> <p><u>IE</u>, Continued participation in IMF/WB discussions on the issue and support of HIPC capacity programme</p> <p><u>IT</u> – through targeted assistance</p>	EL, LI, LU, MT, PL, PT, SI,

	<p><u>LV</u>, participating in the process of multilateral consultations and exchange of views</p> <p><u>NL</u> - Through the HIPC Trust Fund and the Paris Club agreements.</p> <p><u>UK</u> The UK recognises that the timescale in which some countries will need this treatment is uncertain. It depends on the difficult process of peace negotiations and nation-building. We should therefore be flexible in our approach. Although an extension has been agreed to 2006, we recognise that in two years time it may prove necessary to approve a further extension.</p>	
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