

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

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DELIVERING AAA COMMITMENTS TO UNTIE AID TO THE MAXIMUM EXTENT

**DAC informal meeting to be held on 18 February 2010
from 10.00 to 13.00. in the OECD Conference Centre, Meeting room CC9, Paris**

This note provides a summary overview and secretariat assessment of DAC Members' individual plans to implement the commitment of the Accra Agenda for Action to untie aid to the maximum extent. The note is based on earlier discussions of this topic and in particular DCD/DAC(2009)47 and Corrigenda 1 and 2, as well as the informal DAC discussion on 27 November 2009, summarised in note DCD/DAC(2009)50.

This note will form the basis of reporting on DAC Members' individual plans to implement the AAA untying commitment to the WP EFF and to the DAC in the context of the annual progress report on the implementation of the 2001 DAC Recommendation to Untying ODA to the LDCs.

Members are invited to COMMENT on the overview and assessment.

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DELIVERING AAA COMMITMENTS TO UNTIE AID TO THE MAXIMUM EXTENT

I. Introduction

1. This note provides an overview and secretariat assessment of DAC Members' individual plans to untie aid to the maximum extent, in line with commitments agreed in the Accra Action for Agenda (AAA, paragraph 18b). The note is based on earlier discussions of this topic and in particular DCD/DAC(2009)47 and Corrigena 1 and 2, as well as the informal DAC discussion which took place on 27 November 2009, which is summarised in note DCD/DAC(2009)50. The note continues to be based on 2007 tying status data (and 2005-07 averages) as 2008 data are not yet complete.

2. This note will form the basis of subsequent reporting to the DAC and the WP EFF on Member's individual plans to implement the commitment of the Accra Agenda for Action to untie aid to the maximum extent. As agreed at the 27 November 2009 informal DAC meeting, other aspects included in the AAA and connected with untying, *e.g.* improving reporting, promoting the use of local and regional procurement and respecting international agreements on corporate social responsibility, will be discussed in the annual report on the implementation of the 2001 Untying Recommendation, which is planned for discussion in the March 2010 DAC meeting.

II. Overview and secretariat assessment

3. Based on the plans submitted by Members [see DCD/DAC(2009)47] and following the conclusions of the November 2009 meeting, the secretariat categorises Members' plans to untie aid to the maximum as set out below (excluding, obviously, Members whose aid is already fully untied).

4. It should be emphasised that this assessment is based on the extent to which a Member's aid is already untied, the technical (but not political) complexity of untying certain forms of aid that remain tied and the details of plans and timelines to untie remaining tied aid. The assessment does not take into account approaches related to, *e.g.* promoting greater local/regional procurement or local purchases. While these are positive moves in their own right, they are complementary to but do not serve as alternatives to untied aid and do not necessarily result in more untied aid (as defined by the DAC).

5. To illustrate how we go about this assessment, two examples at different 'ends of the scale' are offered. Australia, presently 96% untied (2007), has a clear plan and deadline to untie all remaining tied aid. Australia would therefore figure in the category where most aid is already untied and where there is a clear plan and timetable to untie remaining tied aid (in its case, fully). At the other end of the scale, only 14% of Greece's aid is reported as untied (2007) and Greece has not submitted a plan and timetable to untie more.

- i. ***Members whose aid is already almost fully untied and/or where there is a clear plan and timeline to totally or significantly untie remaining tied aid*** -- Australia, Belgium, Canada, Denmark, Finland, France, Germany, Korea, New Zealand, Portugal, Spain, Sweden and Switzerland.

- ii. **Members with sizeable shares of tied aid in their programmes and where there is no clear plan and timeline to untie a significant amount of the remaining tied aid** – Austria, Greece, Italy and the Netherlands. Austria (73% untied) notes in its plan that it, “cannot report any new commitments towards untying aid.” Greece (14% untied) has not yet submitted a plan. Italy (54% untied) has set out an approach focusing on increasing local purchases and states, “the level of untying reached so far is already at its maximum extent.” The Netherlands (82% untied in 2007; 93% untied on average, 2005-2007) states in its plan that “Dutch aid is untied to the maximum extent”, noting that the tied component of Dutch aid can fluctuate significantly.
- iii. **Unresolved cases** – The secretariat finds it not possible for the time being to categorise the situations concerning two Members – Japan and the United States. From their perspective, *that the AAA commitment addresses only aid covered by the untying Recommendation*, these Members already meet AAA commitments and therefore have nothing additional to untie to meet that commitment. Accordingly, they would be grouped under i) above. The secretariat perspective, as set out in DCD/DIR(2009)16, is that the AAA commitment *applies to all aid*. Otherwise it would be an empty commitment if it applied only to aid covered by the Recommendation, since all Members fully untie agreed categories of aid and have done for quite some time now. From this perspective Japan (80% untied) and the United States (67% untied) would be grouped under ii) above.

III. Issues for Discussion

6. Members are invited to discuss the above categorisation, including the use of the present three groupings or whether greater differentiation might be appropriate. For those Members in category ii) above, should we envision an invitation from the DAC for them to further study the possibilities of untying more aid and to report back to the DAC on the outcome of those reflections?

7. In respect of the unresolved cases, Members are invited to share their views on the whether the AAA commitment to untie aid to the maximum extent applies only to that aid covered by the untying Recommendation or whether it applies to all aid. How do Members think this present difference of interpretation might be resolved? Should we raise the matter with the WP EFF and/or the DAC?

8. On the basis of the discussions at this informal meeting, the annual secretariat note to the DAC meeting in March 2010, on reviewing the implementation of the untying Recommendation, would include a section on the extent to which Members are delivering on this Accra commitment.

ANNEX 1

TABLE 1: TYING STATUS OF DAC MEMBERS' BILATERAL ODA, 2007
(Excluding administrative costs to donors)

	Total bilateral ODA			of which: Technical Co-operation				Share of Technical Co-operation in total ODA %	
	Total USD million	Untied %	Tied %	Not reported %	Total USD million	Untied %	Tied %		Not reported %
Australia	1 620	96	4	..	1 157	95	5	..	71
Austria	1 344	78	22	..	206	32	68	..	15
Belgium	1 531	96	4	..	709	100	..	..	46
Canada	3 101	74	20	6	1 402	76	24	..	45
Denmark	1 357	96	4	..	90	98	2	..	7
Finland	608	92	8	..	232	94	6	..	38
France	7 871	90	9	1	2 896	90	10	..	37
Germany	9 386	75	18	7	3 502	37	45	18	37
Greece	224	14	11	75	138	16	0	83	62
Ireland	791	100	..	..	20	100	..	..	3
Italy	1 397	54	36	11	148	..	..	100	11
Japan	11 879	80	4	16	1 821	..	..	100	15
Luxembourg	237	100	..	..	..	..	..	..	..
Netherlands	4 535	82	18	..	356	97	3	..	8
New Zealand	259	84	16	..	66	59	41	..	26
Norway	2 711	100	..	..	585	100	..	..	22
Portugal	591	38	6	56	153	99	1	0	26
Spain	3 658	65	30	5	958	76	18	6	26
Sweden	2 113	95	..	5	110	..	..	100	5
Switzerland	1 407	98	2	..	188	100	..	..	13
United Kingdom	5 681	100	..	..	1 409	100	..	..	25
United States	23 330	67	33	..	747	11	89	..	3
Total	85 633	79	17	4	16 896	63	20	17	20

Source: Creditor Reporting System, commitments

TABLE 2: TYING STATUS OF DAC MEMBERS' BILATERAL ODA, 2005-2007 AVERAGE
(Excluding administrative costs to donors)

	Total			of which: Technical Co-operation				Share of Technical Co-operation in total ODA %	
	USD million (2007 constant)	Untied %	Tied %	Not reported %	USD million (2007 constant)	Untied %	Tied %		Not reported %
Australia	1 937	82	15	3	1 013	82	17	1	52
Austria	1 308	80	20	..	190	30	70	..	15
Belgium	1 654	96	4	..	700	100	..	..	42
Canada	2 799	68	24	8	924	59	38	3	33
Denmark	1 535	95	5	..	77	99	1	..	5
Finland	664	88	12	..	262	89	11	..	39
France	9 235	89	7	4	2 600	87	8	6	28
Germany	9 972	76	14	10	4 062	45	31	24	41
Greece	210	32	5	63	109	33	1	66	52
Ireland	658	100	..	..	7	100	..	..	1
Italy	2 412	67	24	9	170	1	12	86	7
Japan	13 221	80	6	14	1 832	..	..	100	14
Luxembourg	231	100	..	..	..	..	..	..	..
Netherlands	6 623	93	7	..	432	83	17	..	7
New Zealand	302	63	12	25	82	58	29	13	27
Norway	2 613	100	..	..	471	100	..	..	18
Portugal	363	57	8	35	139	99	1	..	38
Spain	2 907	48	24	28	644	63	9	28	22
Sweden	2 810	96	3	1	121	19	50	30	4
Switzerland	1 355	88	3	9	138	46	..	54	10
United Kingdom	9 615	100	..	..	3 086	100	..	..	32
United States	25 104	47	53	..	7 640	27	73	..	30
Total	97 528	75	20	5	24 698	53	32	14	25

Source: Creditor Reporting System, commitments