



Aktionsbündnis gegen AIDS

Leben ist ein Menschenrecht!
www.aids-kampagne.de

Action against AIDS Germany: Comments on the proposed “Alternative Matrices on the G8 Accountability Mechanism for Global Health”

First of all, many thanks for drawing up and distributing the document with the proposed matrices for reporting and monitoring the G8 commitments.

A first general comment is that the proposal of a reporting system to be applied by G8 governments should not represent the only and not even the main element of our advocacy work. The demand of a complete transparency of all health-related projects and programmes is at least of equal importance. This information would make it possible for civil society to realize its own analysis validating the accuracy of the data presented by governments and compiling an independent alternative report. Definitely, we should not rely simply on the official reporting even if this is done according to the matrices and standards proposed by civil society.

As a feasible and practical procedure we could demand that governments make available the complete data put together by responsible implementing agencies for reporting to the CRS database of DAC/OECD for a given year until a certain deadline in the following year (for instance beginning of April, when preliminary ODA figures are published for the preceding year). The rationale is that we would avoid the delay in reporting through the official database which takes approximately one year until all provided project specific data become available through CRS. Up to now the detailed project data for 2007 are still not accessible in the online version of CRS. Within the two to three months between April and the G8 summit we could conduct an independent analysis and after the summit we could systematically compare the official and the alternative report in order to arrive at an accurate and comprehensive evaluation of financial contributions and technical approaches in the context of cooperation for health. The respective demand should stipulate minimum criteria for project description including estimates of resources planned for certain diseases and key interventions. This information could be provided in the already existing field called “long description”, which many donors do not use currently to present more detailed information. For our verification the planning and monitoring documents should be made available at least for the larger individual projects. In this way we would be able to carry out the monitoring of the fulfilment of the financial pledges in a systematic and timely manner.

We assume that the standards and instruments developed and proposed by civil society itself are subject to continuous development and the respective improvements should inform our current positions in ongoing negotiations with government representatives. In this perspective and taking into account the experience gained through the preparation of two shadow reports on the German contribution to global health promotion and HIV response for the UNGASS process, we put the following comments forward for discussion on the currently proposed “alternative matrices”:

- The proposed matrices lack a differentiation between commitments and disbursements, which should represent a minimum requirement for reporting ODA flows. For years, this

differentiation has been a common feature of DAC databases. In many cases, there are significant differences between the two categories for a given year. Higher commitments compared to disbursements constitute a positive sign in principle, as this relation indicates the will to provide more resources in the near future. However, regarding the currently available resources it is the amount of disbursements that counts, because it represents the real resource flow to developing countries within the respective year. Maybe we should therefore concentrate on disbursements, but then it should be clearly stated.

- The whole matrix system lacks an analysis of multilateral and other pooled financing instruments. This refers to European Union, Global Fund, World Bank, health-relevant UN organizations (WHO, UNAIDS, UNICEF, UNFPA, UNDP, WFP) and possibly some regional development banks. Another analogous case represents UNITAID. The specific contributions of donors channelled through these international agencies, regional associations and shared innovative financing mechanisms need to be calculated on the basis of clear information on contributions pledged and paid as well as amounts and proportions of resources disbursed and committed to finance defined target areas (health, combating certain diseases, etc.). Thus, these organizations should be asked to provide the required information for monitoring purposes and those who up to now are not doing so (WHO e.g.) need to report it to the CRS database, too. The respective tables for systematic and accurate reporting of these data should represent an element of the proposal. The calculation of the contribution shares must take into account the mobilization of resources through other sources than donor governments as, for instance, the repayments of credits by recipients in the case of IDA/World Bank. Regarding international financing agencies, it is not technically accurate to depict EC in the tables in line with the donor countries, but among those organizations which receive their funds through country contributions. As in the case of other international agencies the funding made available by EC for ODA in general and for certain health-relevant targets must be imputed to the original donors, i.e. the member countries, according to their respective financing share of the ODA resources managed by EC.
- Using purchasing power parities instead of market exchange rates to convert currencies is appropriate for comparing the real economic output of countries and measuring the income of their inhabitants, but is not commonly used for quantifying external financial flows as ODA. With the exception of tied aid, i.e. goods and assistance which have to be purchased from the donor country or are given directly by it, the provided aid is used for financing goods and personnel in the recipient country. The relative financial effort, i.e. the volume of aid in relation to economic capacity, is already assessed through the calculation of the respective aid flows as a percentage of GNI, calculating both on the basis of market exchange rates. Moreover, the financing needs for the response to the HIV epidemic and required MDG investments - which represent important reference points for assessing the adequacy of aid volumes - are estimated commonly in US\$. Thus, the proposal to use PPP for reporting ODA volumes appears to be neither convincing nor practical regarding the comparability with other aid flow reports.
- Gross national income (GNI) or analogous GNP as it was called formerly represents a better indicator for a country's wealth compared to GDP as the first concept includes the income flows received by resident economic units from non-resident ones as, above all, profits from capital held abroad, and excludes the income of non-resident entities through economic activities in the respective country. Thus ODA as % of GNI represents

the main burden sharing indicator regarding development cooperation and is therefore used by OECD and other international organizations for this purpose. The UN general assembly resolution of 1970 says in paragraph 43: "Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its **gross national product** at market prices by the middle of the decade." Paragraph 42 of the Monterrey Consensus: "In that context, we urge developed countries that have not done so to make concrete efforts towards the target of 0.7 per cent of **gross national product (GNP)** as ODA to developing countries and 0.15 to 0.20 per cent of GNP of developed countries to least developed countries..."; Paragraph 83 of the Declaration of Commitment on HIV/AIDS: "Urge the developed countries that have not done so to strive to meet the targets of 0.7 per cent of their **gross national product** for overall official development assistance and the targets of earmarking of 0.15 per cent to 0.20 per cent of gross national product as official development assistance for least developed countries as agreed, as soon as possible, taking into account the urgency and gravity of the HIV/ AIDS epidemic; " Instead of the term gross national product (GNP) that was previously used in national accounts nowadays the term GNI is utilized which is practically identical with the previous one. Thus, our reference for measuring economic capacity should be GNI as well. Using GDP would favour donor countries like Japan, where repatriated profits of multinational companies exceed considerably the outflows and therefore GNI is significantly higher than GDP, applying an artificially lowered measuring stick of economic capacity and hence make them appear as more generous as they are in reality (According to WDI/World Bank the GNI of Japan was 4,813 US\$ billion compared to a GDP of 4,377 billion for that same year representing a lessening of more than 9%).

- Loans are obviously problematic and the standard requirements set by DAC/OECD for declaring them as ODA accountable are highly questionable. However, excluding these concessional resource flows completely from aid reporting does not seem to give a realistic picture either. It appears adequate to indicate the proportion of lending as a percentage of the total respective ODA amount and to characterize additionally the lending conditions by reporting the mean interest rate or a measure of the grant element (e.g. that used by DAC/OECD reporting).
- Technical assistance represents a very real aid to development when it is tailored to the needs of the target populations and the locally involved organizations or institutions and when the offered assistance is not overpriced. It must not be confounded with imputed student costs and other official ODA items which do not represent real resource flows to developing countries. The main criterion for assessment here is the tying status of technical assistance, i.e. whether it is automatically realized through agencies and firms from the donor country or industrialized countries in general implying a relatively high cost. This is a feature of reporting by the CRS/DAC and therefore can be easily shown in the matrices as a percentage of the respective total amount.
- The most adequate measure for the assessment of overall ODA levels appears to be the volume of real resource flows subtracting debt forgiveness, imputed student costs, administrative expenses and assistance for refugees in donor countries from the official net ODA figures.
- It appears to be doubtful to include Russia among the donor countries, as this country does not belong to the group of high income countries and simultaneously has to confront grave development problems in its own society and economy.

- The amounts of ODA for health channelled through general budget support can easily be calculated knowing the amounts committed or disbursed to certain countries and the proportion of health expenditure in relation to the total government expenditure of these countries. These data should be provided by the G7 countries in order to allow a review of the reported amounts. The WHO statistical information system contains relevant data, but should report them in a more timely manner (currently the latest data on health expenditure are reported for 2006 in the WHO statistics).
- The function of the category named “lead health aid topic” remains unclear. Furthermore, these will differ from one country to the other impeding any meaningful comparative assessment.
- The reference period for the mobilization of the 60 billion US\$ is 2008 to 2012, as the first commitment was made in the middle of 2007.
- The financial contributions made should not only be compared to the promised funding, but also to the real financing needs, which must be seen as the decisive frame of reference. The evolution of financial requirements over the years according to the necessary and feasible expansion of services determines also the required dynamic of the implementation of this commitment, i.e. the adequate distribution of this funding volume over the years of the defined period.
- Even if it would be desirable for identifying neglected areas and planning future resource allocation accordingly, it appears somewhat unrealistic to demand a breakdown of financial contributions by components or intervention areas. This would require a detailed analysis of the budgets and expenditures of the health-related projects - or at least of the larger ones - which represents a considerable effort. Up to now there is not even an updated analysis of the commitments and disbursements for combating certain diseases within sector-wide health programmes. Rather we could demand a periodic independent evaluation which determines where the money goes and how effectively it is used. The above mentioned measures to create more transparency, when implemented, could contribute to facilitate this evaluation. In the case of the HIV response we should refer to the distinct areas as defined by UNAIDS in the studies on required resources (prevention, treatment and care, orphans and vulnerable children, programme support costs, prevention of violence against women).
- In order to facilitate the public impact, it seems recommendable to put an overview table at the beginning which displays the most relevant data and permits to appreciate at a glance the overall situation. The other tables should be arranged according to relevance and possibly some could be put in an annex making the document more “readable”. Equally, the narrative parts could be better presented in a report format instead of tables.

We hope to contribute with the above observations to the discussion of the proposed matrices and look forward to work together aiming at developing a coordinated and effective advocacy effort. In this context we offer our participation in working groups which try to develop further these reporting instruments and realize alternative reports by civil society.