



GERMANY

"We have committed ourselves to automatic increments in the resources allocated to official development cooperation and have included these increases in the timetable agreed at EU level. Accordingly, we will devote 0.33% of our gross national income to Official Development Assistance by 2006, at least 0.51% by 2010 and the UN target figure of 0.7% by 2015 at the latest" Coalition Agreement, 2005.

Did Germany hit the EU target of 0.33% in 2006 without inflating its aid? NO
Will Germany meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to preliminary OECD figures for 2006 Germany seems to be on track to fulfil the EU 2006 aid target. In 2006 Germany's ODA amounted to €8.2 billion, in real terms a marginal increase of 0.9% compared to the previous year. The ODA/GNI quota stayed the same as the previous year at 0.36%.

However, when we scratch just below the surface we realise that Germany did not reach the EU target without inflating its aid. €2.8 billion or 35% of Germany's ODA in 2006 did not deliver fresh resources for developing countries. For the second year running, the lion's share of Germany's increase of the ODA/GNI quota was due to debt cancellation, notably for Nigeria and Iraq. In 2006, Germany's debt relief amounted to more than €2.1 billion, including €342 million for Nigeria's debt buy-back, which the German government insisted on counting as part of Germany's ODA despite this being a purely commercial transaction. Excluding debt cancellation and expenditures for educating foreign students and housing refugees in the country, Germany in fact spent only 0.23% of GNI on genuine aid resources in 2006. This highlights the fact that the German government still has a long way to go to live up to its aid commitments.

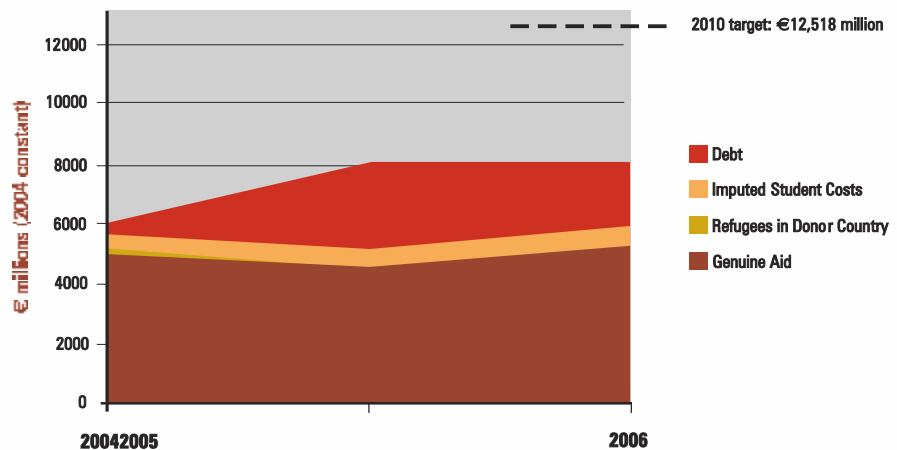
According to the latest report of the EU Commission on progress towards implementing the Monterrey commitments, the fact that Germany's debt relief is not additional to aid commitments is criticised as "going against the Monterrey

Consensus and the Council Conclusions of April 2006".

German NGOs call on the German government to:

- ◆ ensure that German aid increases through the injection of fresh money, in order to provide genuine new financial resources to developing countries;
- ◆ spend these additional funds primarily on food security; primary education; primary health care and access to water and sanitation. These funds should be directed predominantly toward the world's poor and poorest countries, and to combat hunger and poverty among the poorest sections of the population in countries with higher income, in accordance with the 20:20 Initiative adopted at the 1995 World Summit for Social Development;
- ◆ enhance the effectiveness of its development co-operation by focusing on poverty-relevant sectors and the poorest countries. This should be done through better co-ordination with other donors; the elimination of superfluous bureaucratic procedures and a step-by-step transition to long-term sectoral assistance measures;
- ◆ support the introduction of innovative financing instruments, for instance a kerosene tax, a currency transaction tax or the "International Finance Facility for Immunisation", and introduce, as an initial step, a compulsory tax on air tickets at European level.

Germany's genuine and inflated aid



Note: all figures including 2010 target figure in 2004 prices for comparability (see endnote 1)

Organisations consulted: VENRO and Deutsche Welthungerhilfe, erlassjahr.de, Evangelischer Entwicklungsdienst (EED), Germanwatch, Terre des hommes Deutschland.