Summary: Intervention & Options

Department /Agency: DFID	Title: Impact Assessment of the Draft International Development (Official Development Assistance Target) Bill	
Stage: Final proposal stage	Version: 1	Date: 6 January 2010
Related Publications: International Development Act 2002, International Development (Reporting and Transparency) Act 2006, Department for International Development Annual Reports		

Available to view or download at:

http://www.parliament.uk

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What is the problem under consideration? Why is government intervention necessary?

The internationally-agreed UN Millennium Development Goals (MDGs) are designed to reduce poverty and hunger in the developing world significantly. Some of the MDGs are currently off track. Greater levels of development assistance from all economically advanced countries, with the UK playing a proportionate role, are essential if they are to be met. In the longer term, it is accepted that development assistance will need to be maintained at higher levels than those presently provided.

What are the policy objectives and the intended effects?

The UK has committed to reaching the UN target of providing 0.7% Gross National Income for official development assistance by 2013. Legislation will enshrine that commitment in law, effective on an ongoing basis from 2013. It will oblige the government to report to Parliament on its implementation. It will help to ensure the predictability of aid flows to developing countries (essential for them to be able to draw up long-term expenditure commitments) and, by setting an example, galvanise other donor countries into meeting the 0.7% target themselves.

What policy options have been considered? Please justify any preferred option.

Introducing new legislation, amending the International Developent (Reporting and Transparency Act) 2006, or taking no action. Enshrining the 0.7% target in law will indefinitely protect the 0.7% target, which would otherwise remain vulnerable. While the 2006 Act requires the Secretary of State to assess when he thinks the UK will reach the 0.7% target, its focus is on reporting progress rather than setting out a specific intent to reach the target by 2013; amending the 2006 Act would substantially change its overall focus and purpose. A new bill is therefore the best course of action.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Periodically, at the Secretary of State's discretion.

Ministerial Sign-off For SELECT STAGE Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

....Date:

Summary: Analysis & Evidence

Policy Option:	Description:

COSTS			
ANNUAL COSTS		Description and scale of **key monetised costs** by 'main affected groups' N/A	
One-off (Transition)	**Yrs**		
£ 0			
Average Annual Cost (excluding one-off)			
£ 0		**Total Cost** (PV)	**£**
Other **key non-monetised costs** by 'main affected groups' N/A			

BENEFITS			
ANNUAL BENEFITS		Description and scale of **key monetised benefits** by 'main affected groups' N/A	
One-off	**Yrs**		
£ 0			
Average Annual Benefit (excluding one-off)			
£ 0		**Total Benefit** (PV)	**£**
Other **key non-monetised benefits** by 'main affected groups' Enshrining in law the commitment to achieve 0.7% in 2013 and thereafter; greater predictability of aid flows for recipient countries, which will enable longer-term planning; galvanising effect on other donors.			

Key Assumptions/Sensitivities/Risks That economic, fiscal and international circumstances will allow for the 0.7% target to be met, and that without legislation governments might feel less committed to meeting the target.

Price Base Year	Time Period Years	**Net Benefit Range** (NPV) **£**	**NET BENEFIT** (NPV Best estimate) **£**

What is the geographic coverage of the policy/option?			UK	
On what date will the policy be implemented?			2013	
Which organisation(s) will enforce the policy?			DFID	
What is the total annual cost of enforcement for these organisations?			£ 0	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			N/A	
What is the value of the proposed offsetting measure per year?			£ 0 - N/A	
What is the value of changes in greenhouse gas emissions?			£ 0 - N/A	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off)	Micro **N/A**	Small **N/A**	Medium **N/A**	Large **N/A**
Are any of these organisations exempt?	Yes/No	Yes/No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)
Increase of £ N/A	Decrease of £ N/A	**Net Impact**	**£** N/A

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

1. The international target for all donor countries to spend 0.7% of national income on development assistance was first established in 1970 in the United Nations, and has been reconfirmed regularly since that date. Five countries have so far achieved the target (Denmark, Sweden, Norway, Netherlands and Luxembourg). In 2004 the UK announced its own intention to reach the target by 2013.

2. Increasing global aid levels is vital to achieving the Millennium Development Goals (MDGs) by 2015. There have been successive efforts at costing the achievement of the MDGs, which were estimated at $120 billion in 2001, and $150 billion in 2005, and though there has been some disagreement about the additional financing required, it is agreed that significant additional official development assistance (ODA) is needed. The only input target around which international consensus has been reached is the 0.7% target agreed in 1970. Enshrining this target in legislation should influence other major donors to increase their aid levels to achieve the target too; the UK announcement that it intended to achieve the target by 2013 helped to galvanise international commitment to increase development assistance in advance of the 2005 G8 summit in Gleneagles, and also secure EU commitment to average expenditure of 0.7% ODA/GNI by 2015. Unless and until it is revised, the 0.7% target is permanent (ie it extends beyond achieving the MDGs by 2015).

3. Predictability of aid levels is important in order to give developing countries the confidence to make the long-term expenditure commitments that are vital to achievement of the MDGs. Legislating for 0.7% ODA/GNI will help provide this assurance, which is particularly important in the current global economic downturn.

4. The following options have been considered:

   a) *Introducing new legislation*

   The benefits of introducing new legislation are that it will set a framework for meeting the 0.7% target, by placing a duty on the International Development Secretary of State to ensure that UK expenditure on ODA amounts to 0.7% of GNI from 2013 and to lay a statement before Parliament if the target is not reached. It will increase the predictability of aid (see para 3 above) and, by setting an example, will enable the UK to influence other major donors to increase their own aid levels.

   The draft Bill makes clear provision for how achievement of the 0.7% target will be assessed. This will be by reference to the figures for ODA and GNI published in DFID's annual report. The ODA figure in that report is already subject to independent verification by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD DAC). The GNI figure contributes to national statistics produced by the Office for National Statistics on an annual basis. The risk of not meeting the target in time of recession is mitigated by the fact that the target is in the form of a ratio rather than a specific figure. If GNI were to decline, the amount of ODA required to meet the 0.7% figure would decline commensurately.

   b) *Amending previous legislation*

   There are two existing Acts that relate to international development.

The principle UK statute with regard to ODA is the 2002 International Development Act, the purpose of which is to set out the Secretary of State's powers with regard to the provision of development assistance. The 2002 Act explicitly states that poverty reduction must be the over-arching aim of all development assistance. The 2002 Act provides the Secretary of State with sufficient powers to provide assistance which will fall within the OECD DAC definition of ODA. As a result it is not expected that the terms of the current draft Bill should necessitate any amendment to the 2002 Act.

The 2006 International Development (Reporting and Transparency) Act strengthens parliamentary scrutiny of the UK's development assistance by requiring the Secretary of State to report annually to Parliament on the total UK expenditure on international development, and on various aspects of that development, including its effectiveness and transparency. Section 3 of the Act also requires the Secretary of State to include in each annual report his assessment of the year in which he expects the 0.7% target to be met by the UK.

Consideration has been given to whether the aims of the new Bill could be achieved by amending the 2006 Act. However, the 2006 Act does not make any provision requiring the Secretary of State to work towards specific targets. To seek to amend it with such targets would substantially change its overall focus and purpose. The new Bill will complement, and be entirely consistent with, both the 2002 and 2006 Acts. Section 3 of the 2006 Act (see above paragraph) will be repealed.

c) No new legislation

DFID is already obliged, through the 2006 Act, to report annually to Parliament, and the UK is on track to meet the 0.7% target by 2013. However, for as long as the 0.7% commitment has no legal basis, it remains vulnerable; in past economic downturns, international donors have reduced their expenditure on aid. The benefit of not legislating, would be the lower cost, in terms of parliamentary and civil service money and time. However, the intention is to create a simple, relatively short, bill which should not have a significant impact in that regard.

5. Development is a long-term process. Much of our aid is channelled through multilateral systems or directly to governments, and into processes of change such as governance reform and more effective donor partnerships. The UK has developed a set of standard indicators to measure and aggregate results across countries. These standard indicators are being used by the bilateral programmes in key sectors such as health, education and infrastructure, and provide clear examples of what the UK is delivering. Key achievements of UK ODA in Public Service Agreement countries in 2007/08, as reported in DFID's 2009 Annual Report, include, for that year alone:

- Over 100,000 teachers trained
- 7 miillion anti-malaria bednets delivered
- 12,000 classrooms built or reconstructed
- Over 60,000 health professionals trained
- Over 3 million children vaccinated against measles
- Almost 100,000 HIV-positive people provided with anti-retroviral drugs
- Half a billion condoms distributed
- 12.5 million people provided with better sanitation
- Almost 1 million people provided with clean water
- 4,500 km of road built or upgraded, with a further 6,500 km maintained
- Almost 200,000 people provided with electricity

- Over 12 million people assisted through food security programmes

6. In terms of immediate cost, there will be a short-term impact on DFID, with a team of three people taking the bill through the internal government and parliamentary process. The added cost of amending the annual report will be negligible.

Specific Impact Tests, including Equality Impact Assessment

7. Some of the items on the Checklist below do not apply to this legislation (eg competition assessment, small firms impact, legal aid, rural proofing). In the case of those that do apply (including race, gender and disability, which all come under "equality"), the new legislation will have no added domestic impact. This is because it is not a change of policy, but rather a means of enshrining existing policy in law, and extending its effect in perpetuity.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	***Results in Evidence Base?***	***Results annexed?***
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No