

The 2007 Federal Budget: Time to deliver on Canada's aid promises

SUMMARY

The next Federal Budget should outline a plan for Canadian aid spending to reach the internationally agreed-to target of 0.7 % of Gross National Income (GNI) by 2015.

BACKGROUND

Promises Made

In June 2005, a motion was unanimously passed in the House of Commons calling on the government to establish a plan "to increase Canada's aid budget by 12% to 15% annually to achieve an aid level of 0.7% of Canada's GNI by 2015."

During the 2006 federal election campaign, the Conservatives committed to maintain and improve on the Liberal government's plan to increase aid. They promised an additional \$425 million up to 2010 and called for increases that "move towards the OECD average level". The OECD average at the time of the promise was 0.42% of GNI.

But when the Conservatives presented their first budget in May 2006, there were no indications of either the promised \$425 million, or a plan to reach the 0.42% average.

THE ISSUE

CCIC's projection of Canada's ODA performance for 2007-08 is not encouraging. Without a concrete plan to reach our stated targets, Canada's foreign aid spending and performance (as determined by the ODA to GNI ratio) will likely decline.

CCIC estimates that Canada's foreign aid spending for 2006-07 is approximately \$4.53 billion. Based on the May 2006 Budget, CCIC is estimating ODA for 2007-08 at \$4.50 billion, slightly lower than 2006-07.

CCIC's projection of Canada's performance for 2006-07 is 0.32% of GNI and for 2007-08 is 0.31% of GNI.

RECOMMENDATIONS

Achieving 0.7% by 2015

The target of 0.7% of GNI (the internationally-agreed UN target) is doable. CCIC's scenario to achieve this goal is to increase the IAE by 15% rather than 8% each year up to 2010, and by 16% in the years between 2011 and 2015. This scenario also requires rolling the \$500 million Liberal/NDP 2005 budget deal into the IAE base.

What CCIC is looking for in the 2007 Federal Budget

- A plan to increase Canadian ODA by 15% to 16% a year up to 2015 to achieve 0.7% of Canadian GNI by 2015;
- Overall increases to the International Assistance Envelope targeted to ODA components;
- Increases to the IAE for aid of at least \$750 million in 2007-08, \$655 million in 2008-09 and \$750 million in 2009/10. Each of these amounts should be added to the base for future calculations of aid increases; and
- Legislation for Canadian ODA establishing poverty reduction as the exclusive goal.