

THE ISSUE

Over a billion people live in abject poverty. Poverty kills more than 50,000 people every day – one third of all deaths. Every three seconds, a child dies as a result of extreme poverty.

In December 2000, all members of the United Nations committed to the Millennium Development Goals (MDGs) to meet minimum targets to reduce poverty, hunger, illiteracy, discrimination against women and environmental degradation by 2015. The MDGs reiterated a global pledge for wealthy countries to spend 0.7% of their Gross National Income (GNI) on aid.

Eleven countries, including France, the United Kingdom, Sweden and Denmark, have reached their 0.7% commitment or have timelines for doing so. Canada, despite its relatively robust economy, is not among them. In fact, in 2004, Canada was ranked 14 out of 22 donors.

The February 2005 Budget—the last Liberal Budget—locked in the promise to increase aid by 8% annually to 2010. It also reorganized the International Assistance Envelope (IAE) into five components: development, international financial institutions, peace and security, crisis response, and development research. While the IAE increased by 12.4% for 2005/06, only 8% of this increase was devoted to official development assistance (ODA), or foreign aid.

On June 28, 2005, the House of Commons unanimously passed a non-binding resolution that called for a plan to increase Canada's aid budget by 12% to 15% annually to achieve an aid level of 0.5% of Canada's GNI by 2010 and of 0.7% by 2015.

During the recent federal election, the Conservatives promised to maintain and improve upon the previous government's plan to increase aid, including honouring the Liberal/NDP addition of \$500 million. They promised an additional \$425 million up to 2010, and increases that "move towards the OECD average level" (which is currently 0.42% of GNI). Moreover, the Conservatives had joined the NDP and Bloc Québécois in June 2005 to call for a legislated mandate for Canadian ODA to ensure greater accountability (See Briefing Note: "A Legislated Mandate for Foreign Aid").

Will the new Conservative Government follow through on its commitments, and will the proposed increases be enough?

By The Numbers: The Conservative Government Promises and the Road to the MDGs

Current pledges would only bring Canadian ODA up to 0.33% of Canadian GNI by 2010

The Conservatives' commitment to add \$425 million to existing commitments up to 2010 would amount to modest annual increases of \$85 million. CCIC estimates that these increases would bring Canadian official development assistance (ODA) up to 0.33% of GNI by 2010—well short of the current OECD average of 0.42%.

Real investments needed to reach the OECD average of 0.42% of Canadian GNI

The new government can reach the 0.42% goal by following this scenario:

- Rolling the Liberal/NDP additions of \$250 million into the International Assistance Envelope (IAE) base in 2006/07 and 2007/08, and then using this enhanced base to calculate the 8% increases promised up to 2010.
- Increasing aid annually to 2010 by \$135 million rather than \$85 million, and adding this increase to the IAE base.

Note: other donors have committed to increasing their own aid by 2010. These increases will no doubt bump the OECD average above 0.42%.

Achieving the Canadian Parliament's goal of 0.5% by 2010 is very affordable

- Rolling the Liberal/NDP additions of \$250 million into the International Assistance Envelope (IAE) base in 2006/07 and 2007/08, and then using this enhanced base to calculate a 15% increase each year rather than the 8% increases promised up to 2010.

RECOMMENDATIONS

In its first budget, the Conservative government should:

- Acknowledge the international target of ODA of 0.7% of GNI, and situate any Canadian aid increase in the Budget as part of a commitment to reach this target by 2015;
- Acknowledge cross-party support for the June 2005 parliamentary motion that called for Canada to achieve 0.5% of GNI by 2010;
- Present a plan to reach at least the OECD average donor performance of 0.42% by 2010;
- Focus the 8% increases to the International Assistance Envelope on ODA only (which will demand a larger overall increase to IAE to cover non-ODA items);
- Retain the focus of new aid resources on sub-Saharan Africa, including the doubling of aid up to 2008/09;
- Make the Liberal/NDP budget increase of \$250 million available for 2006/07, and add this amount to the IAE base for the purpose of calculating the 8% increase next year.