

DONORS FAIL TO DELIVER ON PROMISES REVEALED IN DAC PRELIMINARY 2007 ODA NUMBERS

Overall ODA declined to US\$103.7 billion in 2007 from US\$104.4 billion in 2006, due to declining amounts of debt cancellation counted by donors as ODA. Debt cancellation declined to US\$8.7 billion in 2007 (from \$18.9 billion in 2006) as donors completed debt write-offs for Iraq and Nigeria. Removing these “debt grants”, ODA in current dollars for 2007 grew by more than 11%, from US\$85.5 billion in 2006 to US\$95.0 billion in 2007. But when exchange rate changes and inflation are considered this growth was only 2.4%.

Only three years out from their Gleneagles 2005 target of US\$130 billion (in 2004 dollars), the DAC says that donors must “make unprecedented increases” to meet this target. So far ODA has risen by only half the required rate. About US\$38 billion additional dollars are needed between 2008 and 2010.

Bilateral aid to Sub-Saharan Africa, excluding debt relief, rose by 10% in real terms. But according to the DAC, the promise to double aid to Sub-Saharan Africa “still faces a real challenge”.

Again this year, only Denmark, Luxembourg, the Netherlands, Norway and Sweden exceeded the UN ODA target of 0.7% of GNI. The DAC 2007 ODA/GNI ratio dropped to 0.28% from 0.31% in 2006. But excluding debt grants, the ratio increased slightly from 0.25% in 2006 to 0.26% in 2007. The average country effort for 2007 was 0.45% (down from 0.46% in 2006).

CANADIAN ODA DISTORTED BY DEBT CANCELLATION GRANTS

Canadian ODA, in current dollars, increased from US\$3.7 billion in 2006 to US\$3.9 billion in 2007. However, when the increasing value of the Canadian dollar and inflation are factored into the 2007 ODA figure, Canadian aid was less than US\$3.6 billion, or a decline of 2.7%.

Debt cancellation (at US\$15 million) was also unexpectedly low for Canada in 2007 compared to 2006 (US\$260 million). CCIC had predicted Cdn\$200 million in debt cancellation for 2007, but some debt cancellation has been delayed. This is also a big factor in the decline noted above.

DAC ODA figures are calculated on a calendar year basis, while Canadian ODA is allocated according to Canada’s fiscal year (April to March). This can also create differences between CCIC estimates of Canadian ODA and the DAC figures. For example, the Conservative’s March 2006 Federal Budget added Cdn\$320 million to 2005/06 ODA, beyond the 8% increases to the International Assistance Envelope, mainly for Canada’s contributions to multilateral funds. But

these amounts were counted by the DAC in their 2006 ODA for Canada. In the 2007 Federal Budget, the government added Cdn\$115 million above the 8% increases for 2006/07. This meant that for the DAC, Canadian multilateral assistance fell between 2006 and 2007. But it reflected only the timing of special disbursements, not declining support for multilateral institutions.

As a consequence, Canada's ODA/GNI ratio, according to the DAC, fell from 0.29% in 2006 to 0.28% in 2007. However, factoring out debt cancellation, the ratio actually rose from 0.27% in 2006 to 0.28%. In current dollars and without debt cancellation, Canadian aid according to the DAC numbers increased from US\$3.4 billion to US\$3.9 billion, or by more than 14% between these two years.

Using Canadian fiscal year budget estimates for ODA and including debt cancellation, CCIC has estimated that Canadian ODA performance fell from 0.32% in 2006/07 to 0.28% in 2007/08. It is expected to be 0.30% in 2008/09. But whatever the terms for calculating Canadian performance, the government remains very far from its 2006 election promise to reach the DAC Average Country Effort of 0.45% by 2010! The government has revealed no timetable to increase aid to the UN target of 0.7% and no plans for aid increases beyond 2010, when the Liberal commitment of 8% increases runs out.

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