

March 22nd, 2011

**The 2011 Federal Budget
CCIC Analysis of Implications for Canadian ODA**

- 1. Federal Budget 2011 confirms that the International Assistance Envelope (IAE), the fiscal source for Canadian aid, remains capped at \$5 billion.** Budget 2011 provides only one sentence relating aid in a 345 page document – confirming the capping of the IAE and gives no indication how long the freeze on the Envelope will last. At current projections Canadian ODA will remain frozen at \$5.4 billion indefinitely.
- 2. Canada's ODA performance will continue to fall the longer the aid freeze remains in effect.** In relation to the UN target for aid of 0.7%, Canadian ODA in 2011/12 is projected to be 0.33% of Gross National Income (GNI). This performance shamefully will fall to 0.27% in 2015, the year in which the international community committed to achieve the Millennium Development Goals.
- 3. The aid freeze will be contributing \$6.7 billion or just under 40% of the planned cuts to achieve a balanced budget by 2015.** The 2010 Budget assumed that 8% increases to the International Assistance Envelope would have continued beyond 2010 despite no indication by the government that they were contemplating such increases. The \$4.5 billion in cuts by freezing the Envelope at \$5 billion between 2011 and 2014 amounted to more than 25% of the \$17.6 billion in spending cuts identified in that budget.

The 2011 Budget presumably includes the 2010 cuts to the IAE in the revised plan of cuts to balance the budget by 2015/16. Although these IAE cuts are not explicitly mentioned in the 2011 Budget, the government's intent is confirmed. Barring one-off discretionary increases to aid in any of these years (such as happened in 2010 – see #5 below), the cumulative cut to the Envelope will total \$6.7 billion between 2011 and 2015, or just under 40% of the planned cuts of \$17.2 billion up to 2015/16.

- 4. The Budget confirms existing spending plans for National Defence which will include both modest growth and continued commitment to purchase the F-35 fighter jets.** The total cost of the jets according to Parliament Budget Officer Kevin Page is \$29 billion, which is approximately two-thirds of the cost of Canadian ODA reaching the UN target 0.7% of GNI by 2020.

5. **The government has parliamentary approval for Supplementary Estimates for the current fiscal year, 2010/11, that will increase Canadian ODA by \$0.5 billion to \$5.9 billion.** CCIC's estimate for Canadian ODA for 2010/11 following the 2010 Budget was \$5.4 billion. During the course of the fiscal year the government brings before Parliament three sets of Supplementary Estimates which increases the amounts available to departments for various programs. Supplementary Estimates for Finance and CIDA in 2010/11 have increased ODA for this year by approximately 477.6 million. These include \$135 million for Haiti, \$173.5 million for the Maternal and Child Health Initiative, and \$75 million for CIDA for the Fast Start Climate Change Fund. ODA for 2010/11 is now estimated to be \$5.9 billion. These increases do not affect the freeze on the International Assistance Envelope for 2011/12. Canada's performance for this year remains at 0.33% of Gross National Income.

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