

2003 Evian Final Compliance Report Development: Official Development Assistance

Commitment

2003 — 15: “We welcomed the report of our Finance Ministers’ discussions on our increased resources and on financing instruments. We invite them to report back to us in September on the issues raised by the financing instruments, including the proposal for a new International Finance Facility”.

Background

Official Development Assistance is required to address the needs of the world’s least developed countries (LDCs). Geared towards basic social services such as health, education, transportation, housing, safe water and nutrition, tied and untied ODA is crucial to the development of the majority of the world’s population, as outlined in the United Nations Millennium Declaration (2000) and the Monterrey Consensus (2002). G8 countries bear the majority of the world’s wealth and share a responsibility to reduce global poverty for the benefit of all. Each G8 member has committed to achieve ODA/GNP levels of 0.7 percent, yet each donor country remains below the target. The Organization for Economic Co-operation and Development (OECD) notes that ODA from G7 countries has fallen about US\$15 billion since 1992, a reduction of almost 30%. Evian resulted in the above commitment to fight global poverty and to help developing countries achieve the development goals set out in the Millennium Declaration.

While ODA in the G8 member countries remains below set targets, these scores represent the countries’ compliance with the commitment as outlined above. The September 2003 meeting of the Finance Ministers in Dubai fulfills the first part of the commitment and, in the official communiqué issued by the Finance Ministers, affirm that they have discussed “financing issues and results based measurement” and that they have requested “the IMF and the World Bank to do further work on aid effectiveness, absorption capacity, financing facilities and results-based measurement mechanisms, and report at the Annual Meetings in September 2004.”¹³²

Assessment

Score	Lack of Compliance -1	Work in Progress 0	Full Compliance +1
Canada			+1
France			+1
Germany			+1
Italy			+1
Japan			+1
Russia		0	
United Kingdom			+1
United States			+1
Overall			+0.88

¹³² G7 Finance Minister and Central Bank Governors, “Statement of G7 Finance Ministers and Central Bank Governors,” September 20, 2003, Dubai, www.g8.utoronto.ca/finance/fm030920.htm.

Individual Country Compliance Breakdown:

1. Canada: +1

In January 2004, Canadian Minister for International Cooperation, Aileen Carroll, stressed Canada's commitment of attaining the Millennium Development Goals, particularly through increased levels and more efficient use of aid monies, and increased international donor coordination.¹³³ Canada continues to pledge at least half of new aid resources to Africa and remains committed to fostering sustainable development throughout the developing world.

Canadian Prime Minister Paul Martin's Speech from the Throne in February 2004 emphasized the need to foster multilateral institutions that "work" and greater collaboration between states to "ensure that economic policies go hand in hand with stronger social programs to alleviate hunger, poverty, and disease, and to help to raise the standards of living in developing countries".¹³⁴

Canada's March 2004 Budget Plan outlines an 8 percent increase in international assistance already provided for 2004-05 in the 2003 budget, resulting in an additional CDN\$248 million for 2005-06.¹³⁵

2. France: +1

On May 2, 2004, President Jacques Chirac declared that France was supportive of the United Kingdom's idea of an International Finance Facility designed to raise the extra \$50 billion necessary each year to achieve the Millennium Goals.¹³⁶ French official development assistance will be centered on enhanced solidarity, which means encouraging foreign direct investment in the countries of the South, setting out more equitable trade rules and creating more public-private partnership.¹³⁷ The National Assembly made commitments to bring France's overall ODA to 0.5% in the next five years. ODA is to be channeled towards food security and disease control.¹³⁸

3. Germany: +1

Germany is the third largest donor among G8 countries after Japan and the United States. The implementation of the German government's political commitment to uphold an ODA level consistent with the United Nation's 0.7 % target ratio remains constrained by the government's

¹³³ Canadian Minister for International Cooperation Aileen Carroll, "Towards Greater Coordination," 29 January 2004, Strasbourg, May 2004 <www.acdi-cida.gc.ca>.

¹³⁴ Canadian Prime Minister Paul Martin, "Speech from the Throne," 2 February 2004, Ottawa, May 2004 <pm.gc.ca/eng/sft-ddt.asp>.

¹³⁵ Canadian Ministry of Finance, "Budget 2004 – Budget Plan, The Importance of Canada's Relationship to the World," 23 March 2004, Ottawa, May 2004 <www.fin.gc.ca/budget04/bp/bpc4ee.htm>.

¹³⁶ Office of the President of the Republic, "Message from Jacques Chirac, President of the Republic at the Opening of the Ministerial Forum on Financing for Development." <www.elysee.fr/ang/rech/rech_.htm>.

¹³⁷ Office of the President of the Republic, "Address by Jacques Chirac, President of the Republic to the meeting of Global Compact Signatory Companies." <www.elysee.fr/ang/rech/rech_.htm>

¹³⁸ The National Assembly, "Débat sur la participation à l'aide au développement en Afrique" <www.assemblee-nationale.fr/12/cr/2002-2003/20030192.asp>.

overall national objective of balancing the federal budget by 2006.¹³⁹ Germany's current ratio is 0.3%. Germany does not currently have a mechanism to neither establish an overall system for ODA allocations nor target effectively any ODA/GNI ratio. Its ODA allocation is directed at low-income countries including India, China and Indonesia. Germany's main sectoral priorities include large infrastructure projects, support institutional capacity building, and private sector development.

4. Italy: +1

Italy met this commitment by attending the G7 Finance Ministers' meeting in Dubai in September.¹⁴⁰ Since January 2004, Italy has attended 3 further meetings with the G7 finance ministers.¹⁴¹ At these meetings, the ministers have collectively asserted the possible need for the restructuring of aid. From March 4 — 6, Italy hosted the International Forum on Partnerships for Sustainable Development in Rome. The meeting stressed the importance of partnerships in order to attain sustainable development goals and the possibility of utilizing "innovative financial mechanisms."¹⁴² In terms of Italy's ODA, contrary reports exist. On 23 October 2003, Marcello Spatafora, Permanent Representative of Italy to the UN, reported that Italy had committed 0.21% of its GNI in 2003 towards ODA, up from 0.20% the previous year.¹⁴³ However in a preliminary report published by The OECD in April of 2004, Italy's ODA in fact decreased by -16.7% in 2003, comprising only 16% of its GNI¹⁴⁴. Nevertheless, Italy continues to assert that it will meet its millennium goal of reaching an ODA level of 0.33% by 2006.

5. Japan: +1

Japan's ODA general account budget fell by 3.2 percent from 516.5 billion yen in 2003 to 500.1 billion yen in 2004.¹⁴⁵ Japan's ODA operation budget also declined, falling by 4.8 percent from 857.8 billion yen in 2003 to 816.9 billion yen in 2004.¹⁴⁶

Japanese Prime Minister Junichiro Koizumi's General Policy Speech to the 159th Session of the Diet in January 2004 emphasized the strategic use of ODA to help developing countries

¹³⁹ "Germany: Development Cooperation Review: Main Findings and Recommendations" www.oecd.org

¹⁴⁰ "Statement of G7 Finance Ministers and Central Bank Governors," Dubai, United Arab Emirates. September 20, 2003.

¹⁴¹ For documentation of the meetings see: www.g7.utoronto.ca/finance/index.htm.

¹⁴² Marcello Spatafora, Permanent Representative to the United Nations, "Letter from the Permanent Representative of Italy to the United Nations addressed to the Secretary-General" April 8th 2004. <ods-dds-ny.un.org>

¹⁴³ Marcello Spatafora, Permanent Representative to the United Nations, "Letter from the Permanent Representative of Italy to the United Nations addressed to the Secretary-General," October 20, 2003. <ods-dds-ny.un.org>

¹⁴⁴ Organization for Economic Co-operation and Development: Development Assistance Committee, "ODA Statistics for 2003 and ODA Outlook" 14 April, 2004. www.oecd.org/dataoecd/40/63/31508396.pdf

¹⁴⁵ Japanese Ministry of Foreign Affairs, "General Account Budget, ODA Budget for MOFA (FY2003 and FY2004 Budget)," May 2004 <www.mofa.go.jp/policy/oda/budget/2004.html>.

¹⁴⁶ Japanese Ministry of Foreign Affairs, "Operational Budget, ODA Budget for MOFA (FY2003 and FY2004)," May 2004 <www.mofa.go.jp/policy/oda/budget/2004.html>.

overcome poverty, achieve sustainable growth, and solve global concerns within the framework of human security.¹⁴⁷

6. Russia: 0

Russian Finance Minister Alexei Kudrin argued recently that “Russia is a key player in the world” and acts as a “coordinator” in dealing with regional crises and that its influence explained its involvement in stabilization efforts in Afghanistan and Yugoslavia and its mediation in the Israeli-Palestinian conflict. In addition, Kudrin said, “we have turned out to be one of the world’s main creditors. Russia accounts for the largest debts owed by some of the poorest countries”, which is why Russia was invited into the Paris Club of creditors, where it “takes part in partially relieving the burdens” of poorer countries.¹⁴⁸ The minister also confirmed that Russia is an indirect donor of assistance to Afghanistan and its “rather humanitarian assistance” in the form of machine, automobile and medicines supplies. Iraqi debt-settlement negotiations will be held this year, the finance minister said.¹⁴⁹ Russia has already prepared proposals for writing off part of the Iraqi debt in arms supplies. Russia is planning to write off one third of Iraqi’s debt of over eight billion dollars owed by this country.

7. United Kingdom: +1

The 2004-05 Department for International Development (DFID) spending review notes that the United Kingdom will increase to £4.9 billion, 0.4% of the Gross National Income. The United Kingdom’s new ODA target will be an increase by £1.5 billion from 2003-04.¹⁵⁰ The increase in ODA indicates a strong move towards the UN target ratio of ODA. DFID has created a new Public Service Agreement (PSA) to ensure that increased spending results in demonstrable improvements in the lives of the poorest people. The PSA is built around the Millennium Development Goals and sets targets for 2006. It focuses, in particular, on partners in Africa and Asia and sets targets for improvements to health, education and improving trade access.¹⁵¹

8. United States: +1

The FY 2005 Budget of the United States Government requests \$2.5 billion for the new Millennium Challenge Account (MCA). The MCA marks a first step towards the President’s commitment of an annual \$5 billion in development assistance by 2006. This commitment is an increase by \$1.2 billion from 2004.¹⁵² In the FY 2005 Budget, President Bush outlines a proposal

¹⁴⁷ Japanese Prime Minister Junichiro Koizumi, “General Policy Speech by Prime Minister Junichiro Koizumi to the 159th Session of the Diet,” 19 January 2004, Tokyo, May 2004 <www.kantei.go.jp/foreign/koizumispeech/2004/01/19sisei_e.html>.

¹⁴⁸ Daily News Bulletin, Apr 1.

¹⁴⁹ RIA Novosti, Apr 1

¹⁵⁰ Department for International Development, “2004-05 Spending Review” <www.official-documents.co.uk/document/cm55/5570/5570-14.htm#muscat_highlighter_first_match>.

¹⁵¹ Department for International Development, “2004-05 Spending Review” <www.official-documents.co.uk/document/cm55/5570/5570-14.htm#muscat_highlighter_first_match>.

¹⁵² Office of Management and Budget, “Budget of the United States Government FY 2005” www.whitehouse.gov/omb/budget/fy2005/state.html

to increase free trade agreements with Morocco and Central American countries. Bush believes that free trade agreements will assist in bringing developing countries out of poverty.¹⁵³

9, *European Union: +1

At the 58th General Assembly of the UN, Italian Prime Minister and EU President, Silvio Berlusconi, stated that “The EU has taken on a financial commitment, in line with the Monterrey objectives, to increase development assistance resources until we reach the target of 0.39% of the- Gross National Product by 2006”.¹⁵⁴ He reiterated the EU’s commitment to Africa and its support for NEPAD. He also stressed the importance of strengthening and updating multilateral institutions under the UN’s framework in order to reach the Millennium Development Goals (MDGs). On 23 October 2003, Marcello Spatafora, Permanent Representative of Italy to the UN, reported that the EU was committed to meeting the OECD/DOA recommendation on the untying of ODA to Least Developed Countries.¹⁵⁵ Since Ireland took over the presidency of the EU in January of 2004, it has also taken steps towards increasing ODA. At a meeting of the EU Development Cooperation Ministers in April of 2004, Minister Tom Kitt, on behalf of the Irish Presidency, stated that it was time for “an internal EU stocktaking of how the EU has contributed to the MDGs,” that would focus on “issues such as increased Overseas Development Aid (ODA), coherence, trade and debt.” Minister Kitt stressed that it was important that such an evaluation took place before the UN meeting on the MDGs, scheduled for 2005.¹⁵⁶

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¹⁵³ Office of Management and Budget, “Budget of the United States Government FY 2005”

¹⁵⁴ Silvio Berlusconi, Prime Minister of Italy and President of the EU, “Statement to the 58th General Assembly of the United Nations.” September 23, 2003 www.un.org/webcast/ga/58/statements/itaeng030923.htm

¹⁵⁵ Marcello Spatafora, Permanent Representative to the United Nations, “Letter from the Permanent Representative of Italy to the United Nations addressed to the Secretary-General,” October 20, 2003. ods-dds-ny.un.org/doc/UNDOC/GEN/N03/578/99/IMG/N0357899.pdf?OpenElement

¹⁵⁶ Press Release: “Minister Kitt welcomes progress at meeting of EU Development Cooperation Ministers.” 28th April, 2004. www.eu2004.ie/templates/news.asp?sNavlocator=66&list_id=623