

MUSKOKA 2010



MUSKOKA ACCOUNTABILITY REPORT

Assessing action and results against
Development-related commitments

Annex Five: G8 Member Reporting
Aid and Aid Effectiveness



Increasing Development Assistance

G8 countries and other donors have made substantial commitments to increase aid, through a variety of means, including traditional development assistance, debt relief and innovative financing mechanisms. Our commitments are set out in Annex II. (Gleneagles, 2005: 26)

G8 total ODA volumes, 2004 to 2009 (in U.S. dollars, million current)

G8 Member	2004	2005	2006	2007	2008	2009 Preliminary
Canada	2,599	3,756	3,683	4,080	4,795	4,013
France	8,473	10,026	10,601	9,884	10,908	12,431
Germany	7,534	10,082	10,435	12,291	13,981	11,982
Italy	2,462	5,091	3,641	3,971	4,861	3,314
Japan	8,922	13,126	11,136	7,679	9,579	9,480
United Kingdom	7,905	10,772	12,459	9,849	11,500	11,505
United States	19,705	27,935	23,532	21,787	26,842	28,665
Russia	100	101	102	211	220	785
G8 Total	57,700	80,889	75,588	69,750	82,685	82,175
EC	8,704	9,390	10,245	11,634	14,757	15,022

Source: OECD DAC

Note: In order to provide the most complete picture possible of the total ODA effort the donor makes, data for DAC members' imputed multilateral aid have been compiled. These imputed multilateral contributions are added to the bilateral country figures in the table. OECD DAC imputation of multilateral ODA to aid recipient countries/regions can be found at:

<http://stats.oecd.org/Index.aspx?DatasetCode=TABLE2A>.

In order to avoid double-counting, it is not possible to sum individual G8 countries and the corresponding figure for the EC, since part of the EC aid outflow is imputed to the multilateral contributions of the European G8 countries. Figures for the EC are therefore reported as memo items in aggregated tables.

G8 ODA volumes to Africa, 2004 to 2008 (in U.S. dollars, million current)

G8 Member	2004	2005	2006	2007	2008
Canada	780.90	1,384.49	1,652.70	1,567.58	2,002.90
France	4,867.41	6,158.55	6,955.73	5,428.94	5,498.00
Germany	2,987.14	3,835.55	5,285.37	4,463.47	4,996.77
Italy	1,015.40	2,307.94	1,818.17	1,577.94	1,711.63
Japan	1,647.54	2,219.62	5,091.47	2,370.89	2,624.21
United Kingdom	3,447.05	5,003.43	7,509.05	4,425.03	4,549.77
United States	5,167.61	5,481.41	7,137.28	6,392.40	8,580.15
Total	\$19,913.05	\$26,390.99	\$35,449.77	\$26,226.25	\$29,963.43

Source: OECD DAC Creditor Reporting System 2010

Gleneagles Annex II Commitments

At the Gleneagles Summit each G8 member made national commitments to increase their international assistance. The specific commitments varied in size, ambition and timetable.

(Gleneagles, 2005: Annex II)

Canada

Gleneagles Annex II: “Canada will double its international assistance from 2001 to 2010, with assistance to Africa doubling from 2003/4 to 2008/9.”

Le Canada doublera son aide internationale entre 2001 et 2010, et doublera son aide à l'Afrique entre 2003-2004 et 2008-2009. (Gleneagles, 2005 : Déclaration sur l'Afrique, Annexe II)

Canada is on track to double international assistance to reach (CDN) \$5 billion in 2010-11. Canada has also met, in fiscal year 2008-09, its commitment to double aid to Africa.

Le Canada est en bonne voie de doubler son aide internationale, qui devrait atteindre (CDN) 5 milliards de dollars en 2010-2011. Il a aussi respecté l'engagement à doubler son aide à l'Afrique pendant l'exercice financier 2008-2009.

France

Gleneagles Annex II: “France has announced a timetable to reach 0.5 per cent ODA/GNI in 2007, of which 2/3 for Africa, – representing at least a doubling of ODA since 2000 - and 0.7 per cent ODA/GNI in 2012.”

France progresses in the respect of its Gleneagles' commitments, however has not met its commitment to provide 0.5 per cent ODA/GNI by 2007. The share of ODA to GNI has increased sensibly and regularly from 2007:

- 2007: 0.38%
- 2008: 0.39%
- 2009: 0.44%
- 2010: between 0.47-0.51

In terms of volume, net ODA in current Euros has doubled between 2000 (€ 4.4 billion) and 2009 preliminary declaration (€ 8.9 billion), with an increase of 16.9% from 2008 to 2009. In 2008, bilateral ODA toward Africa has almost reached 52%.

In the context of successive and multiple crisis (energetic, food crisis, world economic and financial crisis), France has defined at the latest French interministerial committee for international cooperation and development (CICID), in June 2009, a policy to face the present challenges of development and has reiterated the commitment to reach 0.7 per cent ODA/GNI in 2015. Africa has been strengthened as the main geographical priority in the French development policy and, accordingly, 60% of the budgetary effort is being targeted at the sub-Saharan African countries. Furthermore, CICID established a priority list of 14 poor African countries which will benefit from 50% of the grants allocated to MDGs (excluded grants in favour of post-crisis countries which are object of a specific treatment).

Germany

Gleneagles Annex II: “Germany (supported by innovative instruments) has undertaken to reach 0.51 per cent ODA/GNI in 2010 and 0.7 per cent ODA/GNI in 2015.”

Following a rise from 0.26% of GNI in 1998 to 0.28% of GNI in 2004, the base year for the Gleneagles target, ODA has increased to 0.38% of GNI in 2008 and 0.35% of GNI in 2009. According to OECD estimates, ODA will reach 0.40% of GNI in 2010. Significant ODA budget increases totalling approximately US \$2.6 billion in 2008, 2009 and 2010 will compensate for the statistical phase-out of large debt reduction operations. Reaffirmed intention to reach 0.7% in 2015

Italy

Gleneagles Annex II: “Italy has undertaken to reach 0.51 per cent ODA/GNI in 2010 and 0.7% ODA/GNI in 2015”

The severe constraints posed to Italian public finance by its high public debt compared to GNP, aggravated by the financial and economic crisis, have prevented Italy from fulfilling its Gleneagles commitments with regard to ODA increases.

The Italian Government has reconfirmed its commitment towards achieving the Monterrey objective of 0.7% by 2015, with a broad support by Parliament and civil society.

Efforts are also under way to improve Italian ODA reporting, in order to duly take account of a number of sources which have been, so far, only reported partially due to technical and organizational reasons. The results already achieved in this field have been recognized by the peer review of the Italian Cooperation performed by OECD-DAC in 2009.

Japan

Gleneagles Annex II: “Japan intends to increase its ODA volume by \$10 billion in aggregate over the next five years. Japan has committed to double its ODA to Africa over the next three years and launched the \$5 billion ‘Health and Development Initiative’ (HDI) over the next five years. For the “Enhanced Private Sector Assistance (EPSA) for Africa” facility, Japan will provide more than \$1 billion over 5 years in partnership with the AfDB.”

It fell short by USD 3.6 billion while Japanese ODA increased by \$6.4 billion in aggregate. Doubling of ODA to Africa was achieved in 2007 with \$1.71 billion (2003 baseline of \$0.84 billion). Japan fulfilled the commitment of the HDI, providing a total of approximately 6.63 billion USD by the end of FY2008. Provisions made amounting to about \$0.65 billion for the EPSA for Africa facility and endeavouring to form and implement efficient and effective projects to achieve the goal.

Russia

Gleneagles Annex II: “Russia has cancelled and committed to cancel \$11.3 billion worth of debts owed by African countries, including \$2.2 billion of debt relief to the HIPC Initiative. On top of this, Russia is considering writing off the entire stock of HIPC countries’ debts on non-ODA loans. This will add \$750m to those countries debt relief.”

Russia is on track and has already cancelled debts owed by African countries in the amount of \$11.3 billion, including \$2.2 billion of debt relief under the HIPC Initiative. Beyond this, Russian Government in 2006 took the official decision to cancel the debt of Madagascar, Mozambique, Ethiopia, Tanzania, Benin and Guyana, under the programme “Debt for development SWAPs,” amounting to \$552 million. The programme is under consideration by partner countries’ governments.

Russia has reaffirmed its intention to augment ODA volumes. In the coming years, the Russian Government will continue to pursue a strategy that combines multilateral and bilateral assistance, including budget support, debt relief and innovative financing instruments.

United Kingdom

Gleneagles Annex II: “The UK has announced a timetable to reach 0.7 per cent ODA/GNI by 2013 and will double its bilateral spending in Africa between 2003/04 and 2007/08.”

The UK has met its Gleneagles target. The latest OECD figures confirm that UK is on target for ODA/GNI to reach 0.56% by 2010. The UK remains committed to spend 0.7% of GNI as ODA by 2013. The UK will spend £9,140 million as ODA in 2010. In 2007 £9,140 million was estimated at 0.56% of UK GNI in 2010. It may be more than 0.56% due to lower than expected GNI. Half of our ODA increases will go to Africa. ODA from DFID to Africa will increase from £1.3 billion in 2004 (\$2382 million in 2004\$) to £3.4 billion in 2010. ODA from Government Departments are not included in these figures.

The UK has met its commitment to double bilateral spending in Africa between 2003/4 and 2007/8. In 2003/4 our bilateral spending in Africa was £625 million (\$1021 million in 2003\$) and in 2007/08 it was £1269 million (\$2,540 million in 2007\$)

United States

Gleneagles Annex II: “The US proposes to double aid to Sub-Saharan Africa between 2004 and 2010. It has launched the Millennium Challenge Account, with the aim of providing up to \$5 billion a year, the \$15 billion Emergency Plan for AIDS Relief, an initiative to address Humanitarian Emergencies in Africa of more than \$2 billion in 2005, and a new \$1.2 billion malaria initiative. The US will continue to work to prevent and mitigate conflict, including through the 5-year, \$660 million Global Peace Operations Initiative.”

At the 2005 Gleneagles G-8 Summit, the United States pledged to double assistance to Sub-Saharan Africa from \$4.335 to \$8.67 billion between 2004 and 2010 (U.S. bilateral ODA flows plus the imputed U.S. portion of grants from multilateral organizations to Sub-Saharan Africa). The United States has met its commitment one year early to double its annual assistance to Sub-Saharan Africa by 2010 from \$4.335 to \$8.67 billion.

European Union

Gleneagles Annex II: *“The EU has pledged to reach 0.7 per cent ODA/GNI by 2015 with a new interim collective target of 0.56 per cent ODA/GNI by 2010. The EU will nearly double its ODA between 2004 and 2010 from € 34.5 billion to € 67 billion. At least 50% of this increase should go to sub-Saharan Africa.”*

The EU collectively (including EU G8 members) has adopted the target of reaching 0.7% of ODA/GNI by 2015. The level of EU ODA increased in 2009 despite the financial crisis to 0.42%/GNI, but decreased in nominal terms to €49 billion. The EU is taking steps to reach the 0.7 % target by 2015.

Aid Effectiveness

We will implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness, including enhancing efforts to untie aid; disbursing aid in a timely and predictable fashion, through partner country systems where possible; increasing harmonisation and donor coordination, including more programme-based approaches (Gleneagles, 2005: Africa 32)

Nous mettrons en oeuvre tous les engagements que nous avons pris dans la Déclaration de Paris sur l'efficacité de l'aide, dont le renforcement des efforts visant à délier l'aide; le versement de l'aide en temps opportun et de manière prévisible, dans la mesure du possible au moyen des systèmes des pays partenaires; l'accroissement de l'harmonisation et de la coordination entre les donateurs, y compris par des approches davantage fondées sur les programmes. (Gleneagles, 2005 : Afrique, 32).

All G8 countries have made progress on these principles identifying and implementing specific actions to meet their aid effectiveness commitments. Specific measures include providing guidance and training for staff of donor agencies, and establishing processes for reporting on key aid effectiveness indicators.

A summary of donor progress against the aid effectiveness targets can be found at:

<http://www.oecd.org/dataoecd/3/56/42803689.pdf>

Canada

In July 2009, Canada finalized a comprehensive *Aid Effectiveness Action Plan* which translates policy commitments into actions that will deliver concrete aid effectiveness results over four years, including those made in the *Paris Declaration* and in the *Accra Agenda for Action (AAA)*. This Action Plan consolidates the Government of Canada's priorities of focus, efficiency and accountability with our international commitments on aid effectiveness under the Paris Declaration and the AAA. Select Action Plan commitments include:

- Fully untying of Canadian development assistance;
- Increasing field presence and delegating greater authorities to the field;
- Using partner country public systems to the maximum extent possible;
- Increasing engagement in coordinated programming efforts at country level;
- Increasingly coordinating efforts with other donors; and

- Publishing 3-year bilateral country program estimates by sector (in accordance with timelines agreed with partner country authorities) on an annual basis.

The *Aid Effectiveness Action Plan* sets out clear accountability requirements for implementation and monitoring, including tracking methodologies for each action. Monitoring of the Action Plan will be performed annually and progress will be comprehensively communicated.

In April 2008 the Government of Canada untied 100 percent of Canada's food aid. This was followed by an announcement in September 2008 to fully untie Canada's ODA by 2012-13. Canada has made important progress in terms of its untying ratio, which has increased from 75 percent in 2007 to 91 percent in 2008.

En juillet 2009, le Canada a parachevé un *Plan d'action en matière d'efficacité de l'aide* exhaustif qui traduit les engagements stratégiques pris par le Canada en mesures qui généreront des résultats concrets sur quatre ans, y compris les engagements qui ont été pris dans le cadre de la Déclaration de Paris et du Plan d'action d'Accra. Ce plan d'action regroupe les priorités du gouvernement du Canada en ce qui a trait à la concentration, à l'efficacité et à la responsabilisation à l'égard de l'efficacité de l'aide énoncées dans la Déclaration de Paris et le Plan d'action d'Accra. Entre autres engagements dans le Plan d'action :

- délier la totalité de l'aide au développement du Canada;
- accroître la présence de l'ACDI sur le terrain et déléguer davantage de pouvoirs à ce niveau;
- utiliser autant que possible les systèmes publics des pays partenaires;
- augmenter la participation aux activités de programmation coordonnées au niveau des pays;
- accroître la coordination avec les autres donateurs;
- publier chaque année des estimations triennales par secteur sur les programmes-pays bilatéraux (conformément aux calendriers établis avec les autorités des pays partenaires).

Le *Plan d'action en matière d'efficacité de l'aide* définit des exigences claires en matière de responsabilisation pour sa mise en oeuvre et son suivi, ainsi que des méthodes pour effectuer le suivi de chaque mesure. Le suivi du Plan d'action se fera annuellement et les progrès seront communiqués.

En avril 2008, le gouvernement du Canada a délié la totalité de l'aide alimentaire canadienne. Il a fait suivre cette mesure par l'annonce, en septembre 2008, du déliement de la totalité de son APD d'ici 2012-2013. À cet effet, le Canada a réalisé d'importants progrès : le pourcentage de son aide déliée est passé de 75 % en 2007 à 91 % en 2008.

France

France has adopted since 2007 an "Action Plan on Aid Effectiveness" which is based on 12 measures focusing on capacity building, the expanded role of Partnership Framework Papers and the improvement of the practices of French cooperation, in particular with regard to predictability and complementarity of donor interventions.

On 5th June 2009, the Interministerial Committee for International Cooperation and Development (CICID) has made recommendations for an updating of the Action Plan structure taking into account the renewed commitments undertaken at the European and international levels (i.e. European Code of Conduct on Division of Labor in Development policy: "AAA" adoption) and their operational implications for the French cooperation system.

With the extension of its untied aid to HIPC non LDCs and to food aid, though the latter is currently uncovered by the 2001 DAC Recommendation, France has now untied up to 91% of its total aid - including all operators. Referring only to the French lead operator, the AFD, the percentage is 100% for all sectors and countries.

Germany

Germany developed in March 2009 a plan of operations for putting the commitments of the Paris Declaration and the Accra Agenda for Action into practice. This plan targets staff of both the Ministry for Economic Cooperation and Development and of all implementing agencies and includes both headquarters as well as field level. In this plan, Germany actively promotes the aid effectiveness-principles of ownership & alignment, division of labour and complementarity, predictability & transparency, accountability, incentives and monitoring.

Germany submitted, in November 2009, its plan for further untying of aid to the DAC. 77% of German aid is untied (slightly above DAC average of 75% - 2008 figures), largely owed to high degree of untying in financial cooperation (almost 100%); TC currently 48% untied (DAC report 2007), but we expect a potential increase of untied services up to 64% due to a larger share of local procurement.

Italy

Italy approved in July 2009 its Aid Effectiveness Action Plan, defining a road map with the steps necessary for achieving the 2010 targets set by the Paris Declaration and the AAA principles. An Aid Effectiveness Marker was approved in December 2009 and it is applied to all bilateral commitments. Italy has revised and simplified its procedures for using country systems. Guidelines on budget support, use of country systems and programme-based approaches will be finalised within July 2010.

Japan

Japan's aid is implemented on the basis of recipients' request, thus enhancing ownership and ensuring alignment of the partner country. Since 2009 Japan started to develop Rolling Plans, which are shared with recipient countries and the public to enhance predictability and mutual accountability.

Japan unties its aid according to "DAC Recommendation on Untying ODA to the Least Developed Countries and Heavily Indebted Countries". In addition, all grant aid and loan except STEP (Special Terms for Economic Partnership) are untied even for non-LDC/HIPCS. Local procurements are also encouraged.

Russia

The Russian Federation is committed to the principles of the Paris Declaration on aid effectiveness and the Accra Agenda for Action. Russian development assistance is guided by the 2007 concept note titled "Russia's Participation in the International Development Assistance," adopted by the President of the Russian Federation. The Concept Note promotes the aid effectiveness principles of ownership and alignment, complementarity, predictability and transparency, accountability and monitoring.

The majority of Russian ODA is provided through multilateral channels, including through United Nations organizations and the World Bank (i.e. in the form of untied voluntary contributions). More than 75% of Russian ODA is provided as untied aid.

United Kingdom

In 2009 the UK published an action plan on implementing both the Paris and Accra commitments. The action plan identified predictability, transparency and mutual accountability as areas for making progress.

The UK has already met 7 of the 10 Paris Declaration targets, ahead of schedule, and is on track to meet the remaining three by the 2010 deadline.

Aid effectiveness is a priority for UK development strategy and is entrenched in the DFID strategic objectives for 2008/11, with two of the seven objectives relating to aid effectiveness. The consideration of aid effectiveness principles is embedded in UK internal processes. All UK projects and programmes are required to report on key aid effectiveness indicators. UK participated in the first evaluation of the Paris Declaration and the independent report concluded *“Many aspects of the Paris Declaration, particularly the change in aid delivery modalities, have become part of DFID’s core business model”*.

The UK completely untied its aid in 2001.

United States

U.S. commitments to the Monterrey Consensus, the Paris Declaration and the Accra Agenda for Action shapes U.S. policy on aid effectiveness. An interagency action plan to implement the Paris Declaration, and a plan for interagency action on three areas of AAA commitment¹ were approved in 2007 and 2009 respectively. Aid effectiveness principles are embedded in the U.S. President’s interagency Food Security and Global Health Initiatives. Responsibility for integration of the principles ultimately lies with each agency under decentralization.

The United States has made steady progress on untying assistance. Between 2006 and 2008, U.S. assistance went from 65 to 75 per cent untied,² thus attaining the OECD-DAC average.

European Union

The EU fought to make the Accra Agenda for Action an ambitious and concrete framework for aid effectiveness. The Commission has also done its internal homework. Since April 2009, it has been implementing its own Action Plan to promote aid effectiveness. Meanwhile, the division of labour between EU-development actors has improved significantly as shown by the increased use of delegated cooperation and co-financing. The use of country systems is increasing substantially. The Commission is also reforming its system of technical cooperation. Since November 2009, there has been a common operational framework on Aid Effectiveness for the Commission and the EU member states. Aid effectiveness principles have been mainstreamed in the programming and review of both the 10th EDF and other EU financial instruments.

EU assistance is largely untied and goes beyond the DAC recommendations thanks to the substantial progress made in 2007 with the adoption of the regulations for the financing instruments of European development cooperation.

Under the European Development Fund (outside the EU budget), more substantial progress is to be made to further untie assistance.

¹ Strengthening and using country systems, predictability and untying.

² Source: OECD/DAC Credit Reporting System.

Aid to Low Income Countries (LICs)

We will focus aid on low income countries, which are committed to growth and poverty reduction, to democratic, accountable and transparent government, and to sound public financial management (Gleneagles, 2005: Africa 30).

Nous centrerons l'aide sur les pays à faible revenu, qui se sont engagés à l'égard de la croissance et de la réduction de la pauvreté, d'un gouvernement démocratique, responsable et transparent, et d'une saine gestion des finances publiques (Gleneagles, 2005 : Afrique, 30).

The G8 has increased the overall proportion of its aid (allocated by income group) to LICs every year since 2005, starting from a base of 50 percent. Although there has been some variability, the average share to LICs between 2005 – 2008 was 58 percent.

G8 ODA Allocated to Low Income Countries

G8 Member	2005	2006	2007	2008
Canada	53%	63%	70%	69%
France	50%	55%	45%	43%
Germany	43%	58%	39%	41%
Italy	52%	51%	47%	47%
Japan	34%	68%	64%	56%
Russia	75%	85%	85%	90%
United Kingdom	63%	77%	77%	62%
United States	31%	48%	50%	55%
G8 Total	50%	63%	60%	58%

Source: OECD DAC Creditor Reporting System 2010

Canada

From 2005 to 2008, the share of Canada's bilateral aid going to low-income countries grew from 53 percent to 69 percent. In 2009, Canada announced it would focus 80 percent of its bilateral assistance in twenty countries of focus, of which twelve are low-income countries. In choosing these countries, Canada used the criteria of need (assessed in terms of absolute poverty, relative poverty and vulnerability, alignment with Canada's foreign policy priorities (including geographic priorities, democratic values and international commitments), and their respective capacity to benefit from aid.

De 2005 à 2008, la part de l'aide bilatérale du Canada versée aux pays à faible revenu est passée de 53 % à 69 %. En 2009, le Canada a annoncé qu'il concentrerait 80 % de son aide bilatérale à 20 pays ciblés, parmi lesquels 12 sont des pays à faible revenu. Pour arrêter son choix, le Canada s'est basé sur les critères que sont les besoins des pays (évalués en termes de pauvreté absolue, de pauvreté relative et de vulnérabilité), l'alignement sur les priorités stratégiques de la politique étrangère du Canada (les priorités géographiques, les valeurs démocratiques et les engagements internationaux), et la capacité respective de ces pays de bénéficier de l'aide.

France

In June 2009, an Interministerial Committee for International Cooperation and Development (CICID) elaborated a new typology of priority recipient countries, which are associated with specific aid modalities. This geographic “prioritization” responds to an overall objective of concentration and resulted in four “differentiated partnerships”:

- priority poor countries,
- intermediary income countries having specific relations with France,
- emerging countries with global or regional dimension,
- crisis or post-crisis countries.

For the first category of countries - 14 poor countries – the mobilization of the cooperation system will be of a high priority with a focus on the most concessional fundings (grants and loans). At least 50% of the overall subsidy allocations dedicated to MDGs (except for interventions in post-crisis countries and unallocated country subsidy allocations) should benefit this country category.

Furthermore, an objective of 60% of our budgetary effort has been specified targeting the sub-Saharan African countries.

Germany

32 out of Germany’s 57 priority partner countries are classified as LICs. More specifically, 24 countries are classified as LDC and another 8 countries as belonging to the group of “other low income countries”. This data shows the importance of LICs to German development policy.

Germany engages in partnerships with LICs on the basis of the overarching goals of German development policy (reducing poverty, securing peace and realising democracy, achieving justice in globalisation and protecting the environment). Our bilateral development cooperation with LICs is primarily linked to national poverty reduction strategies of our partner countries. Sectors selected depend on priorities set up by partners and division of labour considerations. The decision as to which countries Germany engages with in its bilateral development cooperation depends on various important criteria, including, for example, development needs, governance performance, the relevance of Germany's contribution compared with other bilateral and multilateral donors, political factors, regional aspects and established ties.

Italy

LICs have always been a special focus for Italy’s cooperation policy, even though, in recent years, Italian strong commitment to non-low income countries, like Iraq, has drained resources, which would have normally been channeled to LICs and to Sub Saharan Africa, in particular. In 2009, 60% of the Italian total bilateral aid (including debt cancellation and soft loans) was made available to LICs. From 2009 onwards, however, the triennial, rolling strategic Guidelines of the Italian Cooperation foresee that 50% of bilateral ODA is channeled to Sub-Saharan Africa. 18 out of the 35 priority countries identified by the Italian Cooperation are LICs. These Guidelines are to be considered binding, especially for the cooperation activities performed by the Ministry of Foreign Affairs, which on average account for approximately 30% of Italian yearly ODA. The Guidelines will progressively direct all the development efforts of the many Italian Development stakeholders.

Japan

Japan continues to fulfill its commitments made in Tokyo International Conference on African Development (TICAD) IV to double its aid to Africa, where majority of the countries are LICs. Japan's ODA Charter sets Asia as a priority region considering its close relationship to Japan and its potential impact on Japan's stability and prosperity.

Russia

The Russian development aid being channelled through UN system organizations and the World Bank in the form of untied voluntary contributions is focused automatically on LICs because of the nature and mandate of such institutions.

United Kingdom

DFID's bilateral programme is focussed in 22 priority countries 17 of which are LICs (Afghanistan, Bangladesh, Cambodia, Congo DR, Ethiopia, Ghana, Kenya, Malawi, Mozambique, Sierra Leone, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe, Nepal, and Vietnam). UK is committed to delivering at least 90% of overall bilateral aid to LICs. The focus of our bilateral programme has also changed to recognise the significant effect that aid can have in fragile and conflict-affected states.

United States

The proportion of country allocable gross bilateral U.S. Official Development Assistance (ODA) focused on LICs has risen from 27 per cent in 2005 to 51 per cent in 2008, the last year of available final data from the OECD.

Each U.S. Government organization that manages bilateral foreign assistance develops criteria for its assistance focus. Most organizations' criteria weight the organization's mandate relatively heavily. Examples: Department of State and USAID - Per capita income is only one criterion used in budget allocation, and is not heavily weighted. Other criteria include Administration foreign policy priorities and initiatives; Congressional priorities; host country government commitment to policy reform and good governance; past program performance; and the absorptive capacity of host countries, Embassies and USAID Missions that manage in-country programs. MCC - By law, MCC provides at least 75 per cent of its funding to eligible LICs; and no more than 25 per cent to Lower Middle Income Countries (LMICs), using per capita income based on historical IDA ceiling.

European Union

EU national allocations for African Caribbean Pacific (ACP) countries are based on needs and performance.

Criteria for assessing need include, inter alia, per capita income, population size, social indicators, level of indebtedness, and exports. Special treatment is given to the least developed countries, island and landlocked states, as well as countries dealing with (the aftermath of) conflict or natural disasters. Additional criteria assesses state willingness to undertake political, economic and governance reforms.

Criteria for assessing performance include, inter alia, progress in implementing institutional reforms, country performance in the use of resources, poverty alleviation, macroeconomic and sectoral policy performance, and sustainable development measures.

European Development Fund (EDF) assistance for ACP countries is largely concentrated on low income countries.

For Latin American countries, separate criteria for assessing need are used, including, inter alia, GNI per capita and the percentage of population below US\$2 a day. A correction factor has been introduced to give preference to LICs and lower middle income countries (LMICs). During the presently ongoing Mid-Term Review exercise additional allocations were given to some of the poorest countries.

Debt Relief

We will fund our share of the shortfall in the HIPC Initiative, recognizing that this shortfall will be up to US\$1 billion (Kananaskis 2002: G8 Africa Action Plan, 4.2)

The G8 has agreed to a proposal that cancels 100% of outstanding debts of eligible HIPCs to the IMF, IDA and African Development Fund, and to provide additional resources to ensure that the financing capacity of the IFIs is not reduced (Gleneagles, 2005: Africa, 29)

Nous fournirons notre part du manque à gagner de l'Initiative PPTE, en étant conscients que celui-ci pourrait s'élever à 1 milliard de dollars américains. (Kananaskis, 2002 : Plan d'action du G8 pour l'Afrique, 4.2)

Le G8 a approuvé une proposition visant à annuler la totalité de l'encours de la dette de pays pauvres très endettés admissibles envers le Fonds monétaire international (FMI), l'Association internationale de développement (IDA) et le Fonds africain de développement et à fournir des ressources additionnelles pour faire en sorte que la capacité de financement des institutions financières internationales (IFI) ne soit pas réduite. (Gleneagles, 2005 : Afrique, 29)

In 2005, G8 countries agreed and led on the initiative to cancel 100% of outstanding debts of eligible Heavily Indebted Poor Countries (HIPCs) to the IMF, IDA and the African Development Fund (ADF). G8 countries have used their influence to ensure that eligible HIPCs receive additional debt relief through the Multilateral Debt Relief Initiative (MDRI).

Since 1999, G8 members have collectively forgiven at least 90 percent of debt owed by every HIPC that has reached completion point, and most G8 members provide 100 percent relief. Several G8 members cancel these debts outright, while other members expect the debtor to offset or swap their claims with specific developmental budgetary allocations.

G8 Bilateral Debt Forgiveness, Total (USD millions)

G8 Member	2002	2003	2004	2005	2006	2007	2008
Canada	264	96	74	455	245	1	143
France	507	2,329	1,960	3,498	3,683	1,683	1,101
Germany	1,037	1,337	814	3,905	3,015	2,993	3,290
Italy	620	558	115	1,670	1,379	587	899
Japan	261	162	2,413	4,776	3,212	1,941	2,801
UK	612	60	785	3,521	2,557	16	507
US	420	2,400	141	4,194	1,703	67	386
Total	3,721	6,942	6,302	22,018	15,793	7,289	9,127

Source: OECD DAC (2010). Creditor Reporting System

Note: The amount of debt relief provided in any given year by a G8 country is determined by the amount of outstanding loans countries graduating from the HIPC process in that year owe to that particular G8 creditor.

Canada

Canada provides debt relief to heavily indebted poor countries (HIPC) as per the framework for the HIPC debt relief initiative, but on more generous terms. Under the Canadian Debt Initiative (CDI), once an eligible country demonstrates the ability to use resources effectively for poverty reduction (after decision point in the HIPC process), it receives an immediate moratorium on debt payments. Then, once the CDI-eligible country meets the requirements of the international debt relief strategy – that is, once it successfully implements a program of macro policy reform and adopts and implements a poverty reduction strategy – it receives 100 percent cancellation of all debts owed to Canada (after it reaches completion point in the HIPC process).

Prior to 1996, Canada had forgiven all ODA loans (a total of over \$1.3 billion) to least developed countries (LDCs) and to all HIPCs.

Through the CDI (which promises 100 percent debt cancellation to eligible poor countries) we will forgive all of our claims on CDI-eligible countries – expected to amount to roughly \$1.16 billion.

Canada has contributed a total of \$346.4 million to a HIPC trust fund, administered by the World Bank as well as one at the IMF, and is also providing approximately \$2.5 billion as its share of the MDRI costs.

Le Canada offre un allègement de la dette aux pays pauvres très endettés (PPTÉ) conformément au cadre de l'Initiative sur l'allègement de la dette des PPTÉ, mais en termes plus généreux. Grâce à l'Initiative canadienne d'allègement de la dette (ICAD), une fois qu'un pays admissible montre la capacité d'utiliser les ressources efficacement pour réduire la pauvreté (après le point de décision dans le processus de l'Initiative PPTÉ), le Canada lui accorde un moratoire immédiat sur les paiements de sa dette. Puis, dès que le pays admissible à l'ICAD se conforme aux exigences de la stratégie internationale d'allègement de la dette – c'est-à-dire dès qu'il met en oeuvre un programme de réforme politique général et qu'il adopte et met en oeuvre une stratégie de réduction de la pauvreté, le Canada annule la totalité de sa dette envers lui (après avoir franchi le point d'achèvement du processus de l'Initiative PPTÉ).

Avant 1996, le Canada avait annulé toutes les dettes d'APD (au total, plus de (CDN) 1,3 milliard de dollars) contractées par les PMA et les PPTÉ.

Dans le cadre de l'Initiative canadienne d'allègement de la dette, qui promet d'annuler la totalité de la dette des pays pauvres admissibles, nous annulerons l'ensemble de la dette contractée envers le Canada par les pays admissibles à l'Initiative – environ (CDN) 1,16 milliard de dollars.

Le Canada a versé au total 346,4 millions de dollars à un fonds d'affectation spéciale de l'Initiative PPTÉ, qu'administre la Banque mondiale, et à un fonds du FMI; par ailleurs, il fournit environ 2,5 milliards de dollars, soit sa part de l'allègement de la dette consenti par l'entremise de l'Initiative d'allègement de la dette multilatérale.

France

Within the framework of the Paris Club negotiations, France takes part in the debt relief provided to HIPC countries, according to the effort necessary for them to recover the sustainability of their debt. Moreover, France provides additional bilateral debt relief to HIPC countries (100% cancellation of ODA and pre-cut off Date non-ODA loans). Once countries have reached completion point, debt relief on ODA claims on the government which have not being cancelled by the Paris Club agreement go to a special account and are used for specific development projects. Furthermore, France assumed its fair share of the financing of the HIPC initiative. France also supported, from the beginning, the Multilateral Debt Relief Initiative (MDRI) launched by the G7 in 2005, and assumed its fair share of the financing of MDRI, stressing the additionality of the resources mobilised by this initiative.

Germany

Germany is a member of the Paris Club and participates in the HIPC and MDRI initiatives, meeting its obligations as agreed at the 1999 Cologne G7 summit (100 % debt cancellation for HIPCs reaching the completion point) as well as at the 2005 Gleneagles G7 summit (compensation of IFIs delivering full debt relief to HIPCs). Furthermore, Germany has significantly contributed to the Debt Relief Trust Fund (formerly HIPC Trust Fund) to support debt relief by other multilateral creditors. Efforts of the IMF to participate in the enhanced HIPC initiative are supported by Germany through an interest-free loan. Germany additionally provides significant debt relief funds through the European Union.

Italy

Italy is one of the main promoters and supporters of the HIPC and the MDRI initiatives. The Italian Government unilaterally decided to go further than HIPC:

- (a) cancellation at “decision point” of 100% (and not 90%) of the debt service charges – “pre” and “post-cut-of-date” commercial and aid credits – due in the “interim” period leading up to the “completion point”;
- (b) cancellation at the “completion point” of 100% of the aid credits (ODA) and of trade credits, not only “pre-cut-off-date” but also “post-cut-off-date”.

Italy with other partners promoted the Responsible Lending initiative to ensure that new lending does not undermine debt sustainability that was adopted in 2008 by OECD as “Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low-Income Countries”. Domestic regulation ensures that development cooperation activities abide to sustainable lending rules and principles. Italy stands firmly behind the financial multilateral commitments. Firstly, Italy implemented the HIPC initiative, by Law in 2000. Secondly, the contribution to the MDRI has been guaranteed by law in 2005 and 2007.

Japan

Japan’s policy is to provide 100% reduction of ODA and non ODA debts of the HIPCs, in accordance with such international initiative as Enhanced HIPC Initiative.

Russia

Russia participates in the HIPC and MDRI initiatives and meets its obligations. 100 % of debt has been cancelled for HIPCs reaching the completion point as well as compensation of IFIs (WB and IMF) delivering full debt relief to HIPCs. The main principle of debt relief is based on implementation of “debt for development SWAPs” policy.

Russia has already cancelled debts owed by African countries in the amount of \$11.3 billion.

Contribution to the HIPC Trust Fund	Contribution to the MDRI (IMF and IDA):
2005: \$10 million	2006: \$ 2.5 million
2006: \$ 5 million	2007: \$4.03 million
	2008: \$6.64 million
	2009: \$ 5.2 million

United Kingdom

The UK supports the HIPC Initiative and the MDRI (also known as UK/MDRI). In addition to respecting the terms of HIPC and MDRI, UK/MDRI pays 10% of debt owed to IDA and the African Development Bank by non-HIPC low-income countries.

United States

The United States Government (USG) participates in the enhanced Heavily Indebted Poor Country (HIPC) initiative, was a driving force behind the Multilateral Debt Relief Initiative, and is a member of the Paris Club. The USG goes beyond HIPC requirements to provide 100% reduction of eligible debts owed by HIPC countries that complete the initiative. The USG also provides debt relief to non-HIPC countries, based on financial need and on a case-by-case basis, usually in the context of the Paris Club.

The USG uses established HIPC criteria in providing countries with HIPC debt relief, including a track record of satisfactory performance under an upper credit tranche IMF program, satisfactory implementation of a poverty-reduction program, and meeting certain country-specific policy triggers agreed between the country, the IMF and the World Bank. Paris Club decisions concerning the treatment of a country’s debt outside the HIPC initiative are based on a realistic, specific assessment of the economic and financial situation of each country.

European Union

The EU's contribution to the HIPC Initiative is made in two main ways: through its contribution as a donor to the World Bank HIPC Trust Fund and as a creditor through the European Investment Bank (EIB). There is also further assistance of €60 million, of which €53.4 million have already been disbursed, allowing full relief of special loans of the eligible least developed African Caribbean and Pacific countries (LDC Initiative). The EC is planning to extend the scope of these HIPC and LDC initiatives so that it could also include arrears clearance.