

## DEVELOPMENT ASSISTANCE

All of the ambitious commitments outlined in this report – universal access to HIV/AIDS prevention, care and treatment, universal primary education, access to water and sanitation – are dependent on an increase in effective and efficient development assistance.

In signing on to the Millennium Development Goals in 2000, developed countries acknowledged that progress towards achieving the first seven goals would depend largely upon the leadership shown by developing countries themselves. However, in signing up for goal eight as well, the international community clearly affirmed the importance of external support.

At the Gleneagles Summit in 2005, the G8 nations set out individual and collective financial commitments, as measured by official development assistance (ODA). ODA is the international standard definition of what donors can count as development assistance, as defined by the OECD Development Assistance Committee (DAC).<sup>1</sup> Since the commitments were made in 2005, they were built largely on a 2004 baseline of ODA, upon which this report measures progress. This report continues to monitor G8 countries' progress on these commitments using 2004 prices in US dollars as a benchmark, in order to provide a universal reference point across donors and to ensure that the value committed to at the time is delivered in full.<sup>2</sup>

### WHAT DID THE G8 PROMISE?

At the Gleneagles Summit in 2005, the G8 committed to:

#### INCREASE DEVELOPMENT ASSISTANCE

##### PARAGRAPH 25

‘A substantial increase in official development assistance, in addition to other resources, is required in order to achieve the internationally agreed development goals and objectives, including those contained in the Millennium Declaration (the Millennium Goals) by 2015, as we agreed at Monterrey in 2002. Fulfilling this commitment is needed in order to consolidate and build on recent progress in Africa, to stimulate the growth that will increase other resources and to enable African and other poor countries over time to reduce their aid dependency.’

##### PARAGRAPH 27

‘The commitments of the G8 and other donors will lead to an increase in official development assistance to Africa of \$25 billion a year by 2010, more than doubling aid to Africa compared to 2004.’

#### UTILISE INNOVATIVE FINANCING

##### ANNEX II

‘A group of the countries above firmly believe that innovative financing mechanisms can help deliver and bring forward the financing needed to achieve the Millennium Development Goals. They will continue to consider the International Financing Facility (IFF), a pilot IFF for immunisation and a solidarity contribution on plane tickets to finance development projects, in particular in the health sector, and to finance the IFF. A working group will consider the implementation of these mechanisms.’

#### IMPROVED QUALITY OF ASSISTANCE

##### PARAGRAPH 32

‘We need to support sound development strategies with better aid, to ensure it is used most effectively. 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 co-ordination, including through more programme-based approaches.’

#### UPDATING THE COMMITMENT: ST. PETERSBURG

At the St. Petersburg summit in 2006, the G8 made no new commitments on the volume of development assistance, but reiterated their 2005 commitments and provided a status report on delivery.

#### UPDATING THE COMMITMENT: HEILIGENDAMM

In Heiligendamm, the G8 reaffirmed the Gleneagles ODA commitments:

##### PARAGRAPH 2

‘At the same time, we stress our firm resolve to implement the commitments on development made, in particular, in Gleneagles... They also include increasing, compared to 2004, with other donors, ODA to Africa by \$25 billion a year by 2010. The OECD/DAC estimates the global increase of ODA by 2010 at around \$50 billion a year.’

The G8 also reconfirmed their commitment to increasing the effectiveness of aid:

##### PARAGRAPH 20

‘Following the Partnership Commitments of the Paris Declaration – Ownership, Alignment, Harmonization, Results-based Management and Accountability: We are working to implement the Paris Declaration on Aid Effectiveness and recognize that both donors and partner countries have steps to take to improve the impact of aid. We must all work to encourage country ownership, assure alignment of aid programs with country priorities, reduce transaction costs of aid and improve donor coordination. We need to continue enhancing efforts to untie aid pursuant to the 2001 OECD Development Assistance Committee (DAC) recommendation and disbursing aid in a timely and predictable fashion through partner country systems where possible.’

## THE AID PROMISE

# \$21.8bn

Total additional ODA committed by the G8 for Africa by 2010

# \$3bn

Additional ODA delivered thus far

# \$18.8bn

Amount by which G8 needs to increase ODA by 2010

### INTERPRETING THE COMMITMENT

The commitment at the G8 summit in 2005 was three-fold:

- First, the G8 committed, in collaboration with other DAC donors, to mobilise an additional \$25 billion in development assistance for sub-Saharan Africa by 2010, compared with 2004.<sup>3</sup>
- Second, the G8 committed to work with African governments towards specific development outcome goals in areas such as health, education, water and sanitation, peace, governance and capacity to trade. The achievement of such goals is impossible without increased G8 financing.<sup>4</sup>
- Third, the G8 committed to work to implement the Paris Declaration on Aid Effectiveness to make sure that ODA is delivered in a manner that maximises its impact.

While other commitments, such as those on trade, governance and security, enable African governments and citizens to earn additional resources, the development assistance commitment is still a necessary and indispensable condition if specific development outcomes are to be met. The G8 recognised that the increases its members were pledging would cover only part of the additional resources required to meet the Gleneagles commitments, the Millennium Development Goals and other objectives identified during 2005, including those highlighted by the Commission for Africa.

This chapter monitors whether G8 countries are on track to meet the pledges they made on development assistance. To measure progress on quantity commitments effectively, DATA has excluded bilateral debt relief. Debt cancellation is immensely valuable and is fully acknowledged as such in the debt chapter of this report. However, the current rules for counting bilateral debt relief as development assistance, set by the OECD DAC donors, overstate both the value of the debt relief to the developing country and the cost to the developed donor nation. In the absence of information from donors on what it actually costs to provide bilateral debt cancellation, DATA is measuring all progress on the development assistance promise excluding bilateral debt relief, so that there is no risk of obscuring the real underlying figures.<sup>5</sup> Contributions to

international financial institutions that cover multilateral debt relief continue to be counted.

The G8 did not commit to annual interim targets, which would help provide a common expectation of progress. In lieu of such targets, The DATA Report draws a straight-line trajectory from the most recent year for which data are available to the 2010 target to illustrate the progress that would be necessary in order to meet the 2010 target, assuming that equal annual increases were provided. While DATA acknowledges that these targets were not explicitly made by the G8, it believes that establishing a track for making progress is necessary to gauge the likelihood of meeting the 2010 targets. In the future, DATA hopes that development partners will set annual interim targets so that African nations can better plan for ODA flows.

### HOW AMBITIOUS WAS THE G8 PROMISE?

There are two ways to consider the ambition of these development assistance targets – collectively and individually.

Collectively, the total of \$25 billion was noted as an important benchmark because it was roughly in line with the resource requirements identified by the Commission for Africa (CFA) Report. The CFA called for an additional \$25 billion to be mobilised by 2008, or 2010 at the very latest. The Gleneagles commitment set a target towards the end of this window, underscoring the importance of timely delivery if the ambition of the goal is to be maintained.

Though an additional \$25 billion is an ambitious financial commitment, a costing of the individual commitments reveals that more than \$25 billion would be required annually by 2010 to achieve these development goals. A rough estimate for some of the sectoral commitments outlined elsewhere in this report shows that \$25 billion falls short of the resources required to achieve what the G8 commits itself to in terms of outcomes. Figure 1 provides a baseline for the external financing necessary to achieve the goals established by the G8. Some of the sector commitments do not have robust cost estimates and are thus not included.

FIGURE 1  
ESTIMATED COSTS OF GLENEAGLES PRIORITIES  
(\$ BILLIONS)

	EXTERNAL RESOURCES REQUIRED BY 2010	G8 SHARE	2006 G8 SPENDING
WATER AND SANITATION	2.3	1.93	1.13
EDUCATION	5.0	4.2	0.63
AID FOR TRADE	13.0	10.92	2.8
HEALTH <sup>6</sup>	51.9	43.6	3.7
GOVERNANCE AND SECURITY	4.3	3.6	n/a
<b>TOTAL</b>	<b>76.5</b>	<b>54.2</b>	<b>8.26</b>

The ambition of individual G8 nations varies widely. Some countries' targets were based on doubling their levels of

development assistance for Africa from a certain base year, but others tied their commitments to meet the longstanding UN target of spending 0.7% of gross national income (GNI) on development assistance.<sup>7</sup> The levels of ambition for individual donors can be evaluated both in volume terms and in terms of share of national income, as is shown in Figures 2 and 3. As part of a broader EU development assistance target, France, Germany, Italy and the UK made ambitious commitments both in terms of the share of national wealth and of actual volume increases. The EU target commits those four countries to committing 0.51% of their GNI for ODA by 2010 and allocating half of the increases to sub-Saharan Africa. Japan and Canada set less ambitious targets by using base years in which ODA was very low from which to 'double' ODA to sub-Saharan Africa. The US committed to double its ODA to the region, which will yield a high volume commitment, but in terms of relative wealth its commitment remains one of the lowest in comparison with other G8 and OECD nations.

FIGURE 2  
DONORS RANKED BY SHARE OF GNI COMMITTED TO ODA TO SUB-SAHARAN AFRICA, 2004 AND 2010

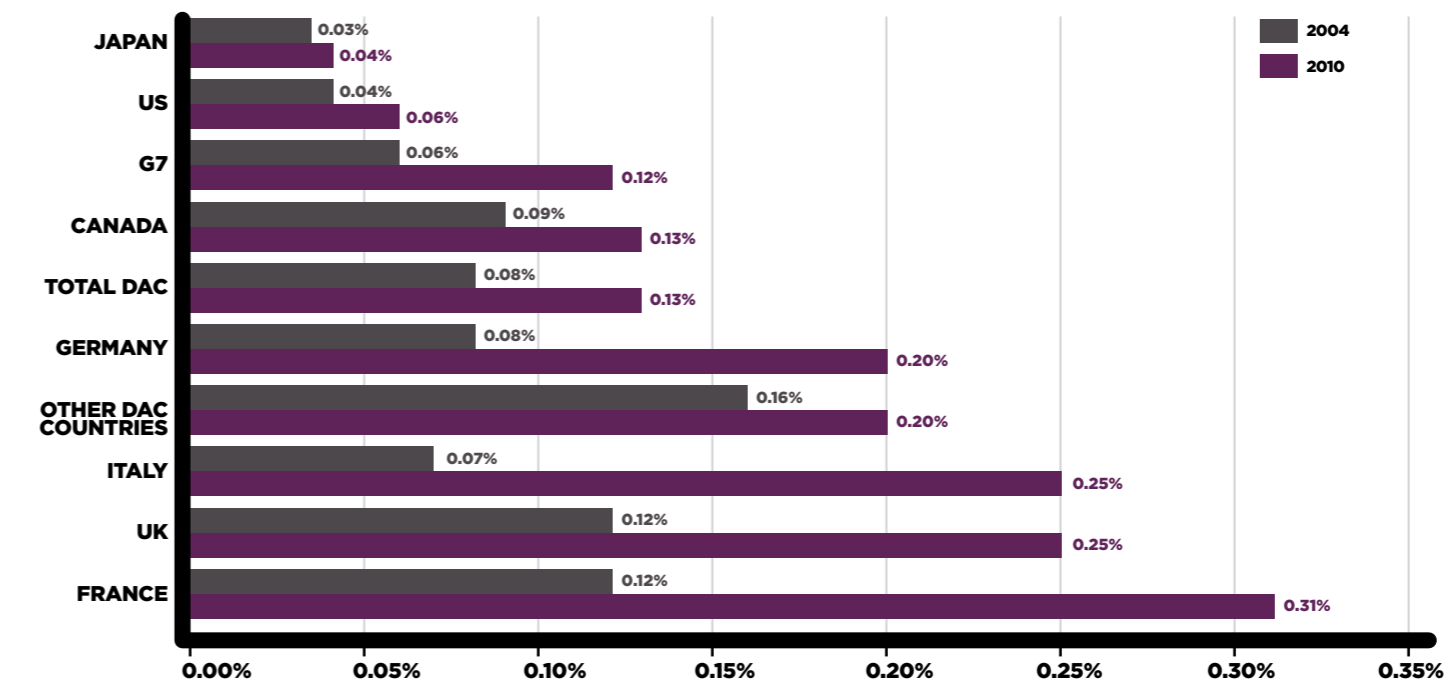
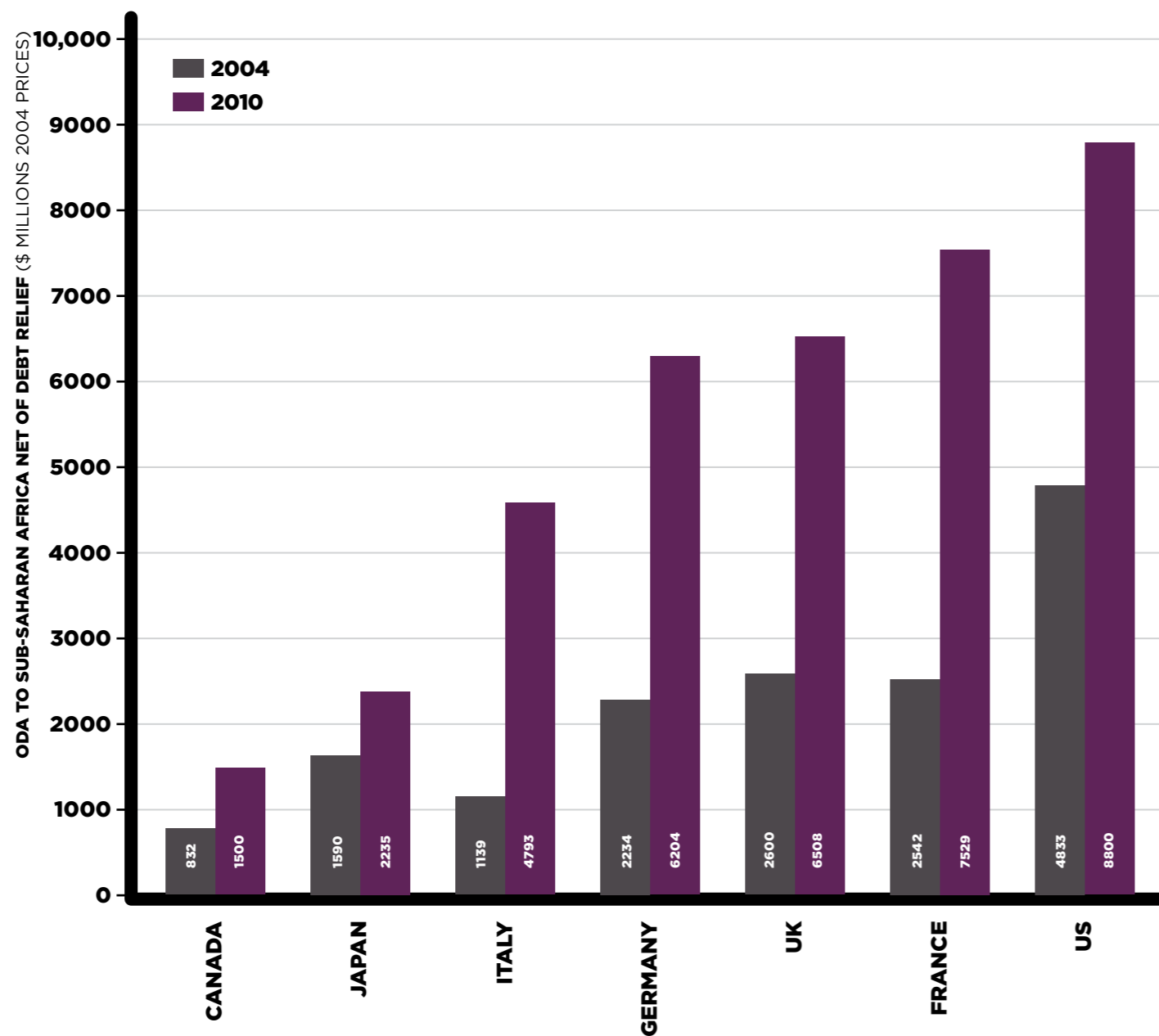


FIGURE 3

## DONORS RANKED BY VOLUME OF THEIR INCREASES IN ODA TO SUB-SAHARAN AFRICA BETWEEN 2004 AND 2010



The 2005 Gleneagles commitment has been widely referenced as a total of \$25 billion of additional resources to be made available to sub-Saharan Africa as part of a \$50 billion increase in global ODA by 2010. In fact, the G8 donors' commitments totalled \$26.1 billion (in 2004 prices) at the time they were originally made, and non-G8 EU members committed an additional \$5.3 billion over the same timeframe.

Since the 2005 Summit, some donors have clarified their commitments. Some of those initial clarifications provided a small boost to the overall figures, whereas recent clarifications have reduced the overall ambition. In particular, Canada reduced its baseline figures for 2004 because its budget expenditures on development assistance in that year were less than expected. As a result, its 2008/09 target fell from \$2.2 billion to \$1.5 billion. France has moved its 0.7% target back from 2012 to 2015. This lowers France's target as calculated in this report from \$8.5 billion for Africa in 2010 to \$7.5 billion.

In addition, slower than expected delivery of the commitment on global ODA increases has ultimately reduced the size of the sub-Saharan Africa total as well. Currently available data make assessing whether the UK has missed its interim 2007/08 bilateral target difficult, but DATA has redrawn the trajectory to 2010 to revert to the EU wide commitment. This has reduced the UK's ultimate target for 2010 ODA to sub-Saharan Africa. Japan's recent new commitment from TICAD has not yet been added to DATA's analysis due to publication deadlines but will also influence the total target for 2010.

Taking into account all recent G8 clarifications (except for Japan's), as well as adjustments due to lacklustre performance to date, the total increase in G8 ODA to sub-Saharan Africa by 2010 has fallen from \$26.1 billion to \$21.8 billion. When this total is added to the 2004 baseline of \$15.8 billion, the target for 2010 reaches \$37.57 billion. The DATA Report has reflected these changes where relevant, including in individual country chapters.

Even if these commitments are fulfilled, none of the G8 donors will have met the 0.7% target for global ODA by 2010. Four non-G8 countries – Denmark, the Netherlands, Norway and Sweden – have consistently met the 0.7% target for more than 20 years, often achieving more than 1% of GNI in development assistance. Luxembourg has given more than 0.7% since 2000, and Belgium and Finland are on track to meet this goal by 2010.

## DELIVERING THE PROMISE

DATA assesses the progress that G8 countries have made towards their 2010 commitments based on a linear trajectory drawn from 2006 finalised figures to the 2010 targets. Although donors did not specify interim annual targets, the trajectory shows the equal annual provisions that would be necessary to meet the commitment by 2010. The 2007 determination of status compares the preliminary 2007 data from DAC with the 2007 ODA level that would be required to be on track with a straight-line trajectory drawn from finalised 2006 figures to the 2010 targets.

On the whole, the G8's progress in meeting their development assistance commitments to Africa in 2007 remained unimpressive and, for the third year straight, the Group was collectively off-track to meet its 2010 goal. In fact, total G7 ODA for sub-Saharan Africa only increased by \$837 million in 2007, and three countries actually cut ODA to sub-Saharan Africa.

As noted above, the G8 would need to increase ODA for sub-Saharan Africa by \$21.8 billion by 2010, but to date their ODA has increased by just \$3.035 billion. This means that, although 50% of the time in which to deliver the commitments has elapsed, the G8 have collectively delivered only 14% of the increases to which they committed.

Some countries' 2007 increases were more promising than others. The 2007 data show that Germany made progress with a 13% increase, reflecting an increase in its ODA to sub-Saharan Africa of \$311 million. Italy's figures increased by a dramatic 61.3%, but this sizeable increase was undermined by the fact that in the previous year the total fell by 51%. Both the US and UK increases were less than expected in 2007, but both countries have positive projected ODA levels that should at least bring them close to their targets in 2010. Canada, France and Japan all cut ODA to sub-Saharan Africa in 2007.



**Total G7 ODA for sub-Saharan Africa only increased by \$837 million in 2007, and three countries actually cut ODA to sub-Saharan Africa**



FIGURE 4

## PROGRESS ON ODA TO SUB-SAHARAN AFRICA

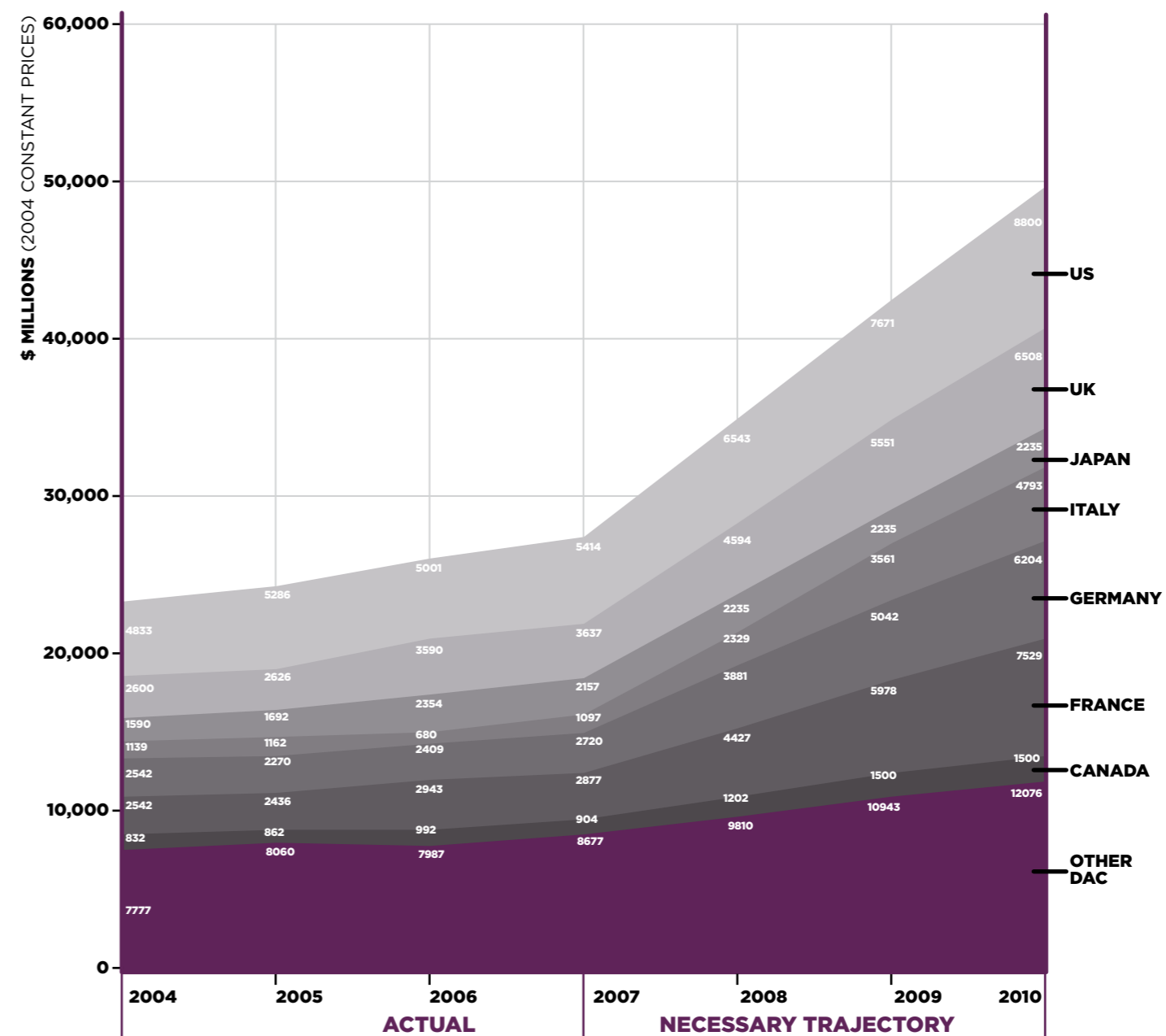
	2007 ODA TO SUB-SAHARAN AFRICA (\$ BILLIONS)	CHANGE 2006-2007	
		VOLUME	%
CANADA	0.904	-88	-9%
FRANCE	2.877	-66	-2%
GERMANY	2.720	311	13%
ITALY	1.097	417	61%
JAPAN	2.157	-197	-8%
UK	3.637	48	1%
US	5.414	413	8%
<b>G8</b>	<b>18.805</b>	<b>837</b>	<b>5%</b>
OTHER DAC COUNTRIES	8.677	690	9%
<b>DAC TOTAL</b>	<b>27.482</b>	<b>1527</b>	<b>6%</b>

	2004 ODA TO SUB-SAHARAN AFRICA <sup>a</sup> (\$ BILLIONS)	TARGET ODA TO SUB-SAHARAN AFRICA IN 2010 (\$ BILLIONS)	TOTAL CHANGE IN ODA TO SUB-SAHARAN AFRICA 2004-07 <sup>a</sup>	% OF INCREASES ACCOMPLISHED BY END OF 2007 TOWARDS 2010 COMMITMENT
CANADA	0.832	1.5	72	10.8%
FRANCE	2.542	7.529	334	6.7%
GERMANY	2.234	6.204	485	12.2%
ITALY	1.139	4.793	-43	-1%
JAPAN	1.59	2.235	567	100%*
UK	2.6	6.508	1037	26%
US	4.833	8.8	581	15 %
<b>G8</b>	<b>15.770</b>	<b>37.568</b>	<b>3035</b>	<b>14%</b>
OTHER DAC COUNTRIES	7.777	12.076	900	
<b>DAC TOTAL</b>	<b>23.548</b>	<b>49.644</b>	<b>3934</b>	

\* Though Japan is shown here as having achieved its commitment, it should be noted that this commitment was only to double bilateral aid from 2003 levels. In selecting 2003 for its Africa commitment, Japan chose the year with the lowest bilateral spending in the previous decade – ¥60 billion (\$561 million). This was not an ambitious commitment and does not contribute significantly to the overall increases to which the G8 committed.

FIGURE 5

## WHAT DO DAC DONORS NEED TO DO IN 2008-10?



## 2008 FINANCING NEEDS AND PROJECTIONS

As noted in previous DATA Reports, the timeliness of DAC data is a major limiting factor in the effort to hold donors accountable. The DAC currently issues a preliminary report on development assistance expenditures three months after the close of a given calendar year, but does not get information from the donors early enough to finalise these estimates until a full year after the calendar year has closed. The preliminary data issued by the DAC in April 2008 track donor disbursements for January–December 2007, but may reflect political decisions and budgets that were finalised months, if not years, beforehand. DATA acknowledges that the most accurate assessment of the degree to which a donor is upholding its commitments to Africa should include the most recent actions taken with regard to development spending. Unfortunately, no such source exists that evaluates donors using a standard methodology. Not only does this make assessments less comprehensive, it makes planning very difficult for recipient countries that do not have a clear idea of what resources will be available in the current or coming years.

In last year's report, DATA used the most recent budget information for development accounts to project 'pipeline' figures for forthcoming expenditures. This year, DATA has expanded upon this analysis in an attempt to more equitably

compare donor budget activities and add a more up-to-date perspective to the overall assessment. To do this, DATA has gathered budget data where available and has looked at past ODA trends in order to project 2008 ODA levels for G8 countries. DATA hopes that donors will see value in working with the DAC to produce a more rigorous and timely pipeline that recipient countries can use for planning purposes. This would help the finance ministers of developing nations to plan their budgets. It would also help groups such as DATA, the media and civil society to better monitor the budgetary efforts of donor nations.

The pipeline analysis presented in this year's report is not precise. Each G8 country budget process is different, as is each country's disbursement process and timing, which therefore makes it difficult to estimate the timing of when budgeted development assistance will appear as aid flows to sub-Saharan Africa. DATA has gathered preliminary estimates of the budget allocations that G8 countries are making on development assistance to Africa in 2008. In many cases, the allocation for sub-Saharan Africa is not yet available. In these cases, DATA has had to estimate that the share of global ODA allocated to Africa would be similar to the share allocated to the region in the past four years (2004–07). These estimates for 2008 spending are then compared with the trajectory needed in 2008, based on the straight-line trajectory drawn from 2006 development assistance levels to the 2010 targets.

FIGURE 6

### ESTIMATED ODA ALLOCATIONS TO SUB-SAHARAN AFRICA FOR 2008

	DATA'S ESTIMATES OF 2008 INCREASES FOR SUB-SAHARAN AFRICA (2004 \$ MILLIONS)	INCREASE NEEDED TO BE ON TRACK IN 2008 (2004 \$ MILLIONS)	DATA'S ESTIMATE OF SHORTFALL (2004 \$ MILLIONS)
<b>CANADA</b>	113	298	186
<b>FRANCE</b>	301	1551	1249
<b>GERMANY</b>	664	1161	497
<b>ITALY</b>	195	1232	1037
<b>JAPAN</b>	-59	79	138 <sup>10</sup>
<b>UK</b>	409	957	468
<b>US</b>	868	1100	263
<b>G7 TOTAL</b>	<b>2.6 BILLION</b>	<b>6.4 BILLION</b>	<b>3.8 BILLION</b>

According to DATA's estimates, the G7 will be further off a linear track on their commitments to Africa at the end of 2008. Despite an estimated increase in ODA flows to sub-Saharan Africa of \$2.6 billion for the year, DATA estimates that the G7 countries will be \$3.8 billion short of a straight-line trajectory to their 2010 target levels, meaning that they have thus far made provisions that get them less than halfway to the necessary increase. Though these figures could increase as the year progresses, the projections indicate that emergency efforts would be necessary to get on track in 2008.

As the mid-point for the G8 commitments to Africa passes, an overall assessment of progress towards meeting these ODA commitments reveals that the EU G7 countries have made huge commitments but are falling far short of meeting them, while Canada, Japan and the US have made more modest

commitments but are closer to meeting them. Specifically, the EU G7 countries – Italy, Germany, the UK and France – account for 84.6% or \$3.25 billion of the projected shortfall for 2008. However, budget projections for the UK are positive towards 2010. The US will continue to be off a linear track next year, but disbursements are expected to begin to increase from large budget appropriations signed into law in recent years so that, by 2010, DATA projects that the US will meet its commitments. Japan has met its commitment to double bilateral ODA to sub-Saharan Africa by 2007. Canada's ODA to the region will improve in 2008, but will fall slightly short of being on track. DATA is advocating for all three countries to make more substantial commitments. More specific information on each of the G7's ODA commitments and progress towards meeting them is given on the following pages.

## 2008 PIPELINE

# \$6.4bn

2008 increase in ODA necessary to be on track

# \$2.6bn

DATA's estimate of 2008 increase in ODA

## CANADA

2010 TARGET **CAD\$2.1bn** (\$1.5bn)

2007 ODA **CAD\$1.176bn** (\$904m)

CHANGE 2006-07 **-CAD\$115m** (-\$88m)

CHANGE 2004-07 **CAD\$94m** (\$72m)

% OF INCREASE ACHIEVED **10.8%**

INCREASE NEEDED 2007-08  
**CAD\$420m** (\$298m IN 2004 PRICES)

ESTIMATED INCREASE 2007-08  
**CAD\$159m** (\$113m IN 2004 PRICES)

### OVERALL ASSESSMENT ON ODA

Canada is off track to meet its ODA quantity commitment, despite the fact that a diminished baseline has weakened its overall commitment. In 2007 Canada reduced ODA to sub-Saharan Africa even while its global ODA increased. Thus far, Canada's plans for 2008 show improvement, but not enough to be on track.

Prime Minister Stephen Harper and the Canadian International Development Agency (CIDA) have clarified that the 2003/04 baseline for Canada's commitment was CAD\$1.05 billion (\$750 million), based on revisions to DAC's reported data. The new target for doubling ODA by 2008/09 is therefore \$1.5 billion (rather than the original estimate of \$2.1 billion as noted in previous DATA Reports). Even though three-quarters of Canada's 2008/09 budget year falls in 2008, DATA is holding Canada to fulfilling this commitment in full by the end of the 2009 calendar year because significant portions of its ODA are disbursed in the last three months of its budget year.

### 2007 SNAPSHOT

In order to be on a straight-line trajectory to meet its target, Canada would have needed to increase ODA to sub-Saharan Africa (excluding bilateral debt relief) by CAD\$220 million (\$169 million) in 2007. However, in total Canada's ODA to the region decreased by CAD\$115 million (\$88 million). Although bilateral ODA to sub-Saharan Africa increased by CAD\$82 million (\$63 million) over 2006 levels, multilateral flows decreased by CAD\$197 million (\$152 million). The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur in the context of fluctuations in global ODA. While ODA for Africa decreased, Canada's global ODA, net of bilateral debt relief, increased by CAD\$160 million (\$123 million) from 2006 to 2007.

### THREE-YEAR TREND

In total, Canada's ODA to sub-Saharan Africa increased by CAD\$94 million (\$72 million) between 2004 and 2007, excluding bilateral debt relief. In that period, Canada's global ODA increased by \$442 million (\$339 million).

### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices in Canadian dollars and 2004 prices in US dollars.)

In order to get on track and to reach its target of CAD\$2.1 billion (\$1.5 billion) in 2009, Canada would need to increase ODA by CAD\$388 million (\$298 million in 2004 US prices) net of bilateral debt relief in 2008.

Although final budget figures are not available, Canada's global ODA in 2008 is projected to be approximately CAD\$4.448 billion (\$3.157 billion in 2004 prices). Using the average allocation to Africa over the period 2004-07, DATA estimates that approximately 32% of global ODA or CAD\$1.432 billion (\$1.016 billion in 2004 prices) will be directed to sub-Saharan Africa. This is an increase of CAD\$159 million (\$113 million in 2004 prices), but far less than the increase of CAD\$420 million (\$298 million in 2004 prices) needed for Canada to be on track.

## FRANCE

2010 TARGET **€6.06bn** (\$7.529bn)

2007 ODA **€2.316bn** (\$2.877bn)

CHANGE 2006-07 **-€53m** (-\$66m)

CHANGE 2004-07 **€269m** (\$334m)

% OF INCREASE ACHIEVED **6.7%**

INCREASE NEEDED 2007-08  
**€1.315bn** (\$1.551bn IN 2004 PRICES)

ESTIMATED INCREASE 2007-08  
**€256m** (\$301m IN 2004 PRICES)

### OVERALL ASSESSMENT ON ODA

France is currently off track on its commitment to increase ODA, despite moving its global ODA goal of 0.7% ODA/GNI back from 2012 to 2015. France committed to spend the majority of increased ODA in sub-Saharan Africa, but even as its global ODA increased slightly in 2007, its assistance to the region decreased.

In early 2008, President Nicolas Sarkozy moved the target date for reaching ODA levels of 0.7% of GNI back from 2012 to 2015. However, the increases needed to maintain a straight-line trajectory to 0.7% of GNI in 2015 are still considerable. France has also clarified its sub-Saharan Africa target, announcing that 66% of bilateral and 50% of multilateral ODA will be allocated to the region.

### 2007 SNAPSHOT

In 2007, France's total ODA to sub-Saharan Africa declined by €53 million (\$66 million) from 2006 levels. France's multilateral allocation to the region dropped by €13 million, and its bilateral assistance net of bilateral debt relief declined by €40 million. In order to be on a straight-line trajectory to the 2010 target, France would have needed to increase ODA by €1.128 billion (\$1.402 billion) between 2006 and 2007. The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur within the context of fluctuations in global ODA. At a time when ODA levels need to increase significantly to reach 0.7% of GNI by 2015, global ODA net of bilateral debt relief increased by €475 million (\$590 million) between 2006 and 2007, even though ODA net of bilateral debt relief to sub-Saharan Africa fell.

### THREE-YEAR TREND

France's net ODA to sub-Saharan Africa went up by €269 million (\$334 million) over the period 2004-07. Between 2004 and 2007, France's global ODA increased by €559 million (\$695 million).

### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices in euros and 2004 prices in US dollars.)

In order to get on a linear trajectory to reach its target of €6.06 billion (\$7.529 billion) of ODA to sub-Saharan Africa in 2010, France would need to increase its ODA by €1.315 billion (\$1.551 billion) in 2008 to reach a total of €3.564 billion (\$4.427 billion) net of bilateral debt relief.<sup>11</sup>

Based on preliminary budget estimates, France's total ODA is projected to be approximately €6.752 billion (\$7.960 billion in 2004 prices) in 2008. Specific budget allocations for 2008 to sub-Saharan Africa are not available but, based on the share of global ODA allocated to Africa in previous years, DATA estimates that approximately 39.9%, or €2.696 billion (\$3.178 billion in 2004 prices), will be allocated to Africa this year. This is an increase of €256 million (\$301 million in 2004 prices) from 2007 levels, but is less than the increase of €1.315 billion (\$1.551 billion in 2004 prices) necessary to get on track towards the revised commitment.

## GERMANY

2010 TARGET **€4.993bn** (\$6.204bn)

2007 ODA **€2.19bn** (\$2.72bn)

CHANGE 2006-07 **€250m** (\$311m)

CHANGE 2004-07 **€391m** (\$485m)

% OF INCREASE ACHIEVED **12.2%**

INCREASE NEEDED 2007-08  
**€965m** (\$1.161bn IN 2004 PRICES)

ESTIMATED INCREASE 2007-08  
**€527m** (\$634m IN 2004 PRICES)

### OVERALL ASSESSMENT ON ODA

Germany remains off track in 2007, despite posting significant increases in development assistance to sub-Saharan Africa. Further welcomed increases are planned for 2008, but in order to reach the 2010 target these annual increases will need to grow.

Despite a strong increase in bilateral development assistance to sub-Saharan Africa in 2007, Germany is off track to meet its commitment based on a steady trajectory drawn between 2006 and 2010. It has committed to reach 0.51% ODA/GNI in 2010 and 0.7% ODA/GNI in 2015. This commitment was made as part of the 2005 EU commitment to development assistance, which also stipulated that 50% of the increases would be directed to sub-Saharan Africa.

#### 2007 SNAPSHOT

In order to be on a straight-line trajectory to the 2010 target, Germany would have needed to increase assistance by €672 million (\$836 million) in 2007. Excluding bilateral debt relief, it increased its development assistance to sub-Saharan Africa by €250 million (\$311 million) between 2006 and 2007.

Bilateral assistance increased by \$188 million and multilateral contributions to sub-Saharan Africa increased by an additional \$122 million. The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur in the context of fluctuations in global ODA. Germany's global ODA net of bilateral debt relief increased by €607 million (\$754 million) from 2006 to 2007, which means that 41% of the increase was directed to sub-Saharan Africa.

#### THREE-YEAR TREND

Between 2004 and 2007, Germany's development assistance to sub-Saharan Africa, net of bilateral debt relief, increased by 6.9% or €391 million (\$485 million). Increases in German ODA in the years ahead will have to compensate for the undersized increases between 2004 and 2006. Between 2004 and 2007, Germany's global ODA increased by €1.484 billion (\$1.844 billion).

#### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices in Euros and 2004 prices in US dollars.)

In order to get on a linear trajectory to reach its target in 2010, Germany would need to increase ODA by €934.5 million (\$1.161 billion) net of bilateral debt relief in 2008 to reach a total of €3.124 billion (\$3.881 billion).<sup>12</sup> This would represent an increase of 42.68% over 2007 figures.

Based on current budget estimates, DATA expects Germany's global ODA to increase by €870 million (\$1.047 billion in 2004 prices) between 2007 and 2008, to a total of €7.736 billion (\$9.311 billion in 2004 prices).<sup>13</sup> Much of this increase is contained in the budget of the Federal Ministry for Economic Cooperation and Development (BMZ), which implements most ODA-financed projects. Other increases in ODA include financing from the auction of CO2 certificates. Approximately two-thirds of the increases in BMZ's budget, and no less than 40% of the remainder, are expected to be delivered to sub-Saharan Africa. Based on these figures, Germany's ODA to the region is expected to increase by approximately €527 million (\$634 million in 2004 prices) to a total of €2.682 billion (\$3.384 billion in 2004 prices). Though a strong increase, this is less than the €965 million (\$1.161 billion in 2004 prices) increase needed to get on track.

## ITALY

2010 TARGET **€3.858bn** (\$4.793bn)

2007 ODA **€883m** (\$1.097bn)

CHANGE 2006-07 **€335m** (\$417m)

CHANGE 2004-07 **-€34m** (\$-43m)

% OF INCREASE ACHIEVED **-1%**

INCREASE NEEDED 2007-08  
**€1.066bn** (\$1.232bn IN 2004 PRICES)

ESTIMATED INCREASE 2007-08  
**€168m** (\$195m IN 2004 PRICES)

### OVERALL ASSESSMENT ON ODA

Italy's commitment is hugely ambitious, but the country is hugely off track based on DATA's trajectory. Although good progress was made in 2007 to restore previous cuts in assistance to Africa and the 2008 pipeline reveals a solid increase, Italy needs to ensure that these are sustained increases and not one-time payments.

Italy has committed to spend at least 0.51% of its GNI as ODA by 2010 and 0.7% of GNI as ODA by 2015. This commitment was made as part of the 2005 EU commitment on development assistance, which also stipulated that 50% of the increases would be directed to sub-Saharan Africa.

#### 2007 SNAPSHOT

In order to be on a linear trajectory to meet its 2010 target, Italy would have needed to increase ODA to sub-Saharan Africa by €973 million (\$1.207 billion) in 2007. In fact, its total ODA to the region, net of bilateral debt relief, rose by €335 million (\$417 million) between 2006 and 2007 to reach a total of €883million (\$1.097 billion), representing an increase of 61% in one year. However, this increase does not fully compensate for past performance. The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur within the context of global ODA fluctuations. Italy increased its overall global ODA by €733 million (\$910 million) between 2006 and 2007 – an increase of 47% net of bilateral debt relief. Almost half (46%) of the 2007 overall increase was directed to sub-Saharan Africa.

#### THREE-YEAR TREND

Between 2004 and 2007, Italy cut development assistance by €34 million (\$43 million). Global ODA followed a similar trend and fell by €4 million (\$5 million) between 2004 and 2007.

#### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices in euros and 2004 prices in US dollars.)

In order to get on a linear trajectory and reach its sub-Saharan Africa target of €3.858 billion (\$4.793 billion) in 2010, Italy would need to increase its ODA by €1.066 billion (\$1.232 billion) in 2008 to reach a total of €1.874 billion (\$2.329 billion) net of bilateral debt relief. This increase would represent an increase of 112% over 2007.

Based on current budget estimates, DATA estimates that Italy will record a €994 million increase in global ODA in 2008 to reach a total of €2.92 billion (\$3.374 billion in 2004 prices). Because Italy has allocated approximately 38% of its global ODA to Africa in recent years (average for 2004-07), DATA estimates that approximately €1.118 billion (\$1.291 billion in 2004 prices) will be allocated to Africa in 2008. This is an increase of €168 million (\$195 million in 2004 prices), but is less than the increase needed of €1.066 billion (\$1.232 billion in 2004 prices) in 2008 to get on track.

## JAPAN

### 2007 TARGET FOR BILATERAL ODA

**¥121.31bn** (\$1.12bn IN 2004 PRICES)

**¥122.6bn** (\$1.06bn IN CURRENT PRICES)

### 2007 BILATERAL ODA

**¥125.5bn** (\$1.16bn IN 2004 PRICES)

**¥122.3bn** (\$1.04bn IN CURRENT PRICES)

### CHANGE IN TOTAL ODA TO SUB SAHARAN AFRICA 2006-07

**-¥21.3bn** (-\$197m IN 2004 PRICES)

**-¥25.1bn** (\$213m IN CURRENT PRICES)

### CHANGE IN TOTAL ODA TO SUB SAHARAN AFRICA 2004-07

**¥70.4bn** (\$598m IN 2004 PRICES)

**¥43.6bn** (\$370m IN CURRENT PRICES)

### % OF INCREASE IN BILATERAL ODA TO SUB SAHARAN AFRICA ACHIEVED

**100%** USING 2004 PRICES. **98%** USING CURRENT PRICES

### ESTIMATED INCREASE 2007-08

**-¥6.223bn** (-\$59m IN 2004 PRICES)

## OVERALL ASSESSMENT ON ODA

Using 2004 constant prices Japan has fulfilled a very weak commitment to double bilateral ODA to sub-Saharan Africa from a 2003 baseline, but in 2007 it cut ODA to the region compared with 2006 levels and has also reduced global ODA in the past two years. Though it is not assessed in this Report, Japan made a new commitment to double bilateral ODA to Africa by 2012 at TICAD, but once again, omitted multilateral assistance from its pledge. Japan has not extended its expertise on water to Africa and although it co-chairs the FTI, it has not pushed global education goals. On trade, it has done little to integrate its trade policy with development to create opportunities for African countries.

In May 2008, Japan made a new commitment to double bilateral ODA to Africa again by 2012. This commitment was made too late to be fully reflected by this report. We therefore continue to only include the 2005 commitment in the analysis but will produce a new analysis including the new Japanese commitment which will be on our website [www.one.org/jp](http://www.one.org/jp)

After President Koizumi made his 2005 commitment, the Japanese government clarified that it would double bilateral aid to Africa by 2007, based on net disbursements in 2003, and that the ¥1 trillion (\$10 billion) aggregate increase, based on net disbursements in 2004, would be achieved by the end of 2009. In selecting 2003 as the baseline for its Africa commitment, Japan chose the year with the lowest bilateral spending in the previous decade – ¥60 billion (\$561 million). Even though it doubled this level by 2007, in real terms Japan spent less in 2007 than it did in 1989/90.

### 2007 SNAPSHOT

In 2007, Japan reduced its ODA, net of bilateral debt relief, to sub-Saharan Africa by ¥21.3 billion (\$197 million) or 8% in 2004 prices. This decrease was due to a 48% drop in multilateral assistance. Japan's bilateral ODA to sub-Saharan Africa increased to ¥125.495 billion (\$1.161 billion in 2004 prices), thus surpassing the 2007 target for bilateral assistance. However, in current prices, Japan's ODA in 2007 reached ¥122.3 billion (\$1.04 billion) thus falling just short of the target.

The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur within the context of fluctuations in global ODA. Between 2004 and 2007, Japan's global ODA decreased by ¥186.52 billion (\$1.725 billion in 2004 prices). These are troubling trends for Japan in a year when it is hosting both the Tokyo International Conference on African Development (TICAD IV) and the 2008 G8 Summit.

### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices in yen and 2004 prices in US dollars.)

Although final budget figures for 2008 are not available, Japan's global ODA in 2008, excluding bilateral debt relief, is projected to be approximately ¥921.5 billion (\$8.748 billion in 2004 prices). Using past allocation levels to Africa (2004-07), DATA estimates that approximately 24% of Japan's global ODA

will be allocated to Africa in 2008. DATA therefore estimates that Japan's ODA for sub-Saharan Africa will be approximately ¥220.974 billion (\$2.098 billion in 2004 prices) in 2008. This is a decrease of ¥6.223 billion (\$59 million in 2004 prices).<sup>14</sup>

## UK

2010 TARGET **£3.551bn** (\$6.508bn)

2007 ODA **£1.985bn** (\$3.637bn)

CHANGE 2006-07 **£26m** (\$48m)

CHANGE 2004-07 **£566m** (\$1.037bn)

% OF INCREASE ACHIEVED **26%**

INCREASE NEEDED 2007-08 **£562m** (\$957m IN 2004 PRICES)

ESTIMATED INCREASE 2007-08 **£287m** (\$490m IN 2004 PRICES)

## OVERALL ASSESSMENT ON ODA

The UK has increased the volume of ODA to Africa more than any other G8 country and data is not yet available to assess whether the UK has met its target for doubling bilateral ODA between fiscal years 2003/04 and 2007/08. DATA's estimates of 2008 ODA to sub-Saharan Africa project that the UK will remain off track in its effort to meet the 2010 target, but longer-term budgetary commitments show a positive trajectory that will bring the UK close to doing so.

In past years, DATA has held the UK accountable to its commitment to double bilateral ODA to sub-Saharan Africa by 2007/08. The UK has not met that commitment. DATA has now reverted to the UK's commitment to comply with the EU's 2005 commitment. Going forward, DATA will track the

UK's progress in meeting its goals of reaching 0.51% ODA/GNI by 2010/11 and 0.7% ODA/GNI by 2013, with half of these increases being directed to sub-Saharan Africa.

### 2007 SNAPSHOT

In order to be on a linear trajectory towards its 2010 target, the UK would have needed to increase ODA to sub-Saharan Africa by £662 million (\$1.213 billion) in 2007, but in fact UK ODA to the region, net of bilateral debt relief, only increased by £26 million (\$48 million). The bilateral component of ODA to sub-Saharan Africa, net of debt relief, fell by £32 million (\$59 million), while multilateral spending increased by £58 million (\$106 million).

The DATA Report is focused primarily on the G8's commitments to sub-Saharan Africa, but these increases occur within the context of fluctuations in global ODA. This year's weak performance in ODA net of bilateral debt relief to sub-Saharan African countries reflected similar trends in the global total – which actually declined by £94 million (\$172 million) between 2006 and 2007, from £4.665 billion to £4.571 billion (\$8.549 billion to \$8.377 billion).

### THREE-YEAR TREND

Between 2004 and 2007, the UK delivered a total increase of £566 million (\$1.037 billion). Between 2004 and 2007, the UK's global ODA increased by £677 million (\$1.24 billion).

### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 prices GBP sterling and 2004 prices in US dollars.)

In order to get on a straight-line trajectory to reach its target of £3.551 billion (\$6.508 billion) by 2010, the UK would need to increase its ODA by £562 million (\$957 million) net of bilateral debt relief in 2008.

DATA estimates that the UK's global ODA will reach approximately £6.117 billion (\$10.41 billion in 2004 prices) in 2008.<sup>15</sup> DATA estimates, based on an average of allocations since 2004, that the UK's ODA to Africa in 2008 will be approximately 39.6% of its total ODA, or £2.425 billion (\$4.127 billion in 2004 prices). This is an increase of £287 million (\$490 million in 2004 prices), and less than the increase of £562 million (\$957 million in 2004 prices) required in 2008 to be on DATA's trajectory.<sup>16</sup>

DATA's estimates of 2008 ODA to the region project that the UK will remain off track in its effort to meet the 2010 target, although longer-term budgetary commitments derived from the Comprehensive Spending Review (CSR) show a positive trajectory that will bring it close to meeting its target.

## US

2010 TARGET **\$8.8bn**

2007 ODA **\$5.414bn**

CHANGE 2006-07 **\$413m**

CHANGE 2004-07 **\$581m**

% OF INCREASE ACHIEVED **15%**

INCREASE NEEDED 2007-08  
**\$1.2bn** (\$1.1bn IN 2004 PRICES)

ESTIMATED INCREASE 2007-08  
**\$940m** (\$868m IN 2004 PRICES)

## OVERALL ASSESSMENT ON ODA

The US is currently off track on its ODA commitment as compared with a straight-line trajectory, but DATA estimates that it has sufficient increases in the pipeline to fulfil its commitment by 2010.

The US committed to double ODA to sub-Saharan Africa from a baseline of \$4.4 billion to \$8.8 billion in 2010.

### 2007 SNAPSHOT

In 2007, US ODA to sub-Saharan Africa, excluding bilateral debt relief, increased by \$413 million or 8.26% from 2006 levels. To be on track as determined by a straight-line trajectory, DATA estimates that the US would have needed to increase its ODA by \$950 million – an increase of 19%. The

DATA Report is primarily focused on the G8's commitments to sub-Saharan Africa, but these increases occur within the context of fluctuations in global ODA. The US did not make a global ODA commitment at Gleneagles. While ODA to sub-Saharan Africa increased in 2007, global US ODA net of bilateral debt relief decreased by \$640 million, due largely to declining ODA for Iraq.

### THREE-YEAR TREND

Between 2004 and 2007, the US only delivered a total increase of \$581 million. Between 2004 and 2007, the US's global ODA increased by \$1.07 billion.

### 2008 PIPELINE

(NOTE: All figures given in this section are in 2007 and 2004 prices in US dollars.)

Assuming a straight-line trajectory, the US would need to allocate a total of \$6.5 billion for sub-Saharan Africa in 2008. Reaching such a target would require a \$1.1 billion increase, net of bilateral debt relief, in 2008.<sup>17</sup>

US appropriation levels have increased in recent years. However, slower than expected disbursements, in some cases due to the late passage of appropriations bills, have tempered the US's progress in ODA as reported by the DAC. Unless the pace of disbursement of previously appropriated assistance for sub-Saharan Africa accelerates significantly beyond current expectations, DATA estimates that in 2008 the US will once again be below a steady ramp-up to reach its 2010 goal. DATA estimates that the US will increase ODA to sub-Saharan Africa by \$940 million (\$868 million in 2004 prices) in 2008, a level more than twice as high as the increase between 2006 and 2007. This increase, however, would fall short of the \$1.2 billion (\$1.1 billion in 2004 prices) increase needed for the US to be on a steady track.

Based on the known pipeline for sub-Saharan Africa, DATA estimates that US disbursements for the region in 2010 will total approximately \$8.9 billion in 2004 prices, slightly exceeding the Gleneagles commitment.

## FINANCING MECHANISMS

Three innovative financing mechanisms – UNITAID, Advanced Market Commitments and the International Finance Facility for Immunisation – have emerged over the past few years. In addition, 2007 was a replenishment year for the International Development Association (IDA) of the World Bank, the African Development Fund and the Global Fund to Fight AIDS, Tuberculosis and Malaria. Reviewing the results of these replenishments provides an indication of funding levels for the next three years.

## INTERNATIONAL DEVELOPMENT ASSOCIATION

In mid-December 2007 donors replenished IDA, the concessional lending arm of the World Bank, for the 15th time. 'IDA15' will operate between July 2008 and June 2011, with a record budget of \$41.6 billion. This signifies an increase of \$9.5 billion over the 'IDA14' budget of \$32.1 billion – a significant increase of 30%. The current budget is composed of \$31.4 billion from regular donor contributions (including \$6.3 billion to compensate for loss of revenues through the Multilateral Debt Relief Initiative), \$6.3 billion through repayments and revenues from borrowing on financial markets, and \$3.9 billion in internal transfers from the International Bank for Reconstruction and Development and the International Finance Corporation. For the first time, the UK has overtaken the US as the biggest IDA donor by contributing \$4.272 billion. Figure 7 gives the contributions to both IDA14 and IDA15, as well as the percentage of the increase.

FIGURE 7

### IDA CONTRIBUTIONS (\$ BILLIONS)

	IDA14 REPLENISHMENT	IDA15 REPLENISHMENT	PERCENTAGE INCREASE (IDA14 TO IDA15)
CANADA	0.782	1.216	55%
FRANCE	1.471	1.976	34%
GERMANY	1.703	2.143	26%
ITALY	0.786	1.155	47%
JAPAN	2.531	3.04	20%
UK	2.726	4.272	57%
US	2.85	3.71	30%

## AFRICAN DEVELOPMENT FUND

The African Development Fund (ADF) is the concessional arm of the African Development Bank. The ADF concluded its 11th replenishment for the Fund's activities for 2008–10. The total replenishment was \$8.9 billion for the three-year period, a 52% increase over 2005–07. The ADF works in 38 African LDCs, providing highly concessional funding for priorities such as infrastructure, governance, assistance for fragile states and regional integration.

## GLOBAL FUND

Financing for the Global Fund to Fight AIDS, TB and Malaria is provided primarily through a voluntary replenishment mechanism, with donors making pledges for three-year periods. The Global Fund is currently in the midst of its second replenishment cycle. Norway hosted the cycle's first meeting in March 2007 and Germany hosted the second meeting in September 2007. At the September 2007 meeting, several countries were not able to make firm pledges and a number

of countries made pledges that were conditional on legislative or budget processes, or related to a specified share of the total. As of May 2008, \$9.85 billion had been pledged for the period 2008–10. This total includes notable increases in pledges from Spain and Germany and takes into account the Debt2Health swap and private sector funding, including PRODUCT (RED).

The Global Fund is projected to need a total of \$15–\$18 billion for 2008–10 so there will need to be further topping up, and donors have agreed to a mid-term conference in early 2009 to seek additional resources. At the time of writing, \$2.3 billion out of a total of \$3.1 billion pledged (74%) for 2008 had yet to be paid.

## UNITAID

UNITAID is an international drug purchasing facility, founded in September 2006. It includes 27 member countries (19 of which are in Africa), as well as the Bill and Melinda Gates Foundation. UNITAID is currently active through partnerships in more than 80 countries, contributing to the reduction of prices and increasing access to drugs and diagnostics for HIV/AIDS, malaria and TB. UNITAID's work with the Clinton Foundation has led to an average reduction of 40% in the price of ARVs since the project began in November 2006.<sup>18</sup> One of UNITAID's primary financing mechanisms is a levy on airline tickets that is added to each departing flight purchased in a participating country. The levy varies in size, depending on whether the flight is domestic or international and is already in effect in France, Chile, Côte d'Ivoire, Congo, Republic of Korea, Madagascar, Mauritius and Niger. In addition, the following countries are in the process of implementing such a tax: Benin, Brazil, Burkina Faso, Cameroon, Cyprus, Gabon, Guinea, Liberia, Mali, Morocco, Namibia, Central African Republic, Senegal, São Tomé and Príncipe and Togo.

UNITAID spent \$320 million in 2007. For 2008, it is projecting available funding of almost \$390 million, at least \$235 million of which is already accounted for by proposed programme and operating costs. For 2009, revenues are expected to reach as much as \$500 million.<sup>19</sup>

In its first year of operation, UNITAID helped to expand access to paediatric AIDS treatment, reduce the price of

second-line HIV drugs, scale up ACT distribution and increase access to first-line TB treatments, as well as treatments for paediatric and MDR-TB.<sup>20</sup>

## ADVANCED MARKET COMMITMENTS (AMCs)

Immunisation is a proven tool in the effort to control infectious diseases and is estimated to prevent over two million deaths globally each year. Advanced Market Commitments (AMCs) are a new approach to public health funding designed to stimulate the development and manufacture of vaccines for diseases that are especially prevalent in developing countries. Because many of these diseases plague populations that are unlikely to be able to afford the vaccines, major research entities have very little incentive to invest the money required to develop them. AMCs are a market-based solution to address this market failure in R&D and are designed to overcome the obstacles of capacity and supply that keep the necessary vaccines from being produced.

In February 2007, a group of five donor countries (Italy, the UK, Canada, Russia and Norway) and the Bill and Melinda Gates Foundation committed \$1.5 billion to launch a pilot AMC to help speed the development and availability of a vaccine for pneumococcal disease, which kills 1.6 million people annually, primarily in developing countries. The pilot will provide 7–10 years of funding to support the development of a vaccine against pneumococcal disease and will guarantee a minimum price for a set number of doses, which will then be distributed in developing countries once a vaccine is developed.

Specific contributions from G8 donors included \$635 million from Italy, \$485 million from the UK, \$200 million from Canada and \$80 million from Russia. The individual commitments will be administered and disbursed by the World Bank. The exact details and final terms of the pilot AMC are still being negotiated, and donors, countries and companies are expected to sign contracts later in 2008.<sup>21</sup>

## INTERNATIONAL FINANCE FACILITY FOR IMMUNISATION (IFFIm)

The International Finance Facility for Immunisation (IFFIm) has been designed to accelerate the availability of funds to be used for health and immunisation programmes through the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunization) in 70 of the poorest countries around the world. The IFFIm model is based on long-term, legally binding commitments by donors to provide funding over a period of approximately 20 years. Based on these commitments, the IFFIm raises money on financial markets by issuing bonds, which means that money can be frontloaded and spent immediately to deliver essential services. An anticipated initial investment in the IFFIm of \$4 billion is expected to help prevent five million child deaths between 2006 and 2015, and more than five million future adult deaths by protecting more than 500 million children. In its first year, IFFIm funding supported campaigns against measles, tetanus and yellow fever.

To date, France, Italy, Norway, Spain, Sweden, the UK and South Africa have all committed specific funding for the IFFIm, and other donors are expected to join the effort or have committed to do so, including Brazil. The IFFIm's first bond launch, in November 2006, raised \$1 billion to provide vaccines and health services in developing countries, \$912 million of which was spent in 2007 in 43 of the world's poorest countries.

### EFFECTIVENESS AND QUALITY OF ODA

Development assistance works best where it supports local activities and initiatives, is delivered promptly and predictably, and where there is local accountability for its use. The Declaration agreed at the Paris High Level Forum on Aid Effectiveness in 2005 set out a growing consensus on what is necessary for ODA to be most effective.<sup>22</sup> At Gleneagles, the G8 referenced the Declaration in committing to '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'.

The Paris Declaration agreed to a set of indicators with a target for achieving compliance in 2010. DATA has concentrated on four issues relating to the effectiveness of development assistance for this report. These four issues (outlined below) do not offer an exhaustive analysis of all aspects of ODA effectiveness, but are key to the overall agenda. They also match closely with key issues identified as important by the group of African nations that took part in the recent Kigali meetings in preparation for the Third High Level Forum on Aid Effectiveness, which takes place in Ghana in September 2008.<sup>23</sup>

### TRANSPARENCY AND REPORTING

The availability of accurate and timely information about development assistance expenditures and activities, including the amount, intent, outcomes and partners, is an important element of effective development assistance. This reporting needs to be presented in formats that are comparable between donors and which correlate with recipients' activities. Without this reporting, recipient countries are unable to efficiently allocate their resources or coordinate the activities of donors, and civil society is unable to monitor the disbursement of funds. The indicators used by DATA for transparency and reporting are the percentage of ODA: 1) specifically directed to the recipient government; and 2) the total (i.e. including ODA to both government and non-government actors) that is known to the recipient government, as assessed by inclusion in the country's budget.

### PREDICTABILITY

The development outcomes described in this report will not be achieved overnight. Medium- and long-term plans for achieving these goals are required, and recipients need to know their medium- and long-term financial prospectus to put these plans into effect. Without this predictability, realistic plans cannot be made or implemented with any certainty. Recipients, who are often pressed by donors to set out medium-term budget plans, give this issue very high priority. This is particularly important when a country's social sector spending is comprised largely of ODA flows. The indicators used by DATA to assess both short-

and medium-term predictability are: 1) a comparison of ODA scheduled by donors for disbursement with disbursements known by the recipient government; 2) from a recipient perspective, the percentage of pledges which materialise as disbursements in the year they are scheduled; and 3) the percentage of commitments from donors made on a multi-year basis (three years or more).

### USE OF NATIONAL SYSTEMS

Donors often create parallel systems for delivery. While their intention may be to ensure accountability to themselves, much evidence suggests that such systems can inhibit the development of competent, accountable domestic systems. Donor-run delivery systems can also create heavy administrative requirements and cause delays. It is important that developing country governments create policies, budgets and systems and, where appropriate, deliver the services in order for the country to develop sustainable solutions for its citizens. The indicators that DATA uses to assess the use of national systems are: 1) the percentage of ODA that goes to the recipient government sector which uses, on the one hand, the recipient countries' public financial management systems and, on the other, local procurement systems; and 2) the average time taken to complete procurement procedures carried out by or required by the donor. Procurement delays are generally much longer in the case of donors using their own procedures than when host country procedures are used.

### UNTYING OF ODA AND LOCAL COMPETITIVE PROCUREMENT

'Tying' development assistance (requiring that it is used to buy goods or services from the donor or from a restricted group of countries) limits competition and can lead to unnecessarily high prices for ODA-financed goods and services. While many donors continue to tie assistance, they simultaneously demand competitive and open procurement from recipient governments. All major donors agreed in 2001 to untie their financial aid to least developed countries, but excluded the aspects most likely to be tied: food aid and technical cooperation. In the Paris Declaration, donors committed to an increased level of untying, but without any quantitative target. The indicators DATA uses to assess the untying of development assistance and local competitive procurement are: 1) the

percentage of bilateral ODA reported to DAC that is reported as tied (though this excludes technical assistance and food aid, which are both likely to be tied); and 2) the percentage of ODA that is subject to local competitive bidding in the host country (including technical assistance and food aid).

Measuring progress on these sometimes qualitative indicators is challenging. DATA makes use of an OECD/DAC baseline survey on the Paris Declaration commitments. The survey was carried out in 2006 in 34 recipient countries, 19 of which are in sub-Saharan Africa. In addition to the Paris baseline data, this report relies on analysis conducted in 26 Heavily Indebted Poor Countries (HIPCs), 22 of which are in Africa, by the HIPC Capacity Building Programme (CBP).<sup>24</sup> The data on tied ODA is taken from the OECD/DAC's Development Co-operation Report. The full results of DATA's analysis are contained in Appendix 1 of this report (see page 54–55). Not all G7 donors were active in all recipient countries surveyed and the results do not cover, for any G7 donor, more than a proportion of its ODA to Africa. New efforts to monitor progress are just emerging, such as an ODA quality assessment tool being developed by the Center for Global Development, the ongoing Strategic Programme for Africa survey on budget support.<sup>25</sup>

The findings of DATA's analysis of ODA effectiveness, based on the four indicators described above, are given by country below.

### CANADA

Canada is tied with Germany for second place among the G7 on DATA's measures of ODA effectiveness. It is among the top four performers in the G7 on DATA's selected indicators on predictability, transparency and use of country systems. There are two exceptions: Canada and the US tie for last place for the proportion of their total ODA that is recorded in the recipient government's budget. This suggests that Canada should work to make its assistance to non-governmental organisations more transparent to recipient countries. Canada also scored second to last among the G7 for its proportion of untied development assistance. It should be noted, however, that in late April 2008, in response to the ongoing hunger crisis, Canada announced that it would untie all of its food aid.

### FRANCE

France is tied with Japan for fourth place among the G7 on DATA's measures of ODA effectiveness. It scores well on the proportion of total ODA shown in the recipient budget, but ranks next to last place among the G7 for the proportion of its ODA to the government sector that is recorded in the national budget. France does not score well on untying development assistance nor on competitive tendering of goods and services at a country level. It ties for last place with Italy and the US in the DAC assessment of predictability, and also scores poorly on making multi-year commitments. Furthermore, France comes next to last in the use of local public financial management systems, and its procurement delays are longer than for all but two other G7 members.

### GERMANY

Germany is tied with Canada for second place among the G7 on DATA's measures of ODA effectiveness. It performs relatively well on a number of the key effectiveness indicators selected by DATA, and notably so on predictability. However, Germany's ODA scores less well in terms of transparency and reporting to recipient countries, ranking fifth on both the DAC and DRI parameters, and also on its use of local procurement systems, where it likewise ranks fifth.

### ITALY

Italy is tied with the US for sixth place among the G7 on DATA's measures of ODA effectiveness. It ranks last among G7 countries on the proportion of its development assistance to the government sector shown on the government budget, a key measure of transparency, and on all three indicators used to measure predictability of ODA. It ranks second to last on both the length of procurement delays and the proportion of ODA that is tied. A symptom of Italy's poor ODA transparency is its failure to report its 2006 commitments to the DAC in time for publication in this report. Data on commitments for 2006 were published by DAC in December 2007 but, as of April 2008, these data had not been made available through the DAC because of delays in reporting by Italy. DATA has chosen to include what was reported, but this gives an incomplete picture of Italy's ODA.

### JAPAN

Japan is tied with France for fourth place among the G7 on DATA's selected measures of ODA effectiveness. Its ODA ranks fifth amongst G7 donors in terms of the predictability of multi-year commitments and second to last in the use of local systems for procuring ODA. Japan also has the longest delays in procurement, and makes the lowest proportion of its ODA open to competitive bidding in the host country. Japan is, however, tied for second place in the DAC statistics on untying.

### UK

The UK ranks first among the G7 on DATA's selected measures of ODA effectiveness. It ranks in the top two (and frequently in first place) for all the indicators on transparency and reporting, working with country systems and untying. It is noted, however, that the UK only reports the tying status of 80% of its ODA, while most countries report the status of all of their ODA. The UK ranks third amongst G7 donors on recipient government scorings for predictability of ODA.

### US

The US is tied with Italy for sixth place among the G7 on DATA's selected measures of ODA effectiveness. It leads the G8 in terms of the share of its ODA to the government sector that is recorded on the national budget, but ties for last place with Canada in the proportion of total ODA recorded in the recipient's national budget (due to the fact that ODA to NGOs is generally not recorded). On the other indicators of effectiveness measured in this report, the US ranks fourth or lower. Predictability of ODA is poor, according to the DAC parameter, and the US ranks next to last in making multi-year commitments. It also makes strikingly less use than any other G7 member of host country systems for public financial management and procurement, and yet US delays in procurement are recorded by DRI as longer than any other G7 donor except Japan. The relevant DAC table gives no figures at all for untied ODA, as the US does not report this information. The Paris Declaration survey estimates that only 7% of US ODA is untied, compared with 41% for the next-to-last G7 country.

## BEYOND THE G8: OTHER DAC DONORS' ASSISTANCE TO AFRICA

There are 15 countries in the DAC that are not G7 countries. Several of these (most notably EU member states) have also made commitments to Africa. The total of non-G7 DAC members' ODA targets will, if achieved, deliver an additional \$12.08 billion in 2010. So far, they have achieved 21% of the increases promised towards that target (from a 2004 baseline). For those DAC countries that are in the EU, this target is derived from their pre-Glencree commitment to reach 0.7% ODA/GNI by 2015, with an interim target of 0.51% by 2010. The EU has stated that at least half of the increases should go to sub-Saharan Africa.

Several non-G7 donors registered significant increases in both global ODA and ODA to Africa in 2007; in addition, a number of non-G7 DAC members are providing significantly more ODA as a portion of GNI than any of the G7 countries. In 2007, ODA from non-G7 DAC donors to sub-Saharan Africa increased by \$700 million – just \$137 million less than the G7 increase. Non-G7 donors therefore increased ODA to the region by 8.6% in 2007, compared with the 4.6% increase by the G7.

From 2004 to 2007, DAC ODA to Africa increased by 20%, from \$22.8 billion to \$27.5 billion. Within this period, G7 ODA to Africa increased by 18.5%; in comparison, non-G7 ODA to Africa increased by almost 25%. As Figure 8 shows, six non-G7 donors significantly increased their assistance to Africa in 2007, with Spain and Australia leading the pack with increases of 59.6% and 17.2% respectively.

FIGURE 8

### TOP SIX INCREASES IN NON-G7 DAC ODA TO AFRICA 2006-07

COUNTRY	ODA TO AFRICA (EXCLUDING BILATERAL DEBT RELIEF, \$ MILLIONS)		% INCREASE 2006-2007
	2006	2007	
SPAIN	795	1270	59.60%
AUSTRALIA	159	186	17.20%
LUXEMBOURG	112	126	12.40%
IRELAND	517	559	8.10%
NETHERLANDS	1420	1530	7.80%
DENMARK	901	971	7.70%

FIGURE 9

### TOP SIX NON-G7 DAC DONORS BY % ODA/GNI 2007

COUNTRY	GLOBAL ODA (EXCLUDING BILATERAL DEBT RELIEF, \$ BILLIONS)	GLOBAL ODA/ GNI 2007	2010 TARGET
	2006	2007	
NORWAY	2.7	0.93%	1%
SWEDEN	3.7	0.92%	1%
LUXEMBOURG	0.29	0.90%	1%
DENMARK	2.1	0.77%	0.80%
NETHERLANDS	5.1	0.76%	0.80%
IRELAND	1	0.54%	0.60%

Although the overall amounts contributed by the countries discussed in this section are smaller than the funding levels provided by G7 countries, many non-G7 countries provide substantial assistance compared with their GNI and are also targeting funding to help attain the MDGs specifically. A number of non-G7 DAC donors give significant levels of global ODA as a share of GNI. Norway, Sweden, Luxembourg, Denmark and the Netherlands have already exceeded the 0.7% target and are all on their way to achieving higher 2010 targets. Ireland, although not providing as much as the Scandinavian or Benelux countries, provides more ODA as a percentage of its GNI than any of the G7 countries and is on its way to achieving its target of 0.6% by 2010.

Other country activities are detailed below:

#### NORWAY

Norway continues to lead the DAC in ODA as a percentage of GNI, hitting a level of 0.93% in 2007, and is well on its way to meeting its target of 1% by 2010. In September 2007, Norway launched a global campaign on maternal and child health and pledged \$1 billion in financing.<sup>26</sup>

#### SPAIN

In 2007, Spain's ODA increased by almost 60%, from \$795 million to \$1.26 billion. Spain has a target of reaching 0.7% ODA as a percentage of GNI by 2012, which will make it the eighth largest government provider of ODA by percentage of GNI and seventh largest in volume terms.

#### IRELAND

Ireland's ODA to Africa increased by more than 8% from 2006 to 2007. Hunger is a key area of focus for Ireland's assistance programmes, and an Irish Hunger Task Force will report this year on recommendations for how Irish Aid can play a leading role in helping the world to attain the hunger MDG.

#### DENMARK

Denmark increased its assistance to Africa by 7.7% in 2007 and its 2008 ODA budget indicates that it will provide 0.8% of GNI in ODA for the period 2009–12. More specifically, Denmark has announced plans to increase its ODA to Africa by 45% from 2007 to 2012, with a particular focus on women and HIV/AIDS, and has an overall target of directing roughly two-thirds of its ODA to Africa.<sup>27</sup> While Denmark is very likely to hit its global target of 0.8% (and this is notably more than most DAC donors), it is a drop from a level of 1% in previous years.

#### SWITZERLAND

The government of Switzerland has initiated the Swiss Malaria Group, which will work closely with the Roll Back Malaria Initiative to strengthen existing health systems and develop solutions to reach the most disadvantaged populations.

## APPENDIX 1

The table below shows the information that DATA has collected on the effectiveness of ODA along with the rankings resulting from DATA'S analysis.

	TRANSPARENCY AND REPORTING		PREDICTABILITY		
	DAC/PD	CBP	DAC/PD	CBP	CBP
	<b>MATCH BETWEEN GOVERNMENT BUDGET ESTIMATES AND ODA DISBURSEMENTS BY DONOR FOR THE GOVERNMENT SECTOR</b>	<b>% OF TOTAL ODA TO COUNTRY SHOWN ON BUDGET (i.e. MEASURED, INCLUDING ODA TO NGOS)</b>	<b>SHORT TERM: DISBURSEMENTS RECORDED BY GOVERNMENT AS % OF ODA SCHEDULED FOR DISBURSEMENT</b>	<b>SHORT TERM: PLEDGES FULFILLED: % OF COMMITMENTS WHICH MATERIALISE AS DISBURSEMENTS IN SCHEDULED YEAR</b>	<b>MEDIUM TERM: % OF COMMITMENTS MADE ON MULTI-YEAR BASIS (THREE YEARS OR MORE)</b>
	<b>CRITERION 1</b>	<b>CRITERION 2</b>	<b>CRITERION 1</b>	<b>CRITERION 2</b>	<b>CRITERION 3</b>
<b>CANADA</b>	<b>75%</b> RANK 3	<b>37%</b> RANK 6	<b>73%</b> RANK 3	<b>86%</b> RANK 1	<b>57%</b> RANK 1
<b>FRANCE</b>	<b>52%</b> RANK 6	<b>54%</b> RANK 2	<b>45%</b> RANK 5	<b>75%</b> RANK 6	<b>29%</b> RANK 6
<b>GERMANY</b>	<b>55%</b> RANK 5	<b>46%</b> RANK 5	<b>75%</b> RANK 2	<b>88%</b> RANK 2	<b>55%</b> RANK 2
<b>ITALY</b>	<b>36%</b> RANK 7	<b>51%</b> RANK 3	<b>45%</b> RANK 5	<b>50%</b> RANK 7	<b>14%</b> RANK 7
<b>JAPAN</b>	<b>68%</b> RANK 4	<b>49%</b> RANK 4	<b>66%</b> RANK 4	<b>82%</b> RANK 5	<b>34%</b> RANK 5
<b>UK</b>	<b>84%</b> RANK 2	<b>75%</b> RANK 1	<b>90%</b> RANK 1	<b>83%</b> RANK 5	<b>54%</b> RANK 5
<b>US</b>	<b>90%</b> RANK 1	<b>37%</b> RANK 6	<b>45%</b> RANK 5	<b>74%</b> RANK 4	<b>42%</b> RANK 4

	WORKING WITH NATIONAL SYSTEMS			TIED ODA AND LOCAL COMPETITIVE PROCUREMENT	
	DAC/PD	DAC/PD	CBP	DAC/DCR 2006	CBP
	<b>% OF ODA FOR GOVERNMENT SECTORS THAT USES COUNTRY PUBLIC FINANCE SYSTEMS</b>	<b>% OF ODA FOR GOVERNMENT SECTORS THAT USES COUNTRY PROCUREMENT SYSTEMS</b>	<b>DELAYS (IN MONTHS) OF DONOR'S FUNDS TO COMPLETE PROCUREMENT PROCEDURES</b>	<b>TIED ODA AS % OF BILATERAL ODA, EXCLUDING TECHNICAL ASSISTANCE AND ADMINISTRATIVE COSTS</b>	<b>% OF ODA SUBJECT TO COMPETITIVE LOCAL PROCUREMENT, INCLUDING TECHNICAL ASSISTANCE AND FOOD AID</b>
	<b>CRITERION 1</b>	<b>CRITERION 2</b>	<b>CRITERION 3</b>	<b>CRITERION 1</b>	<b>CRITERION 2</b>
	<b>42%</b> RANK 2	<b>45%</b> RANK 4	<b>5.6</b> RANK 3	<b>37%</b> RANK 6	<b>62.5%</b> RANK 2
	<b>28%</b> RANK 5	<b>60%</b> RANK 2	<b>6.2</b> RANK 5	<b>5%</b> RANK 3	<b>52%</b> RANK 3
	<b>35%</b> RANK 3	<b>34%</b> RANK 5	<b>5.1</b> RANK 2	<b>7%</b> RANK 4	<b>46.3%</b> RANK 4
	<b>29%</b> RANK 4	<b>50%</b> RANK 3	<b>6.8</b> RANK 6	<b>21%</b> RANK 5	<b>40.3%</b> RANK 5
	<b>29%</b> RANK 4	<b>26%</b> RANK 6	<b>6.9</b> RANK 7	<b>4%</b> RANK 2	<b>30.3%</b> RANK 7
	<b>75%</b> RANK 1	<b>76%</b> RANK 1	<b>4.5</b> RANK 1	<b>0%</b> RANK 1	<b>87.5%</b> RANK 1
	<b>10%</b> RANK 6	<b>12%</b> RANK 7	<b>5.7</b> RANK 4	<b>N/A</b>	<b>40%</b> RANK 6