

Achieving the Millennium Development Goals: A Role for Canada

A Growing Crisis

The world is facing an acute development crisis. Some 1.2 billion people in developing countries live in absolute poverty and more than 800 million people go to bed hungry. In many poor countries, especially in sub-Saharan Africa, social and economic conditions are getting worse, not better.

An international response: the Millennium Development Goals

In December 2000, in response to the growing crisis, the United Nations launched the eight Millennium Development Goals (MDGs). These goals, endorsed by the international community, set minimum targets to reduce poverty, hunger, illiteracy, discrimination against women, and environmental degradation by 2015.

Canada is committed to the MDGs...

Canada remains strongly committed to achieving the MDGs. It has agreed to increase foreign aid by 8% per year, doubling spending by 2009. It is also retooling aid policies to improve effectiveness and focusing on key social sectors and rural agriculture. Paul Martin, in his April 2003 foreign policy speech, said Canada has a duty and a tremendous opportunity to enhance our role in the world.

...But we need to do more to affirm Canadian leadership on global poverty

The MDGs commit donors like Canada to make progress against the UN aid target of 0.7% of Gross National Income. The World Bank estimates that, to achieve the MDGs, foreign aid must increase by at least \$50 billion a year up to 2015. Current aid levels, including those in Canada, are far off this target.

CCIC and its members call upon the new Canadian government to re-commit to the MDGs by adopting the Plan of Action below to reach the UN target of 0.7% by 2015.

A Plan of Action to Improve Canada's Aid Performance

| <i>Current Foreign Aid Commitments</i> | <i>What's needed</i> |
|--|--|
| <ul style="list-style-type: none">• 8% annual increases to 2009• Investment of \$230M for 2004/05• Investment of \$1.5B over 3 years• ODA is 0.32% of Gross National Income by 2009• New policies for aid effectiveness• Commitment to the Millennium Development Goals, but no Canadian plan for our fair share to achieve them. | <ul style="list-style-type: none">• 12-15% annual increases to 2015• Investment of \$345M for 2004/05• Investment of \$2.2B over 3 years• ODA is 0.32% of GNI by 2006, 0.4% by 2009 and 0.7% by 2015• Targeted aid to key areas for poverty eradication• Greater partnership with civil society in Canada and their overseas partners |

For further information, contact: Brian Tomlinson, CCIC Policy Team, btomlinson@ccic.ca.

RE-COMMITTING TO THE MILLENNIUM DEVELOPMENT GOALS:

A PLAN TO INCREASE CANADIAN FOREIGN AID TO ACHIEVE THE UNITED NATIONS' TARGET BY 2015

Summary

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|---|--|
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Canadian leadership: Making a difference through Canadian aid...

Paul Martin, in his April 2003 foreign policy speech, set out a challenge for his new government: "Who is going to provide the direction and leadership that this world so urgently needs?" He said Canada has both a duty and a tremendous opportunity to enhance our role in the world. He is seeking foreign policy initiatives where we "apply ourselves constructively in areas where we know we can make a difference."

The Canadian Council for International Co-operation (CCIC) suggests that the new government demonstrate its leadership on global poverty with a **Canadian initiative to achieve the Millennium Development Goals (MDG) by 2015.**

We can do so, by establishing forward-looking **targets for Canadian Official Development Assistance (ODA)** in the 2004 Federal Budget:

- 1) By 2015, Canada achieves the UN target of 0.7% of Canadian Gross National Income (GNI) through gradual annual increases in ODA.**
- 2) By 2010, Canada is contributing our fair share of ODA to achieve the UN goal for donors to double annual ODA required to reach the Millennium Development Goals.**

A Growing Crisis

The United Nations Development Programme (UNDP) warns that the world is facing an acute development crisis. Poverty in many poor countries, especially in Sub-Saharan Africa, has got worse.

In the words of Mark Malloch Brown, UNDP Administrator, “The fact that over the course of the 1990s, 21 countries experienced a decline—in some cases a drastic drop—signifies an urgent call for action to address health and education as well as income levels in these countries.”

More than 1.2 billion people continue to live in absolute poverty in many parts of the developing world. The number of poor people increased by 28 million in the 1990s, when China is excluded. More than 800 million people live in hunger; according to available data, income inequality has worsened in 33 out of 66 developing countries.

An international response: the Millennium Development Goals

In December 2000, in response to the growing crisis, the United Nations launched the eight Millennium Development Goals (MDGs). These goals, endorsed by the international community, set minimum targets to reduce poverty, hunger, illiteracy, discrimination against women, and environmental degradation by 2015. The MDGs are a positive expression of the obligations of governments to the international framework of economic, social and cultural rights, to which all governments are accountable.

While developing countries must mobilize to respond to their own unique circumstances for poverty eradication, the MDGs commit the rich countries (Goal 8) to deliver financing for development, without which the MDGs will be out of reach for most of the world’s poor.

Canada is committed to the Millennium Development Goals...

Canada is committed to help achieve the Millennium Development Goals. To date, Canada has taken the following actions to improve the quantity and quality of aid:

- **Fulfilled a commitment to 8% annual growth for Canadian ODA**
In the February 2003 federal budget, the Chrétien government increased the International Assistance Envelope¹ by 8% for 2002/03, 2003/04 and 2004/05, adding \$1.8 billion in new aid resources. Canadian ODA in 2003/04 is expected to be \$3.33 billion (including recently announced supplementary estimates) or 0.29% of Canadian Gross National Income.
- **Retooled aid delivery to improve aid effectiveness**
In September 2002, the Canadian International Development Agency (CIDA) published *Canada making a difference in the world: a policy statement on strengthening aid effectiveness*. Like other donors, CIDA has used this policy to retool many aspects of its aid delivery. The policy called for greater country focus and the 2003 budget allocated the aid increases to nine priority countries for enhanced partnership with Canada.²

¹ See Endnote #1 for a definition of the International Assistance Envelope.

² These countries are Bolivia, Honduras, Bangladesh, Mali, Senegal, Ghana, Ethiopia, Tanzania and Mozambique.

- **Focused programming on sectors and strategies to reduce poverty**
In recent years, CIDA has increased resources to the four social development priorities (basic education, health and nutrition, HIV/AIDS and child protection); agriculture and rural development; and the private sector in development, including a focus on the informal and small business sector. While Canadian CSOs would welcome greater attention to the role of civil actors in effective strategies to end poverty, CIDA is now well positioned to make a difference in partnerships that focus on reducing poverty and achieving the MDGs.

...But we need to do more to affirm Canadian leadership on global poverty

The World Bank estimates that, to achieve the MDGs, donors must increase official development assistance (ODA) by at least US\$50 billion a year up to 2015. With current aid levels, many of the poorest countries, particularly in Africa, will not meet even these minimum targets. CCIC calls on the new Canadian government to take the following actions:

- **Continue to improve Canadian aid performance**
Goal 8 of the MDGs commits Canada to contribute to a global partnership for development, with agreed indicators that include donor progress against the target of 0.7% of Gross National Income (GNI), and targeting aid to basic human needs for poverty eradication.

By 2009/10, under current commitments of 8% increases, Canada will have increased its performance to 0.32% of GNI, recovering not even half of the declines in the 1990s. Half of these new resources will be dedicated to Sub-Saharan Africa. These increases, while a welcome reversal of sharp declining aid volumes in the 1990s, will not meet our fair share of international obligations to the MDGs.³

A Plan of Action to meet Canada's international commitments

CCIC and its members call upon the new government to set out a specific plan to reach the UN target of 0.7% by 2015 as a signal to its development partners and other donors that this country is committed to meet its obligations to the MDGs.

- **Increase aid by up to 12% rather than the current commitments of 8%**
This will require an investment of \$2.2 billion in the next three years, compared to \$1.5 billion in Prime Minister Chrétien's 8% plan. The Government is currently committed in the 2003 budget to add \$230 million for 2004/05 over this current fiscal year. CCIC is seeking \$345 million as part of a long-range plan.
 - ◆ Such increases are feasible and have been achieved in recent years – between 2000/01 and 2001/02 actual Canadian ODA increased by 12.1% and between 2002/03 and 2003/04 ODA increased by 10% (when supplementary estimates are included).

³ Canada's equitable share of the estimated US\$50 billion annual addition to ODA required to meet the MDGs is estimated to be 3%, based on Canada's share of the donors' total gross national income in 2001. -CCIC calculated Canada's fair share based on 3% of total donor ODA assuming this annual increase over the 14 years up to 2015. On average over these 14 years, Canadian ODA should be Cdn\$4.4 billion if we are to contribute our equitable share (or approximately Cdn\$70 billion in total ODA over these years, adjusted for inflation at 2.5%).

- **Commit to an affordable and specific plan in the 2004 Budget to achieve the goal of 0.7% by 2015**

Our calculations suggest that the goal is achievable with increases of 12% in the IAE between 2004-2009, and of 15% between 2010-2015.

- ◆ The cumulative addition to ODA in the six years from 2003 to 2009 is \$9.0 billion compared to \$5.5 billion in the current 8% plan.
- ◆ In 2004/05, ODA will amount to 2.3% of total federal program budget (all revenue not earmarked for payment on Canada's debt). By 2010, this will increase to 3.6%. The latter is closer, however, to the level of funding in the early 1990s when the proportion was 2.8% of the program budget.
- ◆ Under this plan, Canada will contribute its fair share of the aid increases required for the Millennium Development Goals by 2010. From 2010 to 2015, additional increases to reach the 0.7% target will assure that those living in poverty will still benefit despite donors who fail to live up to the international obligations.

- **Continue to focus aid on key areas for poverty eradication**

CIDA has developed experience in several niche areas—gender equality, basic services, capacity building and civil society strengthening—that should guide its priorities for allocating new aid resources. A sustained commitment to long-term engagement with enhanced resources for Africa is critical.

Building on the policy framework already in place for aid effectiveness and targeted sectors for poverty reduction, the new government should develop in partnership with Canadian civil society organizations (CSOs) and our partners overseas, a strategy to ensure effective roles for civil society in Canadian development cooperation.

For more information, contact:

Brian Tomlinson
CCIC Policy Team
btomlinson@ccic.ca
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Endnote #1
International Assistance Envelope

The International Assistance Envelope (IAE) contains the budgetary allocations by the federal government to international assistance. The IAE includes allocations to the Canadian International Development Agency (CIDA), the Department of Foreign Affairs and International Trade (DFAIT) and the Department of Finance. A small portion of the IAE is not included in Official Development Assistance (ODA) because it is allocated to countries in Eastern Europe and the former Soviet Union that are not considered eligible for ODA.

The 2003 Budget Plan added to the IAE Canada's commitment to up to \$100 million each year for the "Global Partnership Against the Spread of Weapons and Materials of Mass Destruction," much of which cannot be included in ODA. ODA includes the following:

- all of the IAE eligible for ODA
- other amounts allocated by Canadian governments that the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD) allow to be included in ODA—first year refugee costs, provincial governments' spending on aid, bilateral debt forgiveness, imputed costs for students studying in Canada, etc.

CCIC must estimate these latter amounts for a given year until CIDA publishes its official ODA statistics for that year. The last year that these official statistics are available is 2001/02.

Endnote #2
Annual Canadian Aid Targets up to 2015

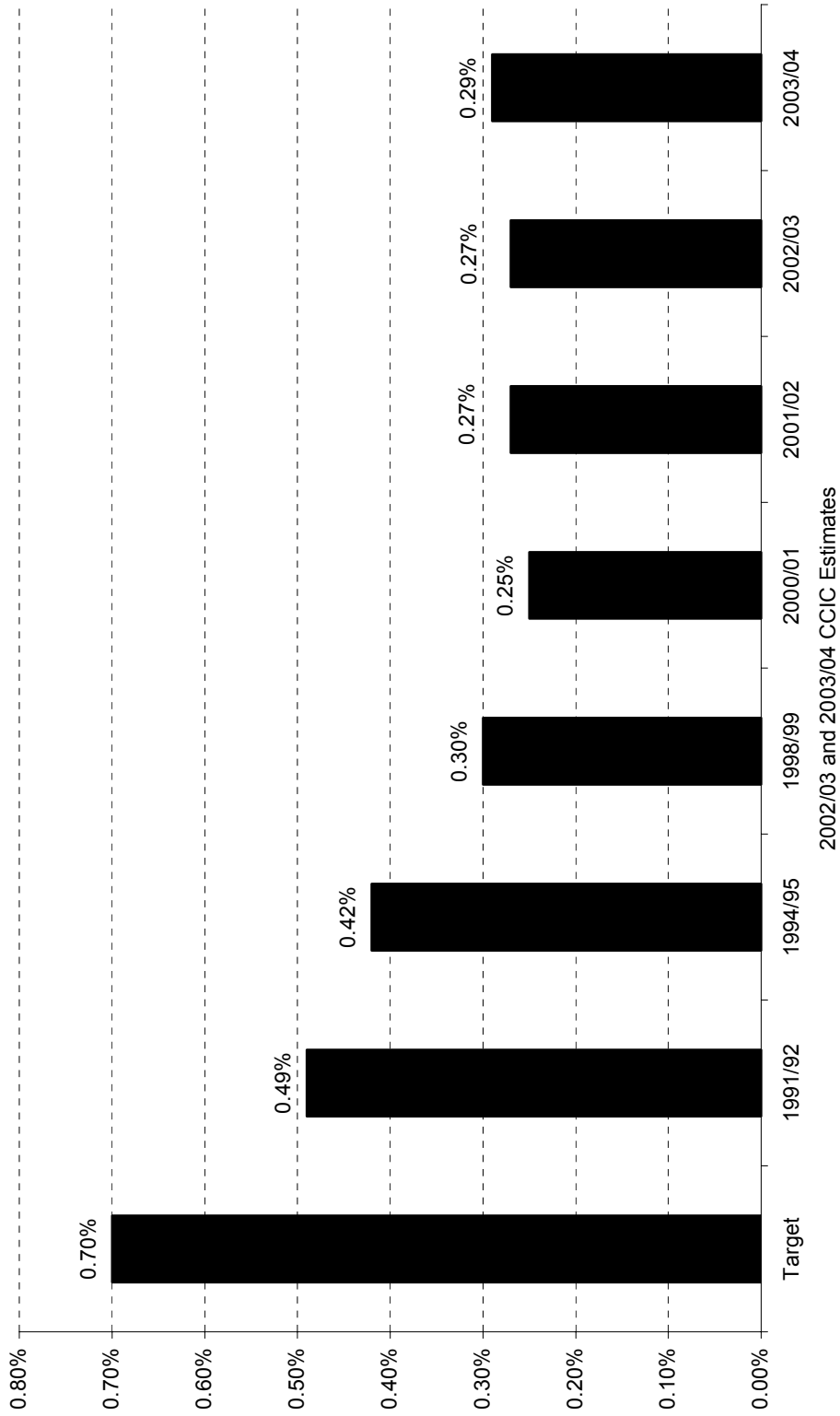
| Year | IAE for Dev. & E.Europe | % Increase | \$ Increase | ODA | ODA/GNI |
|----------------|--|-------------------|--------------------|-----------------|----------------|
| | (,000 Cdn \$) | | | | |
| 2001/02 | \$2,461 | | | \$2,746 | 0.26% |
| 2002/03 | \$2,658 | 8% | \$197 | \$2,958 | 0.27% |
| 2003/04 | \$2,870 | 8% | \$213 | \$3,120 | 0.27% |
| | | | | | |
| 2004/05 | \$3,215 | 12% | \$344 | \$3,465 | 0.29% |
| 2005/06 | \$3,601 | 12% | \$386 | \$3,851 | 0.30% |
| 2006/07 | \$4,033 | 12% | \$432 | \$4,283 | 0.32% |
| 2007/08 | \$4,517 | 12% | \$484 | \$4,767 | 0.34% |
| 2008/09 | \$5,059 | 12% | \$542 | \$5,309 | 0.37% |
| 2009/10 | \$5,817 | 12% | \$759 | \$6,067 | 0.40% |
| 2010/11 | \$6,690 | 15% | \$873 | \$6,940 | 0.44% |
| | | | | | |
| 2011/12 | \$7,694 | 15% | \$1,004 | \$7,994 | 0.48% |
| 2012/13 | \$8,848 | 15% | \$1,154 | \$9,148 | 0.53% |
| 2013/14 | \$10,175 | 15% | \$1,327 | \$10,475 | 0.58% |
| 2014/15 | \$11,742 | 15% | \$1,568 | \$12,042 | 0.64% |
| 2015/16 | \$13,550 | 15% | \$1,808 | \$13,850 | 0.70% |

All calculations, CCIC Policy Team, October 2003

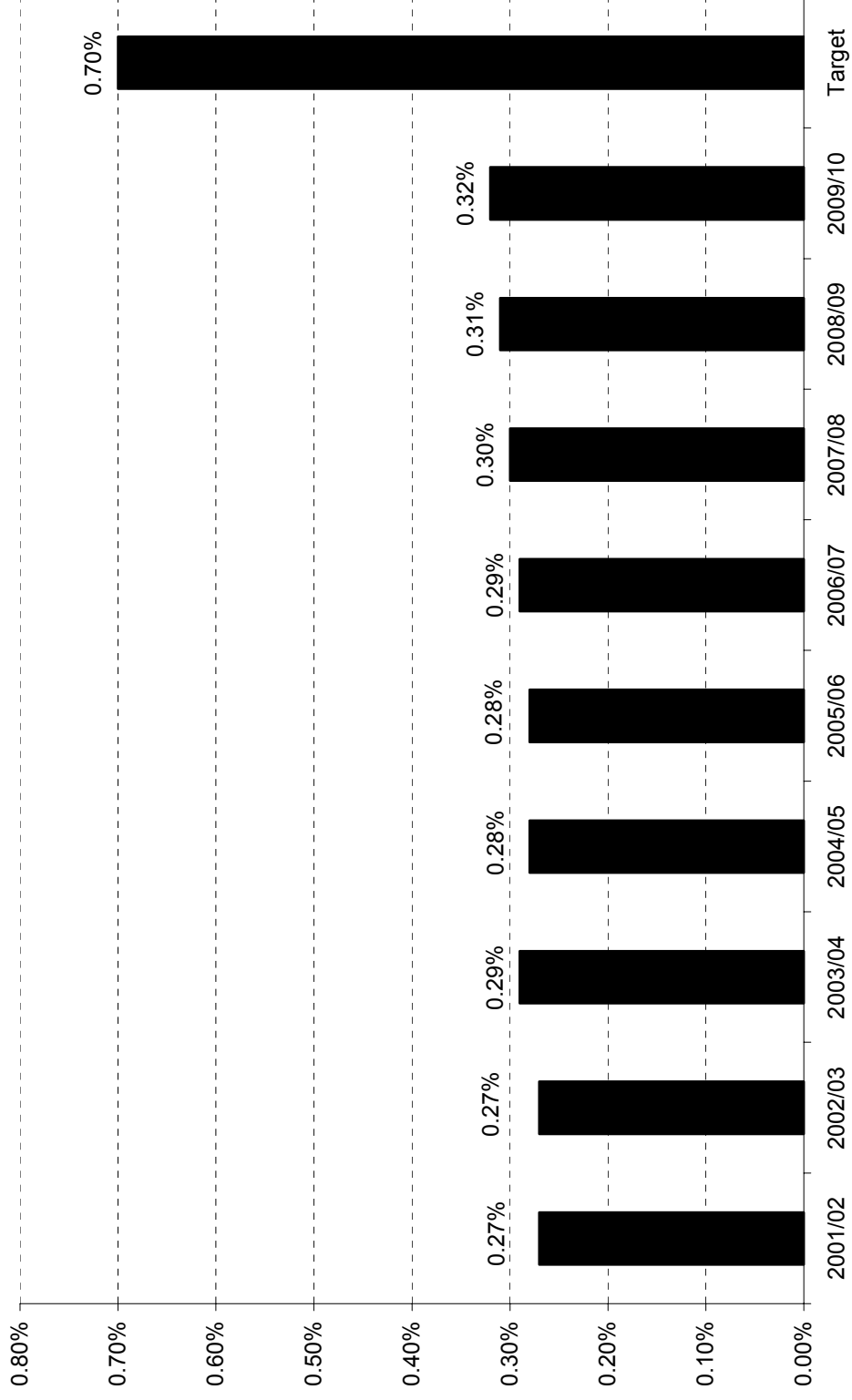
Assumptions:

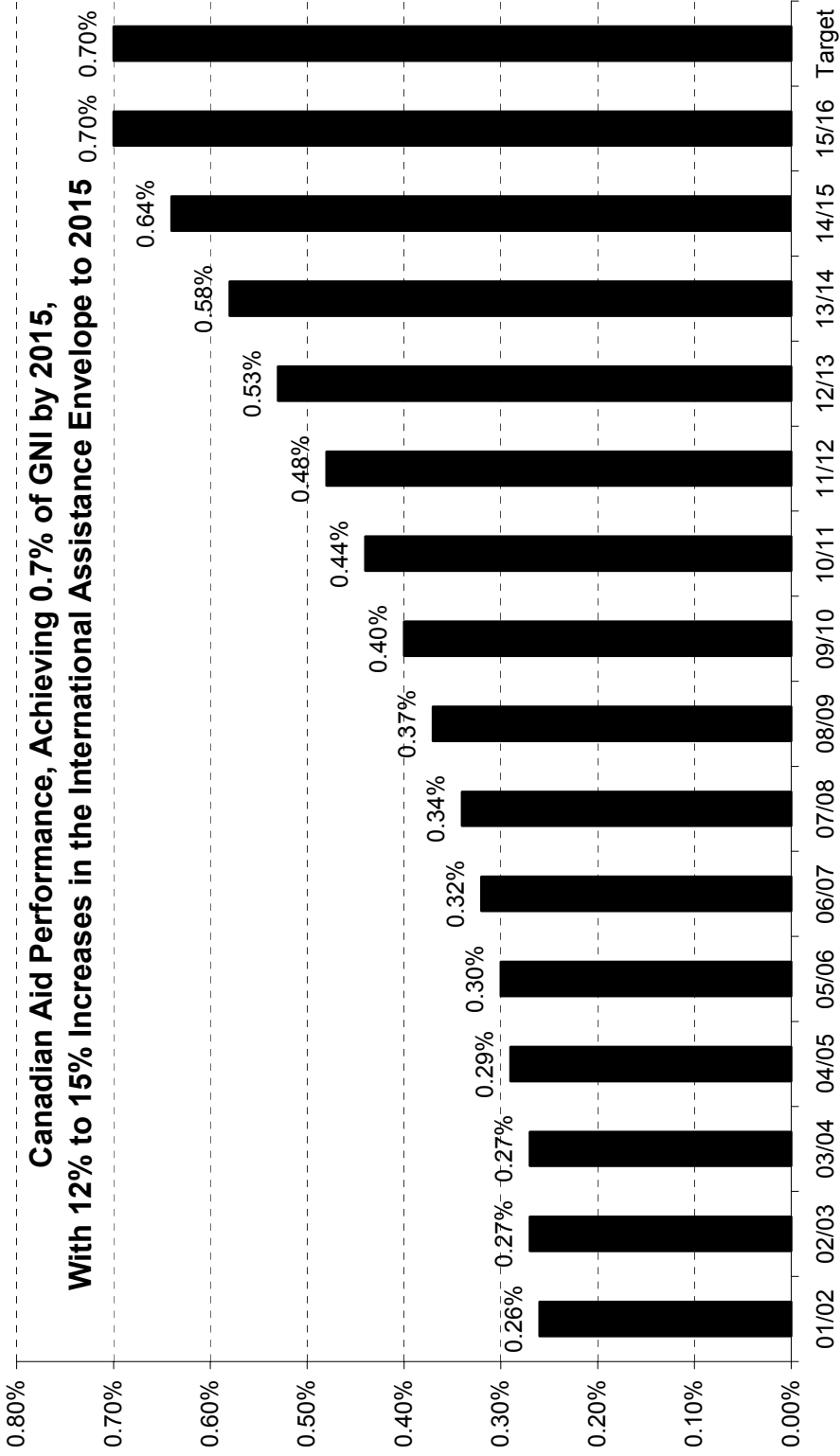
1. Increases are applied to the current International Assistance Envelope (as set out in the February 2003 Federal Budget), including approximately \$100 million devoted to Eastern Europe and FSSU that are not eligible for ODA.
2. Annual growth in Gross National Income is estimated at 4.5%, including inflation at 2.5% per year and real growth at 2%. If growth is higher on average over the next 14 years, the target of 0.7% will not be reached without additional increases in the IAE.

**Canadian Official Development Assistance,
Aid Generosity as a Percentage of GNI, 1991/92 to 2002/03**

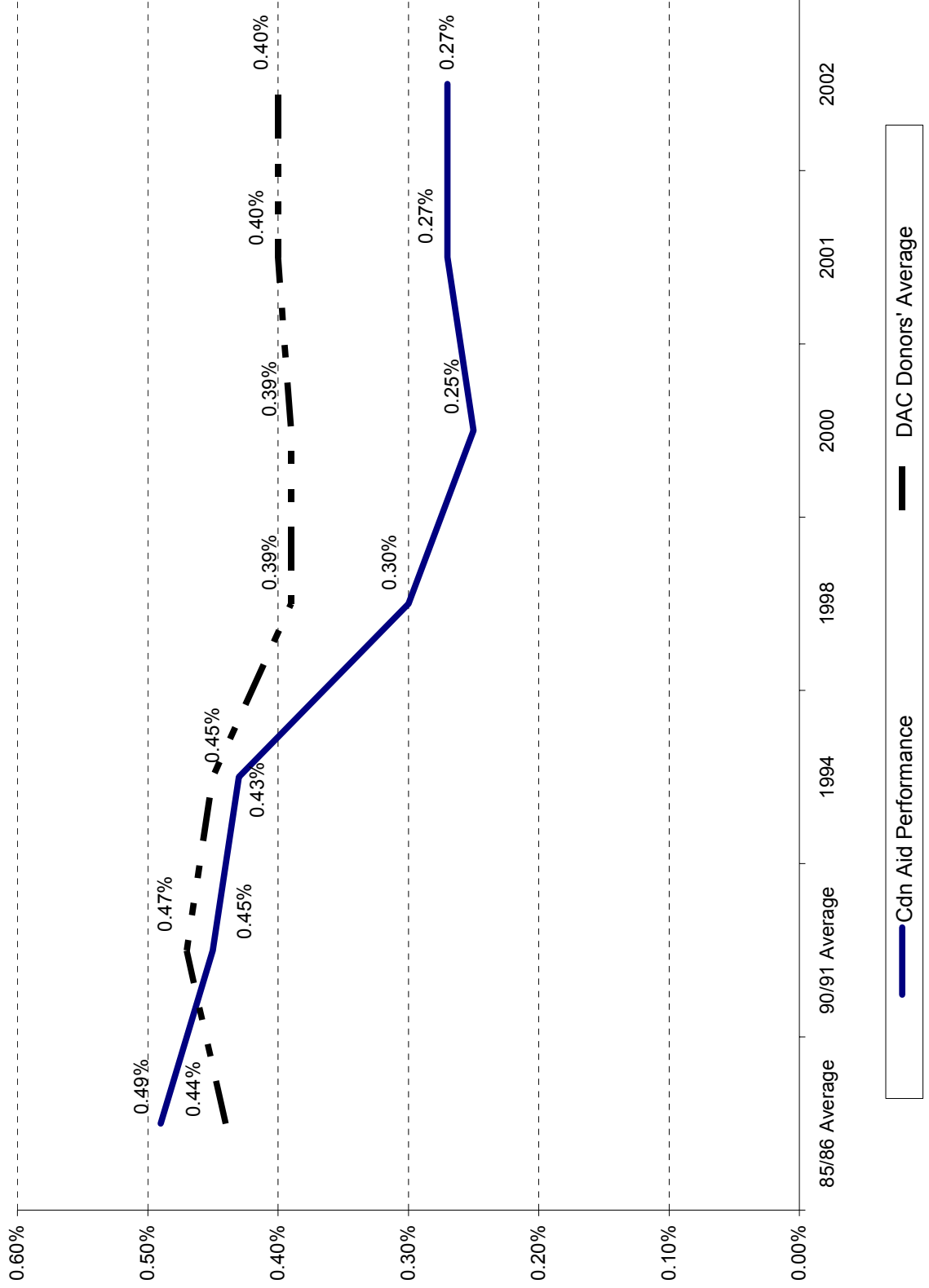


Canadian Aid Performance with 8% Growth in Canadian Aid, 2002 to 2009

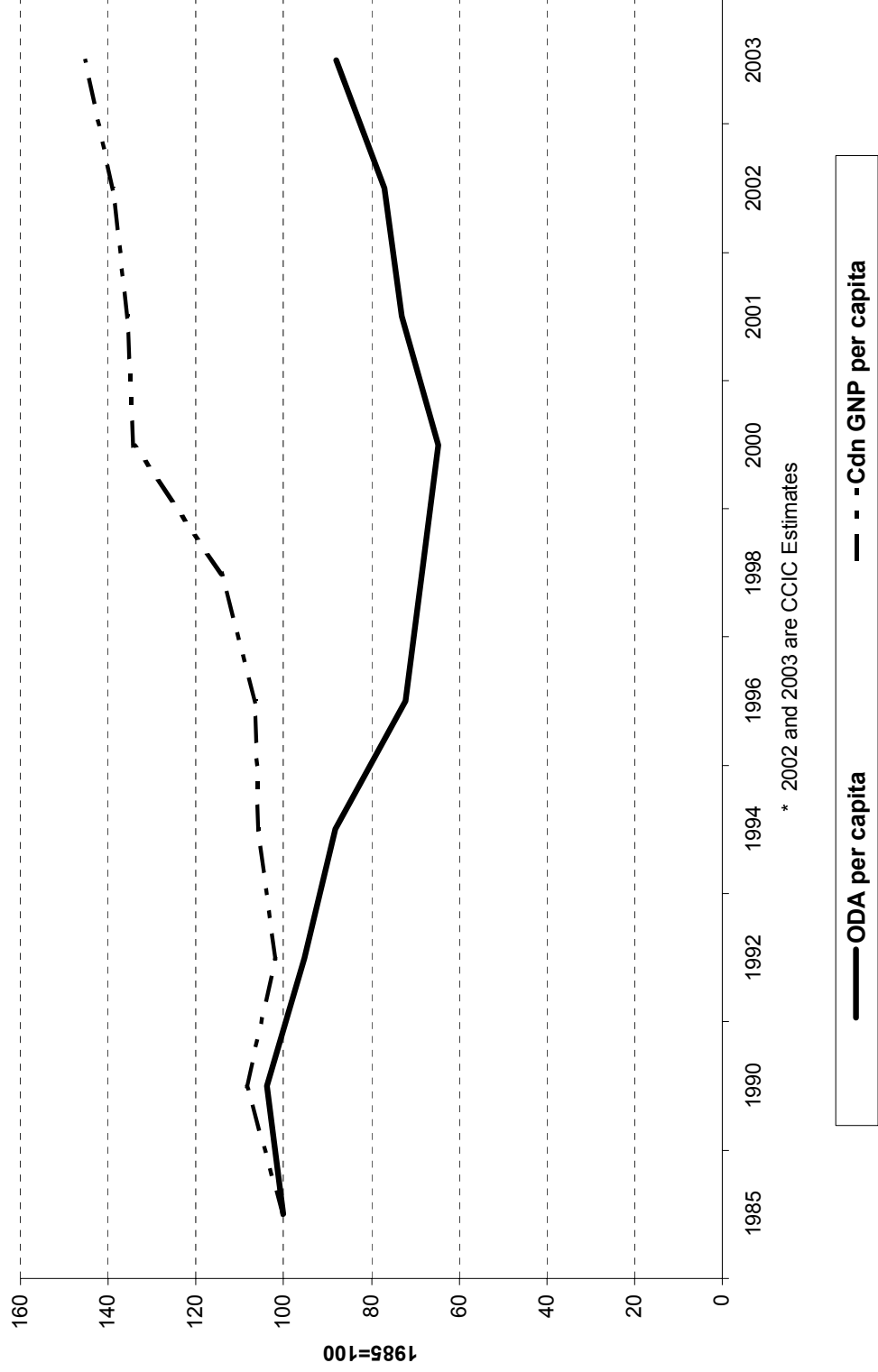




Canadian ODA/GNI Performance Compared to the DAC Donors' Average Effort



The Gap Between Canadian Income per capita and ODA per capita



**Changes in Canadian ODA and in Overall Federal Program Spending,
1994/95 = 100**

