

## CANADA AND THE GLOBAL PARTNERSHIP FOR DEVELOPMENT (GOAL EIGHT)

### 1.0 Assessing Canada's Trade Performance

Goal / Indicator	Canada's Contribution	What's More to be Done
1.1 The global trading system contributes to the elimination of poverty and the promotion of human rights.	The International Policy Statement (IPS) renews a commitment to development goals of the Doha "Development Round" at the WTO.	Canada should review the July 2004 negotiations Framework, which removed key items of concern for the poor in developing countries, in terms of fulfilling the promised priority to development in the Round.
1.2 Tariff barriers for the least developed countries are eliminated.	Canada removed all tariffs and quotas in 2003 with fairly generous rules of origin.	
1.3 Access to affordable essential medicine for developing countries is assured.	Canada is the first country to amend drug patent legislation permitting access to cheap medicine.	An amendment should be considered when the legislation is review to permit full scope of WTO agreement (e.g. no limit on applicable medicines).
1.4 Appropriate trade related technical assistance is provided to developing countries.	Canada has contributed about \$280 million since 2001.	Canada's approach to TRTC should support an independent capacity in developing countries to assess trade measures from the point of view of linkages between trade policy and poverty eradication.
1.5 Agricultural trade rules provide the policy space for developing countries to assure livelihoods for the rural poor.	Canada supports measures to reduce and eliminate developed countries subsidies for agriculture.	Canada should press for an amended negotiating Framework at the WTO that allows negotiations on border measures by developing countries to block dumped agricultural imports. Canada should press to limit developed countries flexibility to sustain protection of key crops.
1.6 Industrial tariffs in developing countries are sufficient to support nascent local industry and related employment.		Canada should support the position of developing countries that they not be required to reduce industrial tariffs that are currently protecting nascent industries within integrated economy, affecting the livelihood of the poor.

Goal / Indicator	Canada's Contribution	What's More to be Done
1.7 Special and Differential Treatment provisions in the WTO should be based on different levels of development rather than extended timeframes for common rules.		Canada and other developed countries should work with developing countries for an SDT agreement that creates policy flexibility for developing countries to carve out appropriate economic policies necessary to provide maximum support to the reduction of poverty.

## 2.0 Assessing Canada's Aid Performance

Goal / Indicator	Canada's Contribution	What's More to be Done
2.1 Canada should focus more and better aid on poverty eradication, as an expression of Canada's international human rights obligations.	Canada has undertaken substantial revision of its aid program since the late 1990s to focus on sectors and countries highly relevant to poverty reduction, in particular CIDA social development priorities in 2000 and its renewed attention to agriculture in 2003.	The impact of Canadian foreign policy goals and activities in developing countries should be assessed in terms of Canada's human rights obligations and the goal of maximum effort to end global poverty. For example, Canadian foreign policy preoccupations with the "war on terrorism" and "threats" to Canadian interests should not guide aid allocation priorities and approaches to "failed and fragile states".
2.2 Canadian aid should be oriented to achieve the MDGs.	The International Policy Statement (IPS) makes the MDGs the primary frame of reference for Canadian development programming, with a focus on basic education, health care and HIV/AIDS, governance, the environment and support for the private sector. Funding for basic education has more than doubled between 1996 and 2002, matched by a 40% increase in primary health. Since 2004, Canada has also made very significant contributions to Global Funds for HIV/AIDS.	While the sectoral choices for Canadian aid are more closely aligned with the MDGs, Canadian aid policy should be guided by an explicit and comprehensive strategy for contributing to poverty reduction. Agriculture and rural development, for example, are largely absent from the April 2005 International Policy Statement priorities for aid, when the majority of people living in poverty are rural people and agriculture is central to their livelihoods. Canada's international human rights obligations should establish the framework for determining aid priorities and approaches, including substantial roles for civil society in the development process and governance to achieve poverty reduction goals.

Goal / Indicator	Canada's Contribution	What's More to be Done
<p>2.3 Canadian aid modalities should improve the effectiveness of Canadian aid to reach and affect conditions affecting the lives of the poor and vulnerable.</p>	<p>In September 2002 Canada adopted a set of policies (<i>Canada making a difference in the world</i>) to improve Canadian aid effectiveness, with an emphasis on “local ownership”, donor harmonization, and program approaches to strengthen governments in the delivery of health and education services.</p>	<p>Program based approaches are accompanied by high levels of donor-imposed conditions and undertakings in exchange for increased donor support for the MDGs. Canada should review with stakeholders its policies on aid conditionality.</p> <p>To date, policies on aid effectiveness have largely ignored civil society actors in the development process. CIDA should review with stakeholders its understanding of the role of civil society in the development process and set out a policy framework to guide all of its programming relationships in the South.</p>
<p>2.4 Canada should set a timetable to reach 0.7% of our Gross National Income by 2015.</p>	<p>The government has locked in an annual 8% aid increase up to 2010/11. The IPS promises undefined aid increases beyond 2010 and additional increases “if the fiscal situation permits”. Existing commitments will bring Canada to 0.33% of GNI by 2010. The 0.7% target will only be achieved in 2027 if aid increases by 8% each year.</p>	<p>CCIC calculates that annual increases of at least 15% are required from 2006/07 to 2015/16 to meet the UN target by 2015. The government has added one-off additions at the end of recent fiscal years (including the \$250 million additions to the 2005 and 2006 Budgets in the Liberal/NDP Budget additions). A locked-in timetable to achieve the 0.7% target provides the predictable resources required for long term planning to achieve the MDGs and accelerate progress in poverty reduction.</p>
<p>2.5 Canada should concentrate at least 0.15% of its GNI as aid for the least developed countries.</p>	<p>Canada has consistently devoted about 30% of its aid to least development countries since 1990 (amounting to 0.08% of GNI). Of the 25 countries that the IPS identifies for priority, 13 are LDCs.</p>	<p>By focusing on 25 priority countries as well as failed and fragile states (which tend to be LDCs), by 2010 Canadian aid will be allocated to priorities in the LDCs. While the choice of countries has been made largely based on poverty-related criteria (e.g. the UNDP's HDI, but also the World Bank's PSIA), the degree to which aid is actually allocated according to wider Canadian foreign policy interests (e.g. Iraq and Afghanistan) may influence actual improvements in Canadian aid to LDCs.</p>

Goal / Indicator	Canada's Contribution	What's More to be Done
<p>2.6 Canada should improve its concentration of aid in Sub-Saharan Africa, a region where poverty indicators are worsening.</p>	<p>Canadian aid is increasingly concentrated in Sub-Saharan Africa. By 2008/09 an estimated one half of Canadian aid disbursements will be directed to the Sub Continent. Also the sectoral allocation of aid has increasingly emphasized basic education, primary health, and agriculture.</p>	<p>These shifts in country and sector priorities were the result of financial targets for poverty related sectors set in 2000 and the foreign policy emphasis on Africa by Canada in the G8. At the same time, resources have been largely channeled through Sector Wide Approaches and Budget Support pooled donor funds, which are highly conditioned aid delivery mechanisms, over which Canada has limited roles in determining these conditions. To what degree have these IMF/World Bank conditions limited the impact of an improved emphasis on poverty reduction goals in Canadian and donor-coordinated approaches to aid delivery for Sub-Saharan Africa?</p>
<p>2.7 Canada should fully untie its aid for developing countries.</p>	<p>Canada has implemented the DAC agreement on untying aid to the least developed countries. While still high by DAC standards, Canadian tied aid has been reduced from 60% in 1990 to 47% in 2003. At least 90% of Canadian food aid remains tied.</p>	<p>All donors need to include technical assistance and food aid in determining their goals for untying aid. Technical assistance is currently excluded and this form of aid remains an important vector for imposing donor priorities on developing countries. Also, untying aid to allow for open procurement with other <i>developed</i> countries does little to strengthen local procurement in developing countries through which local industry and services will benefit from aid resources.</p>
<p>2.8 Canadian aid should be focused exclusively on poverty reduction to fulfill Canada's international human rights obligations.</p>	<p>Almost 25% of aid increases between 2001 and 2003 were allocated to Afghanistan and Iraq, based on foreign policy pressures. Canada has joined some donors in the DAC to stretch the criteria for what can be counted as ODA, particularly for military and security aspects of peace operations.</p>	<p>How much of the \$500 million peace and security initiative in the 2005 Budget, to be managed by Foreign Affairs Canada, will be allocated to ODA-eligible activities? Security sector reform should be guided by international human rights law and allocated in ways that strengthen security for vulnerable and poor people, in ways that they determine.</p> <p>The Canadian campaign to Make Poverty History is seeking legislation to established poverty reduction as the exclusive mandate for Canadian ODA, consistent with Canada's human rights obligations.</p>

### 3.0 Assessing Canada's Commitment to Debt Cancellation

Goal / Indicator	Canada's Contribution	What's More to be Done
<p>Creditor countries must deal comprehensively with developing country debt problems by unconditionally canceling 100% of the debt of the poorest countries.</p>	<p>Canada has forgiven \$1.3 billion in ODA debt since 1978 and Canadian aid is 100% grants.</p> <p>Canada was the first country to offer 100% bilateral debt cancellation to 16 highly indebted poor countries. So far, \$156 million of this debt has been cancelled, with an additional \$300 million expected during 2005. No debt servicing is being collected on this debt.</p> <p>In 2004, Canada participated in negotiating the debt cancellation package for Iraq, with Canada agreeing to forgive, over the next three years, \$570 in Iraq debt.</p> <p>Canada played a leading role in promoting the 2000 enhanced HIPC agreement to cancel multilateral debt and has contributed \$346 million to a Trust Fund for this Initiative.</p> <p>Canada offered a moratorium of debt servicing for Tsunami affected countries in January 2005.</p> <p>Canada put forward a proposal in February 2005 to contribute its share (4%) for a 100% debt servicing moratorium for 19 countries that have completed the HIPC process (as well as several poor countries not included in the HIPC process), up to 2015.</p>	<p>Canada has tied its debt initiatives to a lengthy period of policy conditionality imposed on indebted countries by the IMF and the World Bank to be eligible for debt relief under the HIPC initiative. Canada places a moratorium on debt payments for countries eligible for bilateral debt cancellation until they have completed their HIPC process. Canada's February 2005 debt relief proposal to pay debt servicing is similarly limited to countries that have completed years of macro-economic conditionality through HIPC or Bank managed policy review. Nor is Canada proposing 100% cancellation of multilateral debt, as has been recommended by the UK Commission for Africa. The February proposal provides relief only until 2015 at which time an estimated 60% to 70% of the multilateral debt will remain to be serviced by these poor countries, mainly located in Sub-Saharan Africa.</p> <p>Only unconditional 100% cancellation will free the resources in the poorest countries required to achieve the MDGs and sustained poverty reduction in the post-2015 period. Bank/Fund conditions affect the ability of the poorest countries to invest in areas important for improving the conditions affecting poverty – education, health, agriculture and rural development.</p>