

CANADA

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OVERVIEW: UNMET PROMISES AND NO PLANS TO INCREASE CANADIAN ODA

- ❑ Canadian ODA performance has stagnated at 0.28% of GNI in 2007 and 0.30% 2008, with no plan for increases beyond 2010.
- ❑ After three consecutive budgets, it seems clear that the current Conservative Government is not living up to its election promises on aid made in January 2006. At that time, the Conservatives promised:
 - To honour all the commitments made by the then Liberal government (doubling Canadian aid between 2001 and 2010 with 8% annual increases to the International Assistance Envelope, and a \$500 million one-off addition to aid in 2006 and 2007).
 - To put another one-off \$425 million into the aid program before 2010.
 - To improve Canada's ODA performance ratio to reach the average of OECD DAC countries, which according to the OECD DAC was 0.45% of GNI in 2007.
- ❑ However, in the past two years, it has announced no plan for growing aid in the medium term, beyond the 8% increases up to 2010.
- ❑ For 2008-09, Canadian ODA is estimated at CDN\$4.6 billion, up from a projected CDN\$4.4 billion for 2007-08.
- ❑ CCIC is projecting that by 2010 Canadian aid may have doubled in dollar terms from 2001, but its performance is likely to be no better than 0.31% – a long way from the DAC average.
- ❑ CCIC and the Canadian *Make Poverty History* campaign has been seeking a ten-year timetable for aid to reach the UN target of 0.7%. This call was supported by the 2007 DAC Peer Review which commended the 8% aid increases while suggesting that Canada “draw up a timetable for achieving the UN 0.7% ODA / GNI target”.¹ However, this government has never publicly acknowledged Canada's long-standing commitment to this target.

¹ OECD DAC, *Canada, Peer Review*, OECD Paris, October 2007, accessible at <http://www.oecd.org/dataoecd/48/61/39515510.pdf>. See CCIC's summary of the highlights of this review at http://www.ccic.ca/e/docs/002_aid_2007-10_dac_peer_review_hilites.pdf.

PART ONE: AID PRIORITIES

A Commitment to Double Aid to Africa by 2008 Uncertain

At the Gleneagles G7 meeting, the former Liberal government pledged to double aid to Africa between Canadian fiscal years 2003-04 and 2008-09 as its contribution to the G7 undertaking to increase aid to Sub-Saharan Africa by \$25 billion by 2010. The 2007 Peer Review confirmed the government's claim to be on track to meet this commitment. Unfortunately there is no published evidence to assess this claim independently, since as of May 2008 CIDA has produced no public *Statistical Report on Canadian ODA* since fiscal year 2005-06.

In correspondence with CCIC, CIDA has confirmed that the government is interpreting its commitment as "international assistance", which allows them to include non-ODA items such as its contributions to the Africa Union peacekeeping efforts in Sudan. The latter are considered military-related expenditures under the DAC rules for aid to which all donors subscribe, and while they may be important contributions, they are not to be included in ODA.

Foreign Policy Security Interests and Aid Allocations

Canadian foreign policy interests seem to be a strong determinant of new aid allocations by the Conservative Government. The DAC Peer Review expressly worried that the government is moving to make development co-operation policy more consistent with foreign policy goals and points to the 2004 National Security Policy which considers development assistance to be an element of counter-terrorism.²

Afghanistan has been by far Canada's largest country recipient of aid over the past two years and significant amounts of the new aid resources provided through the 8% increases since 2001 have gone there. With an additional CDN\$650 million announced since the February 2008 budget for 2008-09, Canada has a ten-year CDN\$1.9 billion aid commitment to the country from 2001 to 2011. For fiscal year 2006-07, CIDA reports that it disbursed CDN\$179 million, with CDN\$49 million directed to aid programs in Kandahar Province where Canada has 2,500 combat troops as part of the NATO ISAF mission in Southern Afghanistan. In 2008-09 Afghan aid disbursements are expected to reach CDN\$280 million.

Meanwhile, the stated cost of Canada's military ISAF mission since 2001 is CDN\$7.5 billion, which overwhelms the aid budget for the country. For 2007-08 alone, the government's original estimate of the mission's incremental costs to the defence budget was CDN\$846 million. Latest newspaper reports suggest overspending of over CDN\$1 billion,³ which mean the total cost for this fiscal year will be nearly CDN\$2 billion. In March 2008 the Conservatives and Liberals joined forces in Parliament to extend the mission until 2011, with greater emphasis on training Afghan police and military, as well as development assistance.

According to DAC figures, Canada allocated more than US\$500 million in aid to Afghanistan and Iraq from 2000 to 2006 (not including debt relief grants). These two country programs (but mainly Afghanistan) account for about 20% of all the new aid resources since 2000. In addition, Canada granted US\$353 million in debt relief for Iraq, which was included in ODA for 2005.

² OECD DAC, *op.cit.*, page 30.

³ "Tories don't deny Afghan mission \$1 billion over budget", *Toronto Star*, March 11, 2007.

Trade Interests Influencing Aid Allocations

At the same time, it seems clear that Canada's trade and investment interests are encouraging it to increase aid allocations in the Americas. In July 2007, the Prime Minister announced that "Canada is committed to playing a bigger role in the Americas", with three key objectives: "to promote basic democratic values, to strengthen economic linkages and to meet new security challenges." The government has completed negotiations for a free-trade agreement with Colombia, an agreement which has been challenged by both human rights and development CSOs in Canada and Colombia.

Haiti is Canada's largest aid recipient in the Americas, where there is a five-year undertaking to allocate CDN\$555 million (2006-2011) to reconstruction and development. This makes Haiti the second-highest priority country for CIDA (only exceeded by the program for Afghanistan). At this point, there is no way to assess the implications that the renewed focus on the Americas will have on other regions.

Increases for Health-Related Projects

In both the 2006-07 and 2007-08 budgets the government also targeted special aid increases for high-profile health-related funding. These included one-off increases for Canada's pledge to the Global Fund to Fight AIDS, Tuberculosis and Malaria (CDN\$250 million), the Global Polio Eradication Initiative (CDN\$45 million) and the Advanced Market Commitment to create the pneumococcal vaccine. These special increases are not taken into account when the government determines the annual 8% aid increases. In the February 2008 budget, the government indicated a CDN\$450 million pledge to the Global Fund, but, unlike the added CDN\$100 million for Afghanistan, this money is to come from existing aid resources over the next three years.

PART TWO: STRENGTHENING CANADIAN AID EFFECTIVENESS

The 2007 DAC Peer Review acknowledged the aid reforms Canada has initiated since 2002, are consistent with the principles of the *Paris Declaration on Aid Effectiveness*. These reforms have included:

- ❑ Stronger emphasis on program-based approaches and co-ordination of its aid with other donors (approximately 30% of Canadian bilateral programs in 2007).
- ❑ Progress in untying Canadian aid (eliminating aid-tying for food aid in May 2008).
- ❑ Increased sector focus (much higher priority for basic education and democratic governance for example).
- ❑ Increased country concentration (higher disbursements to the top 20 bilateral aid recipients).

Yet much more is needed to ensure Canadian aid effectiveness.

Recognising CSO Voices

Since January 2007, CIDA has chaired an Advisory Group on Civil Society and Aid Effectiveness aimed at strengthening the recognition and voice of civil society as development actors in their own right. It advises on the applicability and contributions of CSOs in the implementation of the *Paris Declaration* and sets out good practices in CSO aid effectiveness.⁴

It is expected that CIDA will push for a fuller inclusion of CSO voices and positions in the multi-stakeholder dialogue at the Third High Level Forum in Accra in September 2008. It should also lead in following up the Forum's outcomes over the next two years to enrich and deepen the aid-effectiveness agenda.

At the same time CIDA has been developing its own policy perspectives on the role of CSOs in development and their implications for renewing its partnerships with the voluntary sector. Canadian CSOs will be looking for renewed relationships with CIDA consistent with the conclusions of the Advisory Group's work and which facilitate unique and independent roles for civil society as development actors.

A New Legal Mandate for Improved Effectiveness and Accountability for Canadian Aid

The DAC Peer Review proposed that Canada's development assistance programs "be given a stronger foundation, whether through legislation or other means" and called for "a development co-operation policy that puts poverty reduction at the heart of [Canada's] international co-operation programs."⁵ In early May, the *Official Development Assistance Accountability Act*, the "Better Aid Bill", received unanimous passage in the House of Commons. This Bill directs the government to allocate aid only if it can assure Parliament that it "*contributes to poverty reduction... takes into account the perspectives of the poor... and is consistent with international human rights standards.*"⁶ CSOs have argued globally that aid effectiveness must be measured by the degree to which the means to deliver aid contribute to these goals.

The Bill also provides for annual reports to Parliament, including detailed statistical reports on disbursements. Urgent and substantial improvements are needed in timely and systematic accounting transparency as a foundation for strengthening Canada's aid effectiveness. CIDA *has* undertaken reform, as the Peer Review points out, but without transparency there can be little public awareness of the impact of these reforms.

In recent years, details on recent Canadian aid transactions have been completely inaccessible. As noted above, CIDA has not published its record of official aid statistics for 2006-07 as of May 2008. There is therefore no timely aid data from CIDA in the form of verifiable time-series statistics which independent analysts can use to assess Canadian aid over the past three years.

⁴ Background documents and a synthesis of the outcomes of the work of the Advisory Group can be found on CCIC's web site (<http://ccic.ca/e/002/aid.shtml>) or at CIDA's civil society extranet site (by registration) (<http://web.acdi-cida.gc.ca/cs>). CCIC is one of six CSO members of the Advisory Group.

⁵ OECD DAC, *op.cit.*, page 11.

⁶ House of Commons of Canada, *Official Development Assistance Accountability Act*, Bill C-293, accessible at <http://www2.parl.gc.ca/HousePublications/Publication.aspx?pub=bill&doc=C-293&parl=39&ses=1&language=E&File=24>.

Requests for specific sector or program information are sometimes granted, but more often lately analysts have been referred to a *Freedom of Information Act* process, which is seldom timely and often produces no useful information.⁷ Interestingly, up-to-date aid statistics are available on CIDA's web-site for the program in Afghanistan, which is high profile and has been subject to public criticism.

Calls for Reform of CIDA

Notwithstanding several aid reforms since 2002, CIDA has been the target of strong criticisms in recent years.⁸ Critics have cited failures of accountability, failures to deliver aid effectively and lack of demonstrable impacts on poverty in Africa.

Remedies suggested are various, but include the prospect of structural changes – abolition of CIDA as a stand-alone development agency and (by implication) integration of international co-operation policy-making within Canada's Department of Foreign Affairs.

The DAC 2007 Peer Review of Canada acknowledged reforms underway within CIDA to strengthen the internal coherence of the Agency and called for strengthening CIDA as a single point of reference for Canadian development assistance.

Nevertheless, there are important issues under discussion by the government, with almost no public debate. Country focus is one such issue. The government proposed in its 2007 Budget that aid would be focused only on countries where Canada ranked greater than 5th largest donor, with the rationale that scale alone produces impact. CSOs have appreciated the need to focus, but have proposed criteria that relate to the purpose of Canadian aid, its role and synergy with other development actors, and the country's obligations to meet human development needs in a range of developing countries.⁹

The need and growing appetite for public discussion on these issues and the passage of the *ODA Accountability Act* has led the Canadian Council for International Co-operation to propose public consultations on implementing the Bill and reform of Canadian aid policies and practices that deepen the effectiveness of aid in reducing poverty.

It would provide recommendations and a rationale that takes account of the conclusions of the DAC Peer Review, as well as proposals from Canadians with a rich experience in four decades of development co-operation. It should also offer advice on the guidelines needed to implement the *Accountability Act*, which itself includes a requirement for consultations on how the government is implementing the purposes of Canadian ODA as defined by the *Act*.

⁷ Aid analysts must now rely on Canada's annual reports to the DAC, which sometimes distort Canadian aid commitments stated in Canadian fiscal terms because DAC statistics are reported on a calendar year basis, can be incomplete because they are voluntary, and are subject to reporting rules that sometimes mask true aid allocations (for example sector purposes must be 100% to be included).

⁸ See Africa Canada Forum (CCIC). "Issues Raised by the Senate Committee Report: *Overcoming 40 years of Failure: A New Road Map for Sub-Saharan Africa*", March 2007, and more recent, *Toronto Sun*, "Controversy swirls around CIDA", February 20, 2008.

⁹ The Peer Review acknowledged that Canada has improved its focus of bilateral aid on 20 countries, raising this proportion from 60% in 1999 to 68% in 2005 (page 36). While several donors have greater concentration in the top 20 recipients, CCIC has calculated that Canada's current concentration is similar to that of Norway (70%), Sweden (68%) and the Netherlands (70%), all donors with whom Canada has strongly collaborated in the past.