

A REVIEW OF THE FIRST REPORT TO PARLIAMENT ON THE GOVERNMENT OF CANADA'S OFFICIAL DEVELOPMENT ASSISTANCE, 2008-2009

SUMMARY

On September 30th the Government of Canada released its first Report on Canadian Official Development Assistance as required by the ODA Accountability Act, which came into effect in June 2008. The Act defines the purpose of Canadian ODA, and sets out requirements for consultation on ODA programming and reporting on ODA disbursements. The Act calls on responsible Ministers for ODA to confirm that all ODA disbursements under their authority 1) reduce poverty, 2) take account the perspectives of the poor, and 3) are consistent with international human rights standards. This Briefing Note is CCIC's summary and analysis of the Report, which can be found at <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-9288209-GGP>. While the 2008-09 Report technically meets the reporting requirements of the new ODA Accountability Act, it fails to fulfill the Act's spirit and intention.

1.0 KEY MESSAGES

1.1 The Report Falls Short in Meeting the Spirit and Intention of the Act

While recognizing that this is the first Report under the new ODA Accountability Act, for the most part it provides only a descriptive listing of activities undertaken with ODA resources, with no analysis or systematic reference to how or why the responsible Minister is "of the opinion" that these activities meet the three tests of the Act. The Report, in places, does address compliance with the poverty criteria, but it does not address "taking account the perspectives of the poor", or "consistency with international human rights standards", or the linkages among these.

1.2 The Report Provides Timely Statistical Information

The Report does provide some new and timely statistical information on Canadian aid performance in 2008-09, much earlier than usual. These numbers will be further refined when the government publishes its 2008-09 Statistical Report on ODA in March of 2010.

1.3 An Overarching Statement about the Approach of the Government to Implementing the Act Needed

There is much that could be improved in the Report. How have the various Ministries set in place measures to assure compliance with the Act? What procedures enable respective Ministers to form their opinion about a potential ODA activity or program? How will government departments be guided in setting out their approach to the three tests? While consultation is acknowledged, there is no policy approach suggested for future consultations.

1.4 Accountability, Not Accountancy, Is Important for Future Reports to Parliament

Future Reports need to go beyond “activity reports” and provide the public and parliament with assurances that aid spending is meeting the Act’s three criteria [contributing to poverty reduction, taking account the voices of the poor, and consistency with international human rights standards]. The Act is significant because it addresses a long standing recommendation for a legislated purpose for Canadian ODA and explicitly places international human rights standards as a central test for this purpose.

While it may take time for the government to fully take on board how to address the “three tests”, this first Report is worrying because it has nothing to say about how the government understands the application of these tests, in particular the implications for aid of being consistent with international human rights standards.

1.5 A commitment to improve the next 2010 Summary Report to Parliament

To enable a more robust and relevant Summary Report on Canadian ODA for 2009-10, due in September 2010, CCIC proposes that CIDA coordinate a multi-stakeholder working group to offer advice on format and coverage for the next Report.

2.0 BACKGROUND FOR THE 2008-09 REPORT ON CANADIAN ODA

The *Report to Parliament on the Government of Canada’s Official Development Assistance, 2008-2009* was produced in response to the government’s obligation under Section 5 of the 2008 Canadian ODA Accountability Act to issue a report to parliament, six months following the close of the fiscal year, on

- “(a) The total amount spent by the Government of Canada on official development assistance in the previous fiscal year;
- (b) A summary of any activity or initiative taken under this Act;
- (c) A summary of the annual report submitted under the Bretton Woods and Related Agreements Act;

- (d) A summary of any representation made by Canadian representatives with respect to priorities and policies of the Bretton Woods Institutions; and
- (e) A summary of the Departmental Performance Report of the Canadian International Development Agency.”

The 2008-09 Report technically meets these reporting requirements. However, as will be elaborated in this Briefing Note, it fails to fulfill the spirit and intention of the ODA Accountability Act. In particular, it fails to document government accountability to the three criteria for Canadian ODA set out in Section 4 (1) of the Act:

“Official development assistance may be provided only if the competent minister is of the opinion that it

- (a) contributes to poverty reduction;
- (b) takes into account the perspectives of the poor; and
- (c) is consistent with international human rights standards.”

3.0 HIGHLIGHTS FROM THE REPORT

3.1 A Summary Statistical Report on ODA Disbursements for 2008-09

The Report provides a summary statistical report on Canadian ODA for 2008-09 for each government department. Total ODA disbursements were \$4,854.25 million in 2008-09. This amount is somewhat less than CCIC’s prediction for this year and results in an estimated performance ratio to Canadian GNI of 0.32%. This report thus provides access to some numbers sooner than would have been available prior to the Act coming into force. A detailed Statistical Report for ODA for 2008-09 is not due to be published until March 2010. The latest Statistical Report otherwise available on CIDA’s web site is for 2006-07, with one for 2007-08 due in the coming months.

The Report to Parliament notes that the assistance reported as ODA under the Act is also “consistent with the reporting guidelines for development assistance prepared by the Development Assistance Committee of the OECD”. This is important for allowing consistent international comparisons with other donors. While the government has reduced or eliminated some activities that could be included under DAC rules (see below), there is no reported Canadian ODA under the Act that the DAC would not permit for all official donors (such as assistance to the military for mandated peacekeeping operations).

Canadian ODA for 2008-09 includes \$92.05 million for government support for refugees coming to Canada for their first year. This disbursement is allowable under the rules established by the DAC and Canada has been including it as ODA since 1993-94. In previous years, however, the amount included has been usually more than \$150 million (e.g. in 2006-07 it was \$204.8 million).

Finance Canada has included \$142.8 million for bilateral debt cancelled during this fiscal year, mainly for Iraq. Bilateral debt cancellation (unlike multilateral debt cancellation) does not come out of the annual International Assistance Envelope, but from government reserves. The DAC allows the full value of debt cancelled to be counted in the year it is cancelled, despite the fact that the benefit to developing countries is spread over the term of the debt.

Canada has in past years also been reporting an imputed value of university / college costs associated with students studying in Canada from developing countries as ODA. An amount for students does not appear in this summary Report for 2008-09. In 2006-07 imputed student costs were \$151.25 million.

CSOs in the Reality of Aid Network (www.realityofaid.org), including CCIC, suggest that the real value of Canadian ODA should not include amounts for refugees, students and bilateral debt cancellation as they are not budgetary disbursements to counterparts in developing countries. Removing these items from ODA for 2008-09 gives a "Real ODA" figure of \$4,619.4 million and a performance ratio of 0.30%. No real progress is being made towards the long standing UN goal of 0.7% of GNI for Canada's ODA.

CIDA makes up 73.7% of Canadian ODA in 2008-09 or 77.4% of "Real ODA" for that year. This compares with a low of 57.4% in 2006-07 or 66.4% of "Real ODA" for that year.

3.2 ODA Disbursed Through CIDA

The "Summary Report to Parliament" provides a brief overview of ODA activities disbursed through CIDA, as well as a summary of the CIDA annual Performance Report to parliament for 2007-08 (the Performance Report for 2008-09 is tabled with parliament later in October). However, the Summary Report to Parliament does not even mention the criteria for ODA that are laid out in the Act, nor does it suggest a rationale for these activities based on its understanding of these criteria. The Report has taken a very narrow interpretation of the Act's requirement for "a summary of any activity or initiative taken under this Act", i.e. a listing of activities. On what basis is a reader to understand why the Minister considers these activities to be consistent with Section 4 (1) of the Act?

The Report does provide some useful preliminary statistics on these disbursements:

Total ODA disbursements by CIDA were \$3,575.19 million. Of these,

- ❑ Countries of concentration: \$928.16 million (based on the 25 countries or concentration used in that year, not the 20 countries announced in early 2009).
- ❑ Fragile states and countries experiencing humanitarian crises: \$865.65 million (24.2% of CIDA total ODA). Afghanistan received \$224 million in development and humanitarian aid from CIDA (not including any assistance to Afghanistan pro-rated from Finance's allocation to the World Bank's IDA window). Haiti is the second largest recipient of Canadian aid with CIDA disbursements of \$135.6 million in 2008-09.

- ❑ Emergency Assistance: \$520 million (14.5% of CIDA ODA).
- ❑ Multilateral Institutions and Canadian institutions (Voluntary Sector Program): \$1,307.7 million. Of this amount \$213 million was spent in Canadian Partnership Branch in support of Canadian civil society development activities. This compares with \$227.7 million in 2006-07.
- ❑ Engaging Canadian citizens: \$27.06 million (0.08% of total CIDA ODA)

3.2.1 Geographic Disbursements

- ❑ The Report documents that Canada doubled its aid to Africa (including both bilateral and multilateral disbursements) from \$1.05 billion in 2003-04 to \$2.1 billion in 2008-09, of which \$1.6 billion was ODA from CIDA (44.8% of CIDA ODA).
- ❑ Other Bilateral Geographic Branches: Americas and Caribbean: \$268 million (of which Haiti is \$136 million); Asia: \$512 million (of which Afghanistan is \$224 million). These geographic branch figures are not comparable to \$1.6 billion for Africa above (which includes multilateral figures etc). No bilateral figure is given for the geographic Africa Branch.

3.2.3 Sectoral Priorities

- ❑ Agriculture: \$224 million (of which 60% to Africa). CIDA also notes that it untied its food aid and that it increased its food aid expenditures to \$230 million from \$180 million.
- ❑ Strengthening basic education: \$329 million
- ❑ Improving health: \$783 million
- ❑ Private sector development: \$531 million
- ❑ Environment: \$173 million
- ❑ Democratic governance: \$502 million

3.3 ODA Disbursed Through Other Government Departments

Of the \$676.31 million in ODA disbursed through the **Department of Finance**, \$384.3 million was for the World Bank's International Development Association (IDA), the soft loan / grant window of the World Bank, \$149.3 million for Canada's negotiated share of multilateral debt relief in the Multilateral Debt Relief Initiative (Canada also assisted IDA and the Africa Development Bank in this initiative to make up shortfalls from other donors), and \$142.8 million in bilateral debt relief (Haiti: \$1.5 million and Iraq: \$142.6 million). Bilateral debt relief is counted as ODA, but is drawn out of non-budgetary reserves.

The Department of Finance provides a rationale for inclusion of debt relief disbursements in Canadian ODA: "...they contribute to poverty reduction by freeing up resources (which

otherwise be used to service sovereign debt) for use towards social expenditures. Further, debt relief recipient self-directed poverty alleviation efforts based on their individual HIPC Poverty Reduction Strategy Paper and must demonstrate that debt-relief efforts include equity (e.g. human rights) commitments” [page 10]. While this is accurate, CSOs argue that debt cancellation was to be additional to ODA and that the benefits to developing country governments are spread over several decades, while donors count all debt cancelled in the year that it is cancelled.

The Department of Finance also references its report *Canada at the IMF and World Bank 2008* (http://www.fin.gc.ca/bretwood/bretwd08_1-eng.asp#2008), which provides a very good overview of Canada’s priorities and representations at the Bretton Woods Institutions (BWIs). Canadian CSOs, through the Halifax Initiative, have been working with the Department of Finance over several years to improve the quality of this report as a key departmental accountability report on the BWIs. Other government departments implicated in the ODA Accountability Act might take note of Finance’s report on the BWIs.

A total of \$277.7 million of Canadian ODA was disbursed in 2008-09 by the **Department of Foreign Affairs and International Trade**, compared to \$114.1 million in 2006-07. Of this amount, \$113.9 million was through the Global Peace and Security Fund (GPSF) in support of conflict prevention, post-conflict peacebuilding and stabilization initiatives (compared to \$58.9 million in 2006-07). The GPSF supports activities that according to DFAIT are “prerequisites for effective poverty reduction in countries such as Afghanistan, Haiti and Sudan” [page 12]. Of \$138 million for Afghanistan, Haiti and Sudan, \$106 million was counted as ODA. Of \$8.7 million for the development of peacekeeping capabilities with UN and regional organizations in the Americas and Africa, \$3.3 million were included as ODA. Other disbursements from DFAIT include assessed contributions to international organizations (\$88.7 million) and services provided to CIDA abroad (\$65.3 million), among other smaller disbursements.

While DFAIT provides an overview of results from these investments, the department provides no rationale for their eligibility against the purpose of ODA as defined under Section 4 (1) of the Act. For example, funding for security sector development in Afghanistan “includes payment of Afghan policy and correctional officer salaries”, but there is no discussion of its “consistency with international human rights standards”. The Report states that much of DFAIT’s disbursements relate to “international disaster, emergency and humanitarian assistance” [page 15] (not covered by Section 4 (1) of the Act), but do not specify which disbursements are exempt. It also suggests that “some of our international assistance expenditures are mandated by our membership in international organizations or previously made commitments, while others are mainly driven by Canada’s foreign policy and international assistance priorities” [page 15], but makes no mention of the criteria for aid under Section 4 (1) of the Act.

The Department of Citizenship and Immigration provides the accounting and rationale for including \$92.05 million in ODA for refugees in Canada during their first year. It suggests that “providing resettlement to refugees contributes to poverty reduction in developing countries as refugee populations, and costs associated with providing asylum, are reduced” [page 19]. This is a weak rationale based on the assumption that all of these

costs would be otherwise born by a developing country host for these same refugees, some of whom come directly to Canada or are supported in other countries by UNHCR. It goes on to suggest that it consults with refugee stakeholders in Canada about this assistance, but importantly, does not say that it consults about such assistance in the context of the ODA Accountability Act. These payments are made in the context of Canada's policies in support of refugees, not as a deliberate decision for international assistance for development. Discounting such support for refugees in Canada as ODA by CCIC, does not imply that Canada should not fully live up to its international obligations as a country of refuge.

Canadian ODA for 2008-09 includes \$19.61 million from disbursements by the **Royal Canadian Mounted Police** for 16 separate missions to strengthen police services in countries experiencing conflict, in order to "help create a safer and more stable environment" [page 20], including work with the Combined Transition Command-Afghanistan and its work with the Ministry of the Interior to train and equip Afghan National Police. The rationale for inclusion as ODA is that "safe and stable environments" can "pave the way for long term development and can also prevent illicit activities from spilling across borders into other countries, including Canada" [page 20]. Whatever the merits of this argument, the Report provides no justification for the reported activities in relation to the three tests for Canadian ODA from Section 4 (1) of the Act, including no discussion of how to address human rights standards in security sector work.

The **Department of National Defence** also reports \$18.79 million in ODA, similarly without a rationale against Section 4 (1) of the Act, except to say that its support (\$10.7 million) for the Kandahar Provincial Reconstruction Team (PRT) "is to help the democratically elected government extend its authority and ability to govern, rebuild the nation, and provide services to its citizens". It also responds through quick impact projects to "the immediate needs that Afghans face in their daily lives" [page 22]. DND reported \$1.6 million in ODA was spent for a navy ship to support the delivery of food aid to Haiti, and \$6.7 million disbursed for "escorting World Food Programme ships carrying life-saving supplies in the region of Somalia... to protect them from piracy and armed robbery" [page 23].

Smaller amounts of ODA were also reported by **Health Canada** (Pan American Health Organization), **Environment Canada** (support for multilateral environmental organizations and bilateral technical cooperation with developing countries), **Industry Canada** (for the International Telecommunications Union) and **Parks Canada** (for UNESCO). **Labour Canada** includes assistance "to support the modernization of labour policy and administration to foster better support of national labour laws and greater respect for internationally recognized core labour standards" in Canada's labour cooperation agreements.

4.0 CONCLUSIONS

The first Report to Parliament on Canadian ODA for 2008-09, as mandated by the 2008 ODA Accountability Act, has improved timely information on Canadian ODA activities and statistics. But this first Report falls short in making transparent the application of the newly

defined purposes of Canadian ODA as outlined in Section 4 (1) of the Act. A Report to Parliament on activities undertaken under the Act is incomplete if it does not address substantively this legislated purpose, including the emphasis placed in the Act on international human rights standards. The Report, for example, makes no reference to gender equality and women's rights as key determinants for effective poverty reduction activities, nor to any gender-specific or gender integrated activities in Canadian ODA. The Report has nothing to say about approaches and activities related to consultations required under the Act, nor to any lessons learned from consultations that have taken place. The annual Summary Report to Parliament has the potential to be an important accountability tool for the government, parliamentarians and Canadians interested in directions for Canadian ODA. But this potential has yet to be fully realized.

No doubt, there are many challenges in summarizing ODA initiatives in a given year in relation to the Act. To enable a more robust and relevant Summary Report on Canadian ODA for 2009-10, due in September 2010, CCIC proposes that CIDA coordinate a multi-stakeholder working group to offer advice on this next Report. This working group should be composed of relevant officials from the key affected departments, Canadian CSOs, and parliamentarians to suggest an appropriate format and coverage for this Summary Report. As a contribution, CCIC will coordinate a CSO Benchmark Report on the implementation of the Act, to be released in January 2010. This CSO Benchmark Report will build upon a Conference on the implementation of the Act in September 2009.

Brian Tomlinson
Policy Team

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