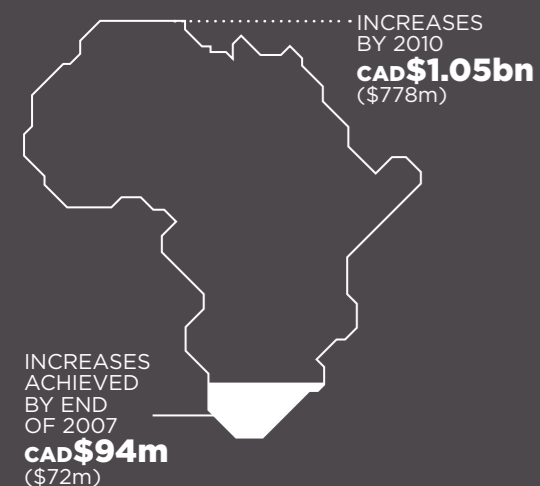


CANADA



10.8% OF THE COMMITMENT HAS BEEN DELIVERED

CANADA'S PROMISED INCREASE



WHAT WAS THE DEVELOPMENT ASSISTANCE COMMITMENT IN 2005?

Canada will double its international assistance from 2001 to 2010, with assistance to Africa doubling from budget year 2003–2004 to budget year 2008–2009.¹

STATEMENT FROM CANADA ON COMMITMENT

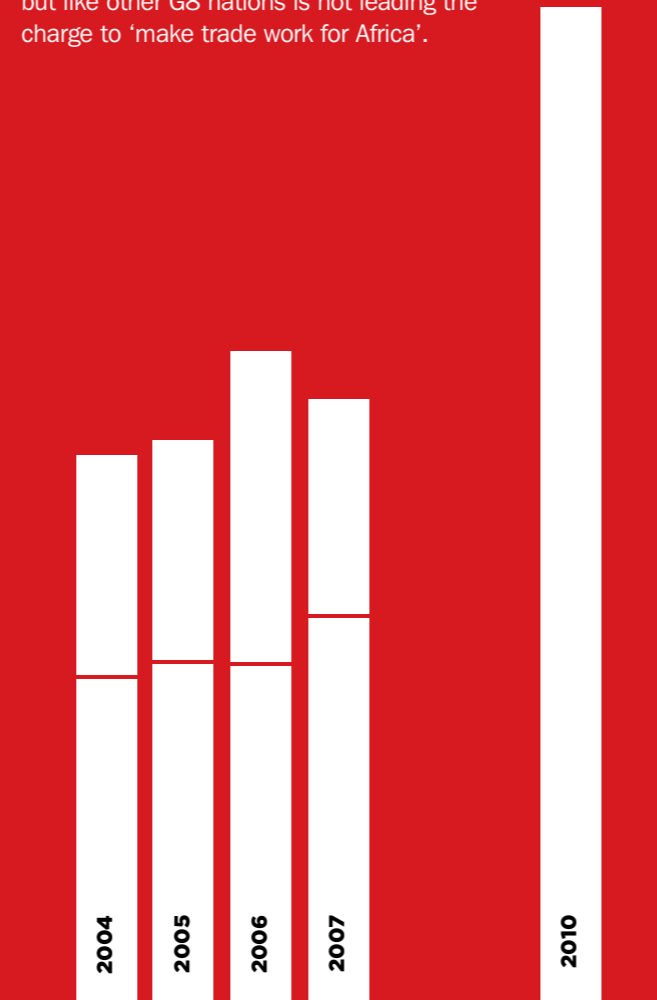
Budget 2008 provides the resources and direction required to enable Canada to reassert its influence in global affairs by:

- Delivering on our promise to double international assistance to \$5 billion by 2010–2011.
- Meeting the commitment to double aid to Africa by 2008–2009, and being the first Group of Eight (G8) country to deliver on this promise.
- Providing \$450 million over the next three years to the Global Fund to Fight AIDS, Tuberculosis and Malaria.²

DEPARTMENT OF FINANCE, CANADA,
26 FEBRUARY 2008

OVERALL ASSESSMENT

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, and while plans for 2008 show improvement, they are not enough to be on track. Canada is one of only two countries on track for education, but its performance in other sectors is mixed. Canada ties for second place with Germany among the G8 on aid quality, but like other G8 nations is not leading the charge to 'make trade work for Africa'.



HOW DOES DATA INTERPRET CANADA'S COMMITMENT AND CALCULATE THE TARGET?

When Prime Minister Paul Martin unveiled the commitment, Finance Minister Ralph Goodale cited CAD\$1.4 billion (\$1.1 billion) as the 2003/04 baseline for doubling development assistance to Africa. Since then, Prime Minister Stephen Harper and the Canadian International Development Agency (CIDA) have clarified that the 2003/04 baseline was CAD\$1.05 billion (\$750 million), because Canada spent less on ODA to sub-Saharan Africa than was anticipated during 2003/04.

This figure, converted into US dollars at the OECD annualised exchange rate, has been used as the basis for calculating Canada's target and includes both bilateral and multilateral ODA. The new baseline sets the target for the 2008/09 budget year at CAD\$2.1 billion (\$1.5 billion). Further, Canada's commitment was based upon the 2008/09 budget year, but the DAC reports spending on a calendar year basis. Even though two-thirds of Canada's budget year is contained within calendar year 2008, DATA will hold Canada to achieving its target for sub-Saharan Africa by the end of calendar year 2009. As Canada's commitment extends only to 2009, no increases have been assumed beyond that point. Therefore, the target for ODA to sub-Saharan Africa remains at its 2009 level for 2010.

Canada did not set interim annual targets to achieve this goal. In lieu of such targets, DATA tracks progress against a projected straight-line trajectory between the most recent year for which data are available and the 2009 target. All DAC ODA figures in this chapter are provided in 2004 Canadian dollars and 2004 US dollars in order to provide a universal reference point against the progress of other G8 countries and to ensure that the full value of the commitment is delivered.

Canada has said that its commitment was to double 'international assistance' to Africa, rather than to deliver ODA. Canada's definition of international assistance would include things not usually considered as ODA (i.e. military assistance). Canada's budget summary for 2008/09 explicitly says that it will meet 'the commitment to double aid to Africa by 2008–2009'. The clear intent of the G8's commitments at

Gleneagles, and the language as it appears in Canada's 2008 budget, led DATA to monitor Canada's progress on increases in ODA to sub-Saharan Africa as opposed to using Canada's definition of international assistance.

To measure progress toward this commitment, The DATA Report tracks ODA to sub-Saharan Africa net of bilateral debt relief.² Debt relief is immensely important to development but bilateral debt relief as recorded by the DAC skews the true value to the recipient, as well as the true cost to the donor. Multilateral debt is included in ODA as part of payments through the World Bank's IDA and other development banks.

IS CANADA ON TRACK TO MEET ITS OWN COMMITMENTS ON DEVELOPMENT ASSISTANCE TO SUB-SAHARAN AFRICA?

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%**

In 2007, Canada's ODA net of debt relief to sub-Saharan Africa decreased by CAD\$115 million (\$88 million), or 8.9%. Though 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). In order to be on track as determined by a straight-line trajectory, DATA estimates that Canada should have increased its ODA to the region by CAD\$220 million (\$169 million) in 2007.

Canada's ODA to sub-Saharan Africa increased by CAD\$94 million (\$72 million) between 2004 and 2007, net of bilateral debt relief.

The DATA Report is primarily focused on the G8's commitments to sub-Saharan Africa, but increases in ODA to sub-Saharan Africa occur in the context of fluctuations in global ODA. Canada's global ODA, net of bilateral debt relief, increased by CAD\$160 million (\$123 million) from 2006 to 2007.

FIGURE 1

WHAT HAVE ODA FLOWS BEEN SINCE 2004?

IN \$ MILLIONS, 2004 PRICES (IN CAD\$ MILLIONS, 2004 PRICES)	2004	2005	2006	2007
TOTAL GLOBAL ODA	2599 (3382)	3410 (4437)	3073 (3998)	2990 (3890)
BILATERAL DEBT RELIEF (Global)	75 (97)	415 (540)	217 (283)	11 (15)
TOTAL GLOBAL ODA (net of bilateral debt relief)	2524 (3284)	2995 (3897)	2855 (3715)	2978 (3875)
TOTAL SSA ODA	851 (1108)	992 (1291)	1161 (1511)	904 (1177)
BILATERAL DEBT RELIEF (SSA)	73 (95)	77 (100)	169 (220)	1 (1)
MULTILATERAL ODA TO SSA	281 (366)	388 (505)	465 (605)	314 (408)
BILATERAL ODA TO SSA (net of bilateral debt relief)	497 (647)	528 (686)	527 (685)	590 (768)
TOTAL SSA ODA (net of bilateral debt relief)	778 (1013)	915 (1191)	992 (1291)	904 (1176)

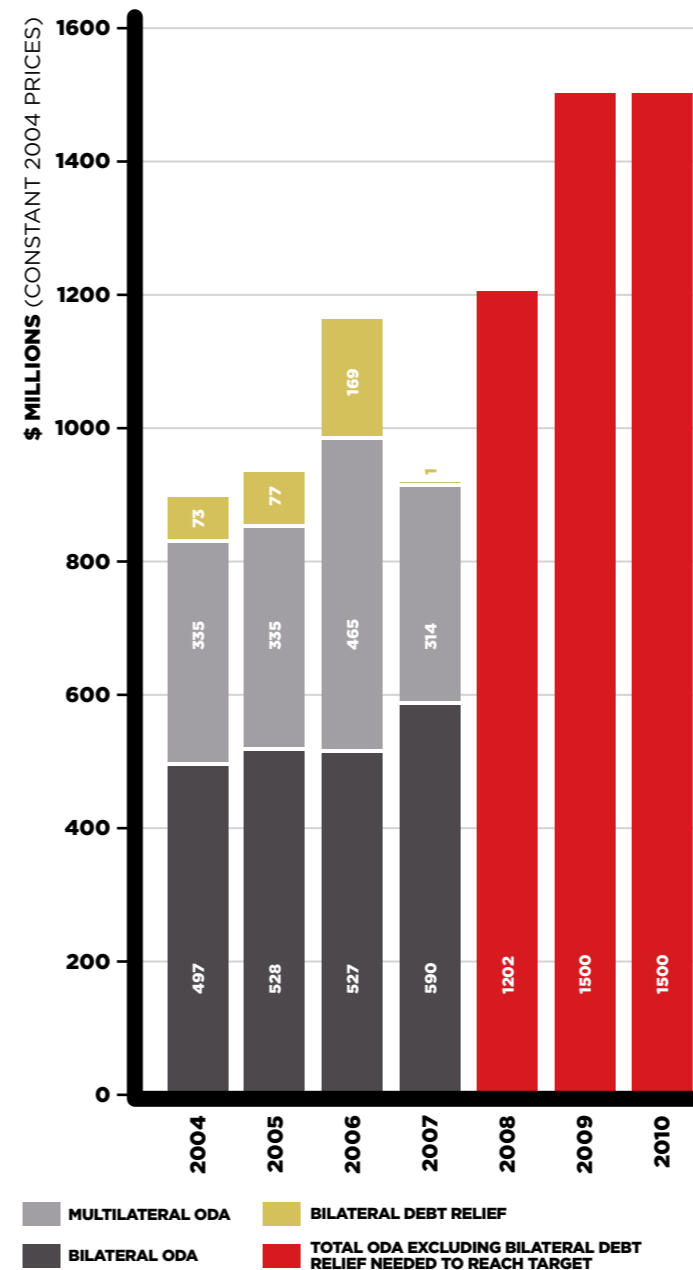
WHAT PROGRESS DOES CANADA NEED TO MAKE ON AID TARGETS TO AFRICA?

All figures in this section are provided in Canadian dollars in 2007 prices and US dollars in 2004 prices for the purposes of comparing these figures with both the current Canadian federal budget and with the DAC figures given elsewhere in The DATA Report that are in 2004 prices.

In order to get on track and to reach its target of CAD\$2.1 billion (\$1.5 billion), Canada must increase ODA to sub-Saharan Africa by CAD\$420 million (\$298 million in 2004 prices) net of bilateral debt relief in 2008 to CAD\$1.694 billion (\$1.202 billion in 2004 prices). This would represent an increase of 33% over 2007 figures.³

FIGURE 2

CANADA'S ODA TO SUB-SAHARAN AFRICA AND TRAJECTORY TO 2010 TARGET



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

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

Although final budget figures for 2008 are not available, Canada's global ODA in 2008 is projected to be approximately CAD\$4.448 billion (\$3.157 billion in 2004 prices).⁴ If future allocations for Africa follow the past three-year average, DATA estimates that approximately 32% of global ODA will be allocated to Africa in 2008, or a total of approximately CAD\$1.432 billion (\$1.016 billion in 2004 prices). This is an increase of CAD\$159 million (\$113 million in 2004 prices), but less than the increase of CAD\$420 million (\$298 million in 2004 prices) needed to be on track.

The figures in the chart on the left are in constant 2004 prices. The equivalent targets for 2008, 2009 and 2010 in 2007 prices are \$1.576 billion, \$1.967 billion and \$1.967 billion respectively.

IS CANADA DOING ITS PART TO MEET THE G8'S SECTORAL COMMITMENTS?

Canada has proposed and participated in several important new initiatives that are consistent with the sectoral commitments made by the G8. One of the largest such initiatives contributes towards the overall health goals. At the 2007 G8 Summit, Canada announced the African Health Systems Initiative (AHSI). The AHSI is a ten-year initiative aimed at strengthening health systems and improving basic health in African countries. Canada has also prioritised education and has contributed a proportionate share of the cost to achieve universal primary education, but it has not prioritised water and sanitation.

Figure 3 details the performance and efforts of Canada in relation to each of the 2005 sectoral commitments that DATA monitors on debt, trade, education, health and governance and security. This section also highlights key recent changes and relevant developments in Canadian ODA as it pertains to these sectors. OECD DAC numbers used in this section are from 2006 data on commitments, the most recent available figures.

TRACKING THE COMMITMENTS

FIGURE 3

ON TRACK DEBT

- As of 30 September 2007, Canada made unqualified pledges of \$29.36 million for 2007–08 to compensate IDA for the Multilateral Debt Relief initiative (MDRI). In addition, Canada made qualified pledges of \$83.62 million for 2009–16. No pledges have been made for 2017–44.
- Canada has pledged \$1.216 billion to IDA15. Beyond the technical compensation for the MDRI, this general contribution to IDA shows the political will to ensure that IDA, which is the biggest contributor to the MDRI, is properly compensated.
- Canada has cancelled 100% of bilateral debt owed by HIPC countries. This includes 100% of its post-cut-off-date commercial debt.

EDUCATION

- Canada provided \$113 million to Africa in 2006 for primary education, above its proportionate share of total funding needed. In order to provide its proportionate share of the total needed to fund universal primary education, Canada would need to maintain this level of assistance in 2008.
- Funding for primary education has quadrupled since 2000 and Canada's Finance Minister announced in 2006 that bilateral funding for education in Africa would increase to approximately \$130 million per year by 2010.

ON/OFF TRACK CANNOT BE ASSESSED, BUT PROGRESS IS MONITORED IN THE FOLLOWING SECTORS

HEALTH

- Total health sector spending for sub-Saharan Africa in 2006 was \$192.3 million, a 31.5% increase over 2005.
- Canada pledged and contributed \$110.6 million to the Global Fund in 2007, and has committed to contribute \$153 million in 2008. Recently, Canada has committed CAD\$450 million in funding for the Global Fund to Fight AIDS, Tuberculosis and Malaria between 2008 and 2010.
- Canada has contributed \$148.7 million to GAVI and allocates approximately 8.5% of its health sector spending to health systems development (compared with a G7 average of 18.7%).
- At the 2007 G8 Summit, Canada announced the Africa Health Systems Initiative (AHSI). The AHSI is a ten-year initiative aimed at strengthening health systems and improving basic health care in African countries, mainly by training workers and increasing access to child and maternal health interventions such as immunisations.⁵
- A component of the AHSI is the Initiative to Save a Million Lives. Canada has pledged CAD\$105 million over the next five years to leverage other donors to commit CAD\$500 million to improve child and maternal health. The initiative includes, among other things, a health-care worker training component.

GOVERNANCE AND SECURITY

- Canada has both signed and ratified the United Nations Convention Against Corruption (UNCAC).
- In February 2008, Canada announced a pledge of \$5.2 million over two years to the African Peer Review Mechanism (APRM).⁶
- Canada has contributed \$1 million to the Extractive Industries Transparency Initiative (EITI).
- Canada's Fund for Africa (launched in 2002) includes three security initiatives: Strengthening the Peace and Security Capacity of the African Union (\$4 million), the West Africa Peace and Security Initiative (\$15 million) and the War-affected Youth Project (\$6 million). Together, these initiatives totalled \$25 million over the five years between 2002 and 2007.
- Canada has pledged and paid in \$17 million to the UN Peacebuilding Commission.
- Canada contributed \$21 million to the Central Emergency Response Fund (CERF) in 2006 and \$35.1 million in 2007, and has made a pledge of \$39.6 million for 2008.

INNOVATIVE FINANCING

- Canada has been a supporter of the Advanced Market Commitment pilot project to incentivise the development of a vaccine for pneumococcal disease. It has pledged CAD\$230 million (\$200 million) between 2006 and 2009.
- In February 2007, Canada committed up to CAD\$111 million to the Canadian HIV Vaccine initiative.⁷
- In its February 2008 budget, Canada announced that it would dedicate 'an initial \$50 million over the next two years to a new Development Innovation Fund, to create breakthrough discoveries with the potential to significantly improve the lives of millions in the developing world'.

OFF TRACK TRADE

- According to the OECD, in 2006 Canada spent approximately \$3.7 billion on market price support, the most distorting form of agricultural subsidy.⁸
- Canada offers duty-free and quota-free access for all goods except dairy and poultry to all LDCs, but not to all African countries.
- Canada's aid for trade contribution was approximately \$29 million in 2006, a significant decline from its peak of more than \$250 million in 2004.⁹
- In 2005, the Canada Investment Fund for Africa (CIFA) was established with funding from the Canadian government. CIFA is a \$212 million fund focused on investing across Africa, with a specific focus on larger markets such as South Africa, Nigeria, Egypt, Morocco/Algeria, East Africa and Francophone West Africa. These investments focus primarily on financial services, consumer businesses, natural resources and telecommunications.¹⁰

WATER AND SANITATION

- In 2006, Canada spent \$13.9 million on water and sanitation in sub-Saharan Africa, 1.73% of its total ODA to the region. According to the methodology used in The DATA Report, Canada should have directed \$44 million towards water and sanitation, which would have been 5.5% of its ODA.

- The 2006 total reflected only a slight increase over the \$12.21 million (or 2.13% of its ODA) that Canada spent on water and sanitation in sub-Saharan Africa in 2005, but the percentage of ODA to sub-Saharan Africa has actually decreased.

EFFECTIVENESS AND QUALITY OF CANADA'S DEVELOPMENT ASSISTANCE

Canada is tied with Germany for second place among the G7 on DATA's measures of aid effectiveness.

Canada 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 aid 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.

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. At Gleneagles, the G8 referenced the Declaration in agreeing to 'implement and be monitored on all commitments we made in the Paris Declaration on aid effectiveness'. DATA has chosen four indicators of aid effectiveness to measure country performance: predictability (as measured by the extent to which planned ODA is delivered), transparency and reporting (as measured by the extent to which ODA is reflected in recipient budgets), the use of national systems (as measured by the extent to which ODA uses recipient systems) and the extent to which aid is untied and open to local competitive bidding. These four indicators were chosen both because of their importance and because of the availability of data.

In addition, the Canadian Government has stated its intention to examine its own ODA in an effort to improve effectiveness.¹¹ As part of this effort, Canada has determined that it will concentrate its development assistance on fewer countries, increase its presence in the field and do more to inform the public about results.

LOOKING AHEAD

Canada currently has a budget surplus. As the only G8 country in this position, and as the host of the 2010 G8 Summit, its increases in ODA to sub-Saharan Africa are disappointing. Prime Minister Harper vowed in November 2007, on his first trip to Africa, that Canada was on track to double ODA to the continent, but DATA's analysis shows that Canadian ODA to sub-Saharan Africa will have to rise sharply between now and 2009 to achieve this commitment. Additionally, DATA hopes that Canada will commit to a new, more ambitious, goal to provide increases in ODA to sub-Saharan Africa before it assumes the presidency of the G8. Stronger delivery—through an annualised accountable timetable – and a stronger commitment will be needed from the nation that will host the crucial 2010 G8 Summit.