PAC/COM/NEWS(2002)103

Paris, 6 December 2002

DAC Peer Review of Canada

The Canadian government has made a series of major funding and policy decisions that strengthen significantly its commitment to support sustainable development in developing countries. This follows a decade during which Canada's need for a balanced budget resulted in drastic cuts in its aid. The ratio of its official development assistance (ODA) to gross national income (GNI) halved to 0.22% in 2001 from 0.45% in the early 1990s. Canada ranks 19th out of the 22 Development Assistance Committee (DAC) members in terms of ODA per GNI and 11th in volume terms with ODA of USD 1.5 billion in 2001.

During the review of Canada's development co-operation policies and programmes on 15 November 2002, the DAC acknowledged Canada's special ability to help lead the international community towards actions which push out the frontiers of international co-operation in areas such as gender equality and capacity building. Against this background, the Committee welcomed Canada's commitment to increase international assistance funding by 8% per year with the aim of doubling ODA volume by the end of the decade and raising ODA/GNI ratio to around 0.35%, with the ultimate aim of reaching the UN target of 0.7%. The DAC noted Canada's role in the G8 Action Plan for Africa and the participation of the African heads of state representing the New Partnership for Africa's Development (NEPAD) at the G8 Summit held in Kananaskis. The ODA increase will give Canada an opportunity to support African development, including the private sector. Half of the new aid flows will be allocated to Africa and Canada estimates that Canadian dollars (CAD) 6 billion in existing and new funds will be disbursed to the region in the next five years. The DAC also welcomed Canada's decision to liberalise trade to Least Developed Countries (LDCs).

The DAC noted that this new political impetus to Canada's development efforts is accompanied by important challenges. The DAC Chairman, Mr. Jean-Claude Faure, summarised the Committee's main findings and recommendations:

- **Follow-through on announced ODA increase.** In the past decade, announcements on aid increases have not necessarily led to an increase in ODA largely due to fiscal problems. With a healthy budget situation now restored, sustaining the political commitment and the wide public support to increase ODA significantly during the rest of this decade will be important.

- **Engage and maintain public support.** The public expects to see more evidence of poor people's lives being improved. As the Canadian International Development Agency (CIDA) is developing a public engagement strategy, the DAC discussed the need for Canada to inform citizens of the challenges associated with development co-operation, at the same time highlighting positive results. This could be done through the revival of an annual report to the public by CIDA and launching of a report on Canada's overall ODA effort.

JT00136411
• **Focus on a limited number of countries.** Canadian aid is among the most dispersed of DAC members in terms of countries supported. This could be a disadvantage for Canada in making an impact and in its ability to influence other donors. It could also be contributing to the high administrative costs of Canadian aid. With the ODA increase, CIDA intends to focus its aid in a limited number of sectors and countries, a majority of these in Africa. Nevertheless, the implementation of this plan will require determined political will on the part of the Canadian authorities.

• **Enhance mainstreaming of poverty reduction.** Poverty reduction in support of the Millennium Development Goals (MDGs) is the overarching goal of Canadian aid. The DAC encourages further integration of the central role of poverty reduction into Canadian foreign policy.

• **Work further towards policy coherence for development.** This involves strengthening co-ordination across the Canadian government on relevant policy issues, such as immigration, conflict resolution and peace building, agriculture and food security.

• **Move forward with the trade liberalisation effort.** Canada is significantly liberalising trade with LDCs, giving them duty and quota free access to the Canadian market, with the exception of a few agricultural commodities such as dairy, poultry, and eggs. It is important for Canada to implement this decision in the most effective way and to examine further actions to help developing countries benefit from the global economy.

• **Further untie.** Following the DAC’s Recommendation on Untying Aid to the LDCs, the Cabinet approved in June 2002 a new policy for aid untying. In accordance with the terms of the Recommendation to untie ODA to the LDCs on effort sharing, Canada should undertake its best endeavours to identify and implement supplementary actions to untie its bilateral assistance.

• **Re-examine the role of Canadian civil society in the context of developing country-led frameworks.** Civil society organisations are important players in CIDA’s programming and one of Canada’s special assets as they work to build capacity in their developing country partners. At the same time, the role of “responsive programming,” which is driven by the initiatives of the Canadian partners, is an issue as the Agency moves to recognize the leadership and ownership of partner countries. The role of Canadian civil society organisations will need to adjust accordingly.

• **Strengthen aid effectiveness.** CIDA is carrying out a wide-ranging business transformation process which includes moving away from multiple project-oriented contracts to increased programme-type interventions. This would give more weight to country focussed initiatives, particularly through collaborative efforts with other donors, in line with effective strategies established by partner countries themselves.

The Canadian delegation was led by the Honourable Susan Whelan, Minister for International Co-operation. The examining countries were Italy and the Netherlands. Canada invited as observers representatives from the United Nations Economic Commission for Africa which is supporting the African Peer Review process in the context of NEPAD and the G8 Africa Action Plan.

The DAC’s Main Findings and Recommendations for this review are available on the OECD Internet site at [www.oecd.org/dac](http://www.oecd.org/dac).

For further information, journalists are invited to contact Helen Fisher, Media Relations Division (tel. [33] 1 45 24 80 97 or helen.fisher@oecd.org).
Canada’s Aid at a glance

**Canada**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current (USD m)</td>
<td>1,744</td>
<td>1,533</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Constant (2000 USD m)</td>
<td>1,744</td>
<td>1,580</td>
<td>-9.4%</td>
</tr>
<tr>
<td>In Canadian Dollars (million)</td>
<td>2,589</td>
<td>2,373</td>
<td>-8.3%</td>
</tr>
<tr>
<td>ODA/GNI</td>
<td>0.25%</td>
<td>0.22%</td>
<td></td>
</tr>
<tr>
<td>Bilateral share</td>
<td>67%</td>
<td>76%</td>
<td></td>
</tr>
<tr>
<td>Net Official Aid (OA)</td>
<td>Current (USD m)</td>
<td>165</td>
<td>152</td>
</tr>
</tbody>
</table>

**Top Ten Recipients of Gross ODA/OA (USD million)**

1. Poland (OA) * 124
2. Bangladesh 34
3. China 30
4. Indonesia 26
5. Haiti 23
6. India 19
7. States Ex-Yugoslavia Unsp. 18
8. Ukraine (OA) 17
9. Mali 16
10. Honduras 15

*Note: This represents the annual instalment of a large debt relief operation agreed for Poland in the early 1990s.*
Net ODA from DAC countries in 2001 (preliminary data)

Per cent of GNI

- Denmark: 1.03
- Norway: 0.83
- Netherlands: 0.82
- Sweden: 0.81
- Luxembourg: 0.80
- Belgium: 0.7
- Switzerland: 0.37
- France: 0.34
- Ireland: 0.33
- United Kingdom: 0.32
- Finland: 0.32
- Spain: 0.3
- Germany: 0.27
- New Zealand: 0.25
- Portugal: 0.25
- Australia: 0.25
- Austria: 0.25
- Japan: 0.23
- Canada: 0.22
- Greece: 0.17
- Italy: 0.15
- United States: 0.11
- Total DAC: 0.22

USD billion

- United States: 10.88
- Japan: 9.88
- Germany: 4.66
- United Kingdom: 4.29
- France: 4.16
- Netherlands: 1.75
- Spain: 1.67
- Denmark: 1.63
- Italy: 1.63
- Canada: 1.53
- Norway: 1.35
- Switzerland: 0.91
- Belgium: 0.87
- Australia: 0.85
- Austria: 0.46
- Finland: 0.39
- Ireland: 0.29
- Portugal: 0.27
- Greece: 0.20
- Luxembourg: 0.14
- New Zealand: 0.11
- Total DAC: 5.58