

**CANADIAN INTERNATIONAL DEVELOPMENT AGENCY'S  
25 DEVELOPMENT PARTNERS**

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## TABLE OF CONTENTS

	<b>Page</b>
INTRODUCTION .....	1
THE ISSUE: INCREASING CIDA’S COUNTRY FOCUS.....	2
THE ENHANCED PARTNERSHIP PROGRAM (2002) .....	2
THE 25 DEVELOPMENT PARTNERS (2005) .....	3
A. Criteria for Selecting the 25 Development Partners .....	4
B. Terminology: What Does “Two-Thirds of CIDA’s Direct Country-to-Country Assistance” Mean?.....	6
C. Definition of Geographic Programs.....	7
CURRENT AID FLOWS TO THE 25 DEVELOPMENT PARTNERS IN THE GEOGRAPHIC PROGRAMS CATEGORY.....	8



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## CANADIAN INTERNATIONAL DEVELOPMENT AGENCY'S 25 DEVELOPMENT PARTNERS

### INTRODUCTION

Canadian official development assistance (ODA) has long been criticized by experts, the Organisation for Economic Co-operation and Development (OECD) and non-governmental organizations (NGOs) for a lack of geographic and country focus.<sup>(1)</sup> To address this issue, the Canadian International Development Agency (CIDA) announced its “enhanced partnership” program in 2002 to focus new resources on a limited number of least-developed countries. The federal government’s 2005 *International Policy Statement (IPS)*<sup>(2)</sup> further develops this approach by increasing the percentage of all – not just new – bilateral aid resources that will be allocated to 25 “Development Partner” countries. The new approach will have significant implications for the direction and degree of concentration of Canadian development assistance, substantially increasing both the proportion and amount of funds going to the 25 countries selected.

The purpose of this paper is to give a brief overview of the “Development Partner” approach announced in the IPS, to provide baseline data on current ODA flows as a way of measuring changes announced under this program, and to clarify some of the issues that have arisen in the context of these policy changes.

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- (1) For background information on Canada’s development policy, see: James Lee, *International Assistance and Debt Relief*, TIPS-58E, Library of Parliament, Ottawa, 27 July 2004; Gerald Schmitz, Marcus Pistor and Megan Furi, *Aid to Developing Countries*, CIR 79-16E, Library of Parliament, Ottawa, revised 2 May 2003.
  - (2) Government of Canada, *Canada’s International Policy Statement – A Role of Pride and Influence in the World*, Ottawa, April 2005, <http://www.international.gc.ca>.

## THE ISSUE: INCREASING CIDA'S COUNTRY FOCUS

Canada's development assistance has traditionally been the most dispersed of all aid provided by donor countries on the OECD's Development Assistance Committee (DAC).<sup>(3)</sup> A total of 155 countries currently receive ODA from CIDA,<sup>(4)</sup> through a combination of:

- multilateral programs (34.7% of CIDA's aid budget for the 2005-2006 fiscal year);
- Partnership Branch disbursements, which support "partnerships between Canadian and developing country voluntary sector and private sector organizations" (11%); and
- geographic programs or "bilateral" aid (53.6%).<sup>(5)</sup>

## THE ENHANCED PARTNERSHIP PROGRAM (2002)

Following a commitment made by Prime Minister Chrétien in 2002 to double international assistance by 2010-2011 from its 2001-2002 level,<sup>(6)</sup> CIDA announced in its 2002 *Policy Statement on Strengthening Aid Effectiveness* that, under a new "enhanced partnership" program, *new* aid resources would be focused on a small number of countries. The countries selected were: Bangladesh, Bolivia, Ethiopia, Ghana, Honduras, Mali, Mozambique, Senegal, and Tanzania. These countries were chosen because of a high level of poverty, a demonstrated commitment to good governance and poverty reduction, and an ability to use aid effectively. Six of the nine countries are in sub-Saharan Africa, a reflection of the government's increased focus on Africa.<sup>(7)</sup>

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(3) CIDA, *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, September 2002, <http://www.acdi-cida.gc.ca/aideffectiveness>. Also see the OECD DAC Web site, <http://www.oecd.org/dac>.

(4) "Canada's aid program: the way forward," Notes for remarks by Aileen Carroll, Minister of International Cooperation, at the Global Economic Governance Programme (University College, Oxford) meeting on "exploring aid effective and cooperative aid partnerships," Ottawa, 9 March 2005.

(5) CIDA, *Estimates 2005-2006, Part III – Report on Plans and Priorities*, [http://www.tbs-sct.gc.ca/est-pre/20052006/CIDA-ACDI/CIDA-ACDIr56\\_e.asp](http://www.tbs-sct.gc.ca/est-pre/20052006/CIDA-ACDI/CIDA-ACDIr56_e.asp), pp. 6-8; CIDA, *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, March 2005, p. x, [http://www.acdi-cida.gc.ca/cida\\_ind.nsf/0/79243df347894a9e85256acb005f1e01?OpenDocument](http://www.acdi-cida.gc.ca/cida_ind.nsf/0/79243df347894a9e85256acb005f1e01?OpenDocument).

(6) Government of Canada, *The Budget Plan 2005*, Ch. 6, "Meeting our Global Responsibilities," <http://www.fin.gc.ca/budget05/bp/bpc6e.htm>.

(7) See, for example, the Hon. Susan Whelan, Minister for International Cooperation, Testimony before the House of Commons Standing Committee on Foreign Affairs and International Trade, *Evidence*, Meeting No. 24, 20 March 2003.

## THE 25 DEVELOPMENT PARTNERS (2005)

The April 2005 IPS develops the enhanced partnership approach much further by establishing “long-term programming with a limited number of ‘Development Partners’ chosen on the basis of greatest need, demonstrated ability to use aid effectively, and current level of Canadian involvement.”<sup>(8)</sup> More specifically, the Minister for International Cooperation announced that “By 2010, at least two-thirds of CIDA’s direct country-to-country assistance will be focused on 25 developing countries – of which more than half are in Africa – that are among the poorest but have the capacity to use aid effectively.”<sup>(9)</sup> The 25 Development Partners include all nine countries in the 2002 enhanced partnership program; but, while the 2002 program committed CIDA only to focusing *new* resources, the new approach targets at least two-thirds of *all* “geographic programming” on 25 countries. The 25 Development Partners are:

- Africa: Benin, Burkina Faso, Cameroon, Ethiopia, Ghana, Kenya, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Tanzania, and Zambia;
- Americas: Bolivia, Guyana, Honduras, and Nicaragua;
- Asia: Bangladesh, Cambodia, Indonesia, Pakistan, Sri Lanka, and Vietnam; and
- Europe: Ukraine.

While many – including the Canadian Council for International Cooperation (CCIC)<sup>(10)</sup> – have welcomed the increased country focus of Canadian bilateral development assistance, some have questioned the criteria used to select the 25 countries, the inclusion of certain countries rather than others, and the inclusion of the Ukraine, which is classified by the OECD DAC as a country in transition rather than a developing country – meaning that it is eligible for Official Assistance (OA) but not for ODA.

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(8) IPS (2005), “Overview,” p. 21.

(9) CIDA, “CIDA announces new Development Partners: developing countries where Canada can make a difference,” News Release 2005-17, 19 April 2005.

(10) CCIC, “A Role of Pride and Influence in the World: Canada’s International Policy Statement – A CCIC Commentary,” [http://www.ccic.ca/e/docs/002\\_ipr\\_2005-04\\_ips\\_key\\_messages.pdf](http://www.ccic.ca/e/docs/002_ipr_2005-04_ips_key_messages.pdf).

The increased focus on 25 Development Partners does not mean that other countries will not receive any Canadian aid. In addition to country-to-country assistance in other categories (including official debt relief and partnership programs; see below) and disbursements through multilateral institutions, up to one-third of bilateral assistance in the geographic programs category will be directed to countries that fall in one of four additional “Country Categories for Future Bilateral Programming” identified in the IPS:

- other ongoing bilateral relationships (for example, China and South Africa);
- failed and fragile states (for example, Iraq, Afghanistan, Haiti, Sudan);<sup>(11)</sup>
- graduating middle-income countries (for example, Malaysia, Thailand, the Czech Republic, Estonia, Hungary);<sup>(12)</sup> and
- other ODA-eligible countries.<sup>(13)</sup>

Bilateral programming is to wind down over the next five years for the last two of these categories of recipient countries.<sup>(14)</sup> CIDA has not yet released a comprehensive list of countries for these categories, as the government is still consulting with the countries affected and with other donors.<sup>(15)</sup>

### **A. Criteria for Selecting the 25 Development Partners**

The news release announcing the 25 Development Partners explained the criteria used in their selection as follows:

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(11) These are cited as examples in the “Development” chapter of the IPS, p. 24.

(12) According to CIDA, “these and several other Central and Eastern European countries have already been formally announced as scheduled to ‘graduate,’ some as soon as 2005/2006” (CIDA, Response to questions submitted by the author, 1 June 2005).

(13) CIDA has not announced which countries fall into this category, but there will be a large number. According to CIDA, “Those with per-capita annual incomes below USD1000 will continue to be eligible for Canadian assistance through partnership programs and multilateral programs. As designation in this category involves announcing formally that Canadian bilateral assistance will no longer be available to these countries, we are working through diplomatic channels before making any announcements, and therefore cannot currently provide any examples” (CIDA, Response to questions submitted by the author, 1 June 2005).

(14) IPS (2005), “Development,” p. 25.

(15) CIDA, Response to questions submitted by the author, 1 June 2005.

- **Level of poverty.** To ensure that aid resources focus where the need is greatest, CIDA's Development Partners were identified from among the poorest countries. The *UNDP Human Development Index*, which ranks countries based on life expectancy at birth, adult literacy, school enrolment, and standard of living measured by GDP per capita, is one of the tools used to identify Development Partners. Another is income; only countries below US\$1,000 in average per-capita annual income (measured at current exchange rates) would be considered for designation as Development Partners.
- **Ability to use aid effectively.** Criteria for assessment include economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. The World Bank's Country Policy and Institutional Assessment, which assesses a country's policies and institutional framework to support poverty reduction, sustainable growth, and effective use of development assistance, offers one international tool which is used to assist in making a Canadian judgment.
- **Sufficient Canadian presence to add value.** Canada's current rank relative to other donors and the scale of our current aid effort will be factors in assessing Canada's potential for impact in a developing country. It is recognized that Canada's presence is further enhanced through a strong contribution to our priority sectors, and where we have a particularly effective and privileged policy dialogue. Canada's value-added is further strengthened through its own historical and people-to-people ties with these countries.<sup>(16)</sup>

While human rights and democratic governance are not explicitly included among the selection criteria described in the news release or in the "Development" chapter of the IPS, the Minister for International Cooperation told the House of Commons Standing Committee on Foreign Affairs and International Trade (SCFAIT) in May 2005 that "human rights, democracy and governance are all part and parcel of the three criteria" and under the heading of governance they make up one of the five sectors where CIDA will focus its efforts.<sup>(17)</sup> The other sectors are "health (with a focus on HIV/AIDS), basic education, private-sector development, and environmental sustainability."<sup>(18)</sup>

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(16) "CIDA announces new Development Partners" (2005).

(17) SCFAIT, *Evidence*, Meeting No. 38, 10 May 2005, <http://www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=116822>.

(18) "CIDA announces new Development Partners" (2005).



## **B. Terminology: What Does “Two-Thirds of CIDA’s Direct Country-to-Country Assistance” Mean?**

Debates about Canada’s aid to developing countries are complicated by the fact that the terms used are not always clearly defined, their meanings change, and the IPS uses terms interchangeably that designate different types of CIDA programs in technical documents. This confusion has led both to concerns about the type of aid Canada provides to certain countries, such as China, and to misunderstandings about the implications of Canada’s increased country focus for countries not included in the list of 25 Development Partners.

For example, CIDA’s *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004* lists \$34.38 million as development assistance to China in the “geographic programs” category.<sup>(19)</sup> Geographic programs are, in turn, part of the “government-to-government” category, creating the impression that the Government of Canada is transferring development assistance funds directly to the Government of China. However, in response to a direct question, CIDA has stated that it “does not provide funds to the government of China, nor does Canada provide budgetary support.”<sup>(20)</sup>

As noted earlier, the Minister for International Cooperation announced in April 2005 that “By 2010, at least two-thirds of CIDA’s direct *country-to-country* assistance will be focused on 25 developing countries.”<sup>(21)</sup> While “country-to-country” is used elsewhere by CIDA as a broader category that includes geographic programs, the Canada Fund, official debt relief, disbursements through NGOs and other channels,<sup>(22)</sup> according to CIDA the IPS uses the terms “bilateral” and “country-to-country” interchangeably to “refer to funding provided through CIDA’s geographic branches.”<sup>(23)</sup> In fact, the allocation of two-thirds of “bilateral” or “country-to-country” development assistance to the 25 Development Partners will be based

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(19) CIDA, *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, March 2005, Table M, p. 41.

(20) CIDA, Response to questions submitted by the author, 1 June 2005. Also see Minister Carroll’s testimony before SCFAIT, *Evidence*, Meeting No. 8, 15 November 2004, <http://www.parl.gc.ca/committee/CommitteePublication.aspx?SourceId=125032>.

(21) “CIDA announces new Development Partners” (2005) (author’s emphasis).

(22) See Table M of the *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*.

(23) CIDA, Response to questions submitted by the author, 1 June 2005.

only on the “geographic disbursements” category.<sup>(24)</sup> In 2003-2004, geographic programs accounted for \$1.059 billion (50%) of the \$2.108 billion in the country-to-country category of international assistance spending.<sup>(25)</sup>

### C. Definition of Geographic Programs

According to CIDA’s *Estimates 2005-2006, Part III – Report on Plans and Priorities*:

The *geographic programs* are the government-to-government programs of assistance between Canada and the developing countries of Africa, the Middle East, Asia, Latin America and the Caribbean, and the countries of Central and Eastern Europe.

Geographic programs are based on country-to-country agreements between Canada and its developing country partners. Projects, programs, and activities are undertaken at the request of the partner country, and are grounded in that country’s national development plan or poverty reduction strategy as well as in CIDA’s own priorities of health, basic education, governance, and private sector development.<sup>(26)</sup>

In technical CIDA documents, geographic programs are part of the “government-to-government” category of development assistance.<sup>(27)</sup> As CIDA has clarified, however, programs and projects in this category do “not necessarily involve the transfer of funds from Canada to the developing country government.”<sup>(28)</sup> (It should be noted also that geographic programs include both ODA to developing countries and OA to transition countries such as the Ukraine.)

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(24) *Ibid.*, referring to Table M of the *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, pp. 37-44.

(25) The country-to-country category includes debt relief, scholarships, partnership programs, and programs of the International Development Research Centre, as well as geographic programs (see the *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*).

(26) *Ibid.*, p. 29 (author’s emphasis).

(27) See, for example, Table M of the *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, pp. 37-44.

(28) CIDA, Response to questions submitted by the author, 1 June 2005.

## **CURRENT AID FLOWS TO THE 25 DEVELOPMENT PARTNERS IN THE GEOGRAPHIC PROGRAMS CATEGORY**

According to the *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, the government spent \$1.059 billion on geographic programs in that year. Of that, \$440.92 million, or 41.6%, went to the 25 Development Partners (see Table 1). If Canada is to reach its goal of focusing at least two-thirds of country-to-country assistance on the 25 Development Partners, the proportion of aid going to the 25 countries selected will have to increase by 25.1 percentage points, from 41.6% to 66.7%. At 2003-2004 spending levels in the geographic programs category, these 25 countries would therefore receive about \$706 million, compared to the \$441 million they actually received.

Moreover, the government is committed to significant increases in the aid budget and, therefore, to increases in aid flows to the 25 Development Partners beyond a realignment of the current spending on geographic programs. According to the 2005-2006 Estimates, Canada's total international assistance budget will increase by about \$400 million over planned spending for 2004-2005. Of that total amount, planned spending on geographic programs in 2005-2006 is \$1.205 billion, compared to \$1.166 billion in 2004-2005,<sup>(29)</sup> and compared to actual spending of \$1.059 billion in 2003-2004.<sup>(30)</sup> The 2005 Budget Plan promises “[a]n increase of \$3.4 billion over the next five years for international assistance with the goal of doubling assistance by 2010-2011 from its 2001-2002 level.”<sup>(31)</sup> While the IPS does not make a commitment to a concrete timetable for increasing Canada's ODA to the United Nations target of 0.7% of GDP, the government does promise to “[m]aintain increases beyond 2010, and accelerate the projected rate of growth in international assistance as Canada's fiscal position continues to improve.”<sup>(32)</sup> Finally, amendments to the 2005 Budget include an increase of \$500 million for “foreign aid” over two years,<sup>(33)</sup> although it is not clear how these funds will be allocated.

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(29) CIDA, *Estimates 2005-2006, Part III – Report on Plans and Priorities*, Table 4, p. 69.

(30) CIDA, *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, p. 44. Table 1, below, sets out actual geographic program spending on the 25 Development Partners in 2003-2004.

(31) Government of Canada, *The Budget Plan 2005*, Ch. 6, “Meeting our Global Responsibilities.”

(32) IPS (2005), “Overview,” p. 21.

(33) Bill C-48, An Act to authorize the Minister of Finance to make certain payments,  
[http://www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-48/C-48\\_1/C-48\\_cover-E.html](http://www.parl.gc.ca/38/1/parlbus/chambus/house/bills/government/C-48/C-48_1/C-48_cover-E.html).

**Table 1**

**Geographic Program Spending on the 25 Development Partners in 2003-2004  
(Ranked by Amount Received)**

<b>Rank</b>	<b>Country</b>	<b>Total (C\$ million)</b>
1	Bangladesh	52.45
2	Ghana	39.29
3	Mali	33.27
4	Mozambique	30.31
5	Ethiopia	29.94
6	Tanzania, Un Rep.	28.89
7	Vietnam	22.41
8	Indonesia	21.45
9	Ukraine	20.72
10	Senegal	17.26
11	Pakistan	15.71
12	Malawi	15.60
13	Bolivia	13.43
14	Burkina Faso	13.26
15	Kenya	12.71
16	Honduras	12.12
17	Guyana	9.22
18	Zambia	8.25
19	Rwanda	7.75
20	Niger	7.44
21	Sri Lanka	7.02
22	Cambodia	6.51
23	Cameroon	6.02
24	Nicaragua	5.73
25	Benin	4.16
	<i>Total 25 Development Partners</i>	<i>440.92</i>
	<i>Total Geographic Disbursements</i>	<i>1,058.86</i>
	<i>Development Partners as % of Geographic Disbursements</i>	<i>41.6%</i>

Source: *Statistical Report on Official Development Assistance – Fiscal Year 2003-2004*, Table M, “geographic” column, pp. 37-44.