

**GOVERNMENT RESPONSE TO THE REPORT OF THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND
INTERNATIONAL TRADE**

representing an 8% per annum increase. At Kananaskis in 2002, Canada and its G8 partners agreed that 50% or more of those new resources could be directed to African nations that embrace and implement the principles of the New Partnership for Africa's Development, which are defined as promoting peace and security, good governance and human rights.

Canada demonstrated leadership and set an example to its G8 partners by announcing the establishment of the \$500 million Canada Fund for Africa and the increase in the development assistance budget, prior to, and in anticipation of, the Kananaskis Summit.

Since the creation of the \$500 million Canada Fund for Africa announced in the 2001 Budget, and with the commitment to earmark at least half of all new increases in assistance to Africa, Canada has moved actively towards additional programming in Africa. More needs to be done to help Africa, and Canada is doing more through concrete programming in governance, peace and security, agriculture, trade and investment, and basic education in some of the poorest African countries.

With respect to the recommendation that Canada should propose a realistic timetable for achieving the ODA target of 0.7%, Canada's increase in the last budget marks an important step in that direction. In addition, the government is also acting on the trade front, having eliminated tariffs and quotas on most imports from the least developed countries.

At the same time our Official Development Assistance as a percentage of Gross National Income (ODA/GNI) ratio is higher. In 2001 this ratio was 0.22%, and with the preliminary figures for 2002, Canada is estimated to be at 0.28%. This ratio would bring Canada from 5th to 3rd position among the G7. Despite these advances it is unlikely that we will maintain this position, in part because of growth in other donor countries and in part due to an expected decline in the substantial debt forgiveness seen in 2002.

We are working closely with our G8 partners in various international committees with the objective of improving the overall effectiveness of our aid through greater harmonization of our programming, practices and procedures with other donors. Specifically, we are on track in focussing our assistance on fewer countries, which are committed to economic and social reform and improved governance. We are investing in sectors that are key to sustainable development and where we can make the difference in fast track investments in education and health, including HIV/AIDS. Finally, we are developing more policy coherence with non-aid policies e.g. untying policies, market access to LDCs and co-ordinating better with other donor countries.