

# STATEMENT DISCOURS

SECRETARY  
OF STATE  
FOR EXTERNAL  
AFFAIRS.

SECRÉTAIRE  
D'ÉTAT AUX  
AFFAIRES  
EXTÉRIEURES.



86/16

Speech by the Right  
Honourable Joe Clark,  
Secretary of State for  
External Affairs, on  
Canada's Official  
Development Assistance

OTTAWA

February 28, 1986.

Excellencies,

Distinguished members of the Diplomatic Corps,

Ladies and Gentlemen,

I wanted to speak to you directly about this Government's commitment to International Development, and the impact of the Budget. As you know, Government involves balancing priorities. Canada traditionally has attached the highest priority to an active international presence, with a particular vocation for encouraging multilateral agencies and international development. As Monique Vézina, and I, and the Prime Minister have all made clear since our election, that is a Canadian tradition we intend to maintain and enlarge.

We also face a serious and basic economic problem at home. The size of our deficit imposes such a heavy burden on our citizens that one tax dollar out of three goes just to pay interest on that debt. We believe that cutting the deficit will attract investment and growth to Canada. The record of the last eighteen months proves that the strategy of deficit reduction works. It contributed to strong economic growth and the creation of 580,000 new jobs. We intend to continue an economic policy that obviously works.

All parts of our government must join the fight against the deficit. External Affairs cannot be exempt, nor can Official Development Assistance. Our challenge is to balance the priorities of cutting the deficit, and increasing our contribution to international development. We are doing both together.

Some would have argued that more should have been cut from ODA. Others might argue that none should be. We have struck a balance that meets both the immediate needs of Canada, and the enduring nature of our international commitment.

In 1984, at the United Nations, I expressed the intention of the government to maintain Canada's commitment to reach 0.7% of the Gross National Product in Official Development Assistance by 1990. The commitment to 0.7% remains. The target dates have been changed. We intend to reach 0.6% by 1995 and 0.7% five years later.

Canadian governments have often talked of reaching percentage goals. This government is acting to reach 0.5% next year, and to treat that as a base in each of the next five fiscal years. We project, and are committed to, a steady Canadian contribution of 0.5% GNP for each of the next 5 fiscal years.

Given our rapidly growing economy, that means we will spend an additional \$324 million dollars on ODA next year.

Over the last five years, Canada spent \$8.7 billion dollars on ODA. Over the next five years, we will spend \$13.6 billion dollars. Canada will continue to have one of the fastest growing aid programs in the international scene, and that program will remain the fastest growing component of the government's discretionary expenditures.

Obviously, all Canadians are interested in economic growth. Canadians concerned about international development have a special reason to want this nation to grow. We are committed to formula funding for ODA. That means that as our GNP grows, there is an automatic growth in the amounts we dedicate to international development. A strong Canadian economy is important to the countries we help. When we grow less than we should, our aid contribution falls automatically. In 1984, we contributed \$120 million dollars less than we planned, because our economy, burdened by the deficit, grew less than it could have. A stronger Canada can contribute to a stronger world economy.

To give some idea of scale, our deficit last year was almost as large as the total flow of development assistance from all the industrialized countries -- the DAC donors -- to all developing countries. Or to look at it another way - since the government of Canada was spending \$100 million dollars a day more than it was taking in, our deficit in four or five days was comparable to the total yearly GNP of Lesotho. In a month, it was about equal to the combined GNPs of Liberia, Mauritania, and South Yemen. And in a year, using figures from the latest World Development Report, it amounted to the combined total GNPs of Chad, Ethiopia, Mali, Zaire, Malawi, Burkina Fasso, Burundi, Tanzania, Rwanda, Benin, Guinea, Togo and Sierra Leone.

But, even as we move to curb this quite massive imbalance, we also recognize that the demand for development assistance will continue to grow, faster by far than the supply. Every day of every year, the urgent need will be there - the need to learn, the need to protect the earth, the need to plant trees and dig wells and grow more food, in Africa and throughout the Third World. In allocating our aid, we will continue to face tough, difficult choices.

However, there will be no change in our ODA spending priorities as a result of the budget. In coming months, those priorities may change, as a result of Parliamentary and Ministerial studies of ODA. Those changes, if they occur, will be for foreign policy and international development reasons, not as a consequence of Canada's fight

against the deficit. They would result from a process of public examination of foreign and development policy, which Monique Vézina and I initiated when we came to this portfolio.

The Budget and the estimates, do, however, reveal three important changes in our approach to international development.

One concerns non-governmental organizations. We have begun, and we intend to continue, to place even more emphasis on the citizens' instrument of non-governmental organizations. Canada spends a higher proportion of aid money through NGOs than any other major donor. Our 8.7% of ODA for non-governmental organizations is double the proportion supplied through NGOs by Denmark and Norway; triple the percentages of Australia, Belgium and New Zealand and 25% more than Germany, the Netherlands or Sweden. We believe that, if the efforts of NGOs are supported, many of the world's least privileged people will benefit.

A second change concerns the relation between development and trade. You will know there had been an intention to establish a Trade and Development Facility, funded by half the growth in ODA over 0.5%. Since that growth is now not planned for the next five years, we will not establish the separate Trade and Development Facility. We will however, continue to combine the purposes of trade and development, through CIDA's Industrial Cooperation Program, whose budget will increase next year by 17% and through the Export Development Corporation.

A third change - perhaps one of the most important - is that we are adopting a stricter definition of what we consider to be Official Development Assistance. From now on, Canadian ODA will be calculated on an all-grant basis. In previous years' Estimates, there was always a "loan vote". For 1985-86, it was \$200 million dollars. Although that \$200 million dollars was welcomed by recipient countries, it also served to increase their indebtedness. Monies received from the loan segment of our aid program showed up as debt on the books of recipient countries, and often made their discussions with the IMF more difficult.

We are changing that. Canada has always been among the most concessional of donors. Now we will join certain other OECD countries who have adopted "all-grant" programs. We believe our decision to stop counting bilateral loans as ODA is a tangible step toward offering more effective aid to the Third World.

To achieve still greater developmental impact, we will try very hard to focus more closely on those who need our help the most. We are one of the 9 countries that has exceeded the target of .15% of ODA for the very least developed. After Norway, we give the highest percentage of ODA in contributions to multilateral agencies. Fully 40% of our assistance is disbursed in this manner. Vulnerable groups must be protected, and nothing is going to prevent that happening. We intend to make special efforts in the field of child care, certainly including the drive for universal child immunization, to help control and cut infant mortality rate. We expect to step up Canada's international humanitarian assistance, in our efforts to help refugees. We will continue to be the largest per capita donor of food aid in the world, and among the largest per capita contributors to agricultural development. We made real progress, and we intend to go further, in enabling women to play a full part in our cooperation efforts, both as agents of development, and as the beneficiaries of development.

Canadian assistance to our closest Third World neighbours, the people of the Caribbean and Central America, doubled between 1983 and 1985. We will maintain that augmented flow. We are particularly aware that the people of Haiti are going through a unique moment in their history. Our two countries are knit together by a strong network of human concern, of family relationships and personal commitments. We will do everything possible to help Haiti find a better future for all its people.

And finally, Africa ... Canadians have been perhaps the largest donors, perhaps the most personally involved Westerners, during Africa's recent crisis. We are in Africa for the long haul. We will continue to provide the food, aid and development assistance Africa so clearly needs. And we will find new ways, particularly, to support those governments that are trying to get their affairs in order, and come to grips with Africa's fundamental long term development problems.

The government and the people of Canada want very much to help Africa move from coping with crisis to a new stage of investing in a better future. The form such initiatives will take is not yet decided. That question may perhaps be our biggest challenge in the field of international development in the months and years immediately ahead.

Before Christmas, I had the privilege of visiting South Asia again. India and Pakistan obviously still face immense challenges and problems. I was impressed and heartened by the visible evidence of progress - by how much has been achieved, against the odds.

And I was deeply gratified to know that Canada, through 35 years of development cooperation with that part of the world, has played an important part in that progress. The lesson I draw from what I saw in Asia is that progress is in fact possible - that persistent efforts and well directed investments will eventually pay off, to everyone's benefit. I am confident that what is happening in Asia can also happen in Africa.

I would like to leave you with the words of my colleague, the Honourable Monique Vézina. Speaking yesterday to CIDA employees, she said:

"The budgetary reductions should not be interpreted as a change in philosophy or objectives. We have a collective commitment to the principles and objectives of development which has made our record in this field one of the best in the world. It goes beyond bureaucratic infrastructures and budgetary allocations. We are talking about human will and political will. We must and will maintain the integrity of our development programme so that Canadians can continue to take pride in their place in the world."