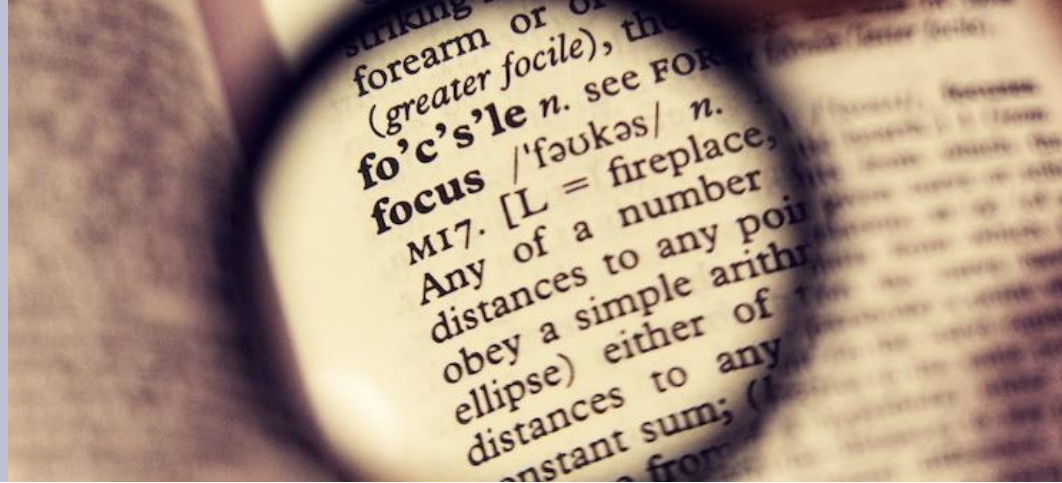




The McLeod Group



CANADIAN DEVELOPMENT ASSISTANCE: THE ISSUE OF 'FOCUS'

In recent decades, Canadian governments have increasingly adopted the idea of focusing aid efforts to achieve greater effectiveness. Since the early 2000s, both Liberal and Conservative governments have limited the number of countries that are core aid recipients, while identifying a number of priority thematic areas. In 2009, the Harper government reduced the number of 'focus countries' to 20, and then in 2014 it expanded the list to 25, with new recipients chosen from among countries identified as important trade and investment partners.

Key Issues

- There is little evidence or analysis to show that increased focus translates into greater development effectiveness.¹
- The idea of geographic focus may appeal to governments because it permits greater visibility and political sway in the target countries. But it can also limit flexibility and responsiveness, and sour relations with countries that are cut off.
- Sectoral focus also has appeal, but development assistance is supposed to be demand-driven, not supply-driven. Narrow sectoral focus can reduce opportunities and responsiveness.
- Poor international coordination can result in resources flowing to favoured countries and themes, while neglecting others.
- If greater focus becomes policy, the criteria for selecting countries and themes need to be transparent and rigorously applied, based on development criteria.
- The Harper government's selection of countries has been based primarily on Canadian trade and investment priorities rather than the reduction of

poverty and inequality. This trend continued with the 2014 addition of seven new focus countries (and deletion of two).

Canada's Focus Policy

Historically, Canada's aid program has been very dispersed, with more than 100 recipient countries.² Since the 1980s, however, about 30 developing countries have received the majority of Canadian development assistance. The Organisation for Economic Co-operation and Development (OECD), beginning in the early 2000s, criticized Canada and most other donor countries for having geographically fragmented aid programs.

In 2002, influenced by an international aid effectiveness debate, the Chrétien government announced that it would adopt a policy of focusing on a limited number of countries, chosen on the basis of two criteria: a) a high level of poverty as measured by income per capita, and b) a commitment to development effectiveness (i.e., efforts to improve governance, ensure local ownership of poverty reduction strategies, end corruption and make effective

The McLeod Group works to strengthen Canada's contribution to a better world.

The McLeod Group is made up of professionals with many years of experience in government, civil society and academia, working across the fields of international development, diplomacy and foreign policy. We work with others who value human rights, inclusion, equality and sustainable development to advance Canadian policy and action on international cooperation and foreign affairs.

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use of aid monies). Nine countries were selected for ‘enhanced partnerships,’ six of them in sub-Saharan Africa. Also in 2002, CIDA adopted a greater sectoral focus on social development, with a particular emphasis on four key areas: health and nutrition, HIV/AIDS, basic education, and child protection, with gender equality as a cross-cutting theme.³

Unable to achieve the high level of focus planned for nine countries, the government of Paul Martin announced in 2005 that it would dedicate two thirds of its bilateral aid to 25 countries. The government also committed Canada to prioritizing Africa in its development assistance because of high levels of poverty in that region. The new list of 25 countries included 14 in Sub-Saharan Africa, four in Latin America, six in Asia, and one in Europe.⁴

In 2008, Parliament passed the Official Development Assistance Accountability Act, which identified the following requirements: Canadian ODA must contribute to poverty reduction, take into account the perspectives of the poor, and be consistent with international human rights standards.⁵

The Harper Government’s Refocus

The Harper government undertook a substantive shift in its development assistance policies in 2009. While retaining the idea of focus, the target shifted away from Africa and the poorest countries toward countries identified as priorities for promoting Canadian political, trade and investment interests. The government announced that 80 percent of bilateral resources would be directed to 20 countries. Four new countries in the Americas were added and all eight of the African countries added to the list in 2005 were dropped. According to the government, the focus countries were chosen using three criteria:

- Needs;
- Ability to benefit meaningfully from Canada’s assistance;
- Alignment with Canada’s foreign policy.

Members of the development community criticized the choice for its lack of transparency and for the blatant self-interest of the third criterion. Many countries of focus, such as Ukraine, Peru and Colombia, were already relatively wealthy (see table on page 3). The Canadian Council for International Co-operation noted that 11 of the 20 countries (55%) on the 2005 list had low levels of

human development, according to the 2008 UN Human Development Report, whereas only 7 countries did on the 2009 list of 25 countries (37%).⁶

In 2014, the Harper government increased the number of countries of focus to 25, to which 90% of bilateral aid would be targeted. Several of the additions were low-income African countries, two of which – Benin and Burkina Faso – had been on the 2005 list but dropped in 2009. Some, such as Mongolia and Myanmar, were chosen primarily because of the investment potential of their natural resource sector for Canadian companies.

Canadian Countries of Focus (as of July 2014)

Americas: Caribbean Regional Program, Colombia, Haiti, Honduras, Peru

Asia: Afghanistan, Bangladesh, Indonesia, Mongolia, Myanmar, Philippines, Vietnam

Eastern Europe: Ukraine

North Africa and Middle East: West Bank and Gaza, Jordan

Africa: Benin, Burkina Faso, Democratic Republic of the Congo, Ethiopia, Ghana, Mali, Mozambique, Senegal, South Sudan, Tanzania

Focus sectors also shifted under the Harper government. It adopted three new ‘priority themes’ in 2009:

- Increasing food security;
- Stimulating sustainable economic growth;
- Securing the future of children and youth.

It also identified three crosscutting themes:

- Increasing environmental sustainability;
- Advancing equality between women and men (a shift from the Liberal commitment to ‘gender equality’);
- Helping to strengthen governance institutions and practices.

In 2010, the Harper government announced that maternal, newborn and child health would become a major focus of Canada’s aid program. It also placed great emphasis on supporting the private sector’s role in development.

Areas for Improvement

There are serious problems with Canada's approach to focus:⁷

- The Harper government has not followed its own policies: According to one calculation, the percentage of Canadian bilateral aid spent in countries of focus was 47% in 2010, falling to 39% in 2011, far from the 80% target;⁸
- There is no proof that reducing the number of countries of focus will improve aid effectiveness. However, shifting resources toward higher-performing countries has meant abandoning many that most need help, potentially contributing to the creation of 'aid orphans';
- Aid programs and relationships cannot be developed overnight. Constantly shifting countries and sectoral areas of focus creates confusion, volatility and unpredictability, which harm aid effectiveness;
- The inclusion of middle-income developing countries such as Peru, Colombia and Mongolia, where Canada has trade agreements and/or commercial interests, is inconsistent with the requirement that development assistance be designed to meet the needs of the poorest;
- These problems, particularly the lack of a clear development focus, have intensified with the absorption of Canada's development agency, CIDA, into the Department of Foreign Affairs, Trade and Development (DFATD).

A Canadian Initiative?

Canada should consider leading an initiative in the OECD/DAC on donor priority countries with a view to ensuring shared responsibility for neglected, 'orphan' states. Although such an initiative would be inexpensive, it could be extremely important for many 'fragile' states.

Beyond Focus

On its own, and within reason, focus may be a sensible objective. The problem is *consistency* in where and on what to focus. We suggest the following guidelines:

- Focus on the poorest countries and fragile states, particularly those in sub-Saharan Africa;
- Decentralize decision-making and personnel to countries of focus. Intelligent focus is impossible if everything is planned and managed in Ottawa;
- Take into account other donor countries' aid flows in order to avoid overspending among 'aid darlings', while creating 'orphans' elsewhere. Similarly, avoid overconcentration on 'trendy' sectors;
- In an ever-more connected world, it makes sense to choose priority *sectors* in which contribute to poverty reduction, rather than *countries*;
- Choice of focus sectors should be directed to achieving the ODA Accountability Act's core objective of *poverty reduction*. Agricultural development, for example, is a clear priority in the poorest countries where poverty is heavily concentrated in rural areas;
- Development *cooperation* goes beyond aid. Development concerns should influence Canada's trade policies with developing countries, and not the other way around, as is currently the case with DFATD's Global Markets Action Plan;
- The government should avoid politicizing its areas of focus in order to decrease the odds that the next party in power will once again refocus and rebrand;
- There must be respect for the principles of the ODA Accountability Act.

2012 GDP per capita of African countries removed from Focus Country list by Harper Government in 2009 (Current US\$)

Benin	\$ 752*
Burkina Faso	\$ 652*
Cameroon	\$1,167
Kenya	\$ 943
Malawi	\$ 268
Niger	\$ 395
Rwanda	\$ 620
Zambia	\$1,463

Source: World Bank

<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

* returned to the Focus list in 2014.

2012 GDP per capita of selected DFATD Focus Countries (Current US\$)

Colombia	\$ 7,748
Peru	\$ 6,796
Jordan	\$ 4,909
Ukraine	\$ 3,867
Mongolia	\$ 3,673
Vietnam	\$ 1,755
South Sudan	\$ 943
Bangladesh	\$ 752
Haiti	\$ 771
Afghanistan	\$ 687
Ethiopia	\$ 455

Source: World Bank

<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

Notes

¹ Lauchlan T. Munro, 'Focus-Pocus? Thinking critically about whether aid organizations should do fewer things in fewer countries,' *Development and Change*, 36 (3), 2005, pp. 425-47; Stephen Brown and Liam Swiss, 'The Hollow Ring of Donor Commitment: Country Concentration and the Decoupling of Aid-Effectiveness Norms from Donor Practice,' *Development Policy Review*, 31 (6), 2013, pp. 737-755.

² This figure is misleading, however, since it included very small amounts to some countries, including NGO projects and the 'Canada Fund' disbursed by embassies. Even after the purported shift toward greater focus, the number of countries receiving assistance has not declined substantially, despite government claims to the contrary – see <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/CAR-616141241-PD4>.

³ CIDA, *Canada Making a Difference in the World: A Policy Statement on Strengthening Aid Effectiveness*, 2002.

⁴ CIDA, *Canada's International Policy Statement: A Role of Pride and Influence in the World – Development*, 2005.

⁵ CIDA, The Official Development Assistance Accountability Act., accessed at <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/En/FRA-121185349-JB8>.

⁶ Brian Tomlinson, 'A review of CIDA's Countries of Priority,' a CCIC Briefing Note, February 2009, accessed at http://www.ccic.ca/files/en/what_we_do/002_aid_2009-02_cida_priority_country_review.pdf.

⁷ See Stephen Brown, 'Aid Effectiveness and the Framing of New Canadian Aid Initiatives,' in Duane Bratt, Christopher J. Kukucha, eds. *Readings in Canadian Foreign Policy: Classic Debates and New Ideas*, 2nd ed., Oxford University Press, 2011, pp. 476-78.

⁸ David Carment, Rachael Calleja and Yiagadeesen Samy, 'Canada in Focus: How Good is our Foreign Aid Policy?', Canadian Defence and Foreign Affairs Institute Policy Paper, 2012, p. 7. The government's own figures show greater success by using a subset of bilateral aid it calls "country program aid" – see <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/CAR-616141241-PD4>.