



# DEVELOPMENT COOPERATION FOR A NEW CANADIAN GOVERNMENT

This paper presents a 21<sup>st</sup> century framework for delivering Canada's development cooperation commitments. It discusses how Canada can most effectively respond to a much-altered and fast-changing global environment.

Canada as a donor has slipped into relative obscurity as the world has moved on. We have lost credibility. The BRICS (Brazil, Russia, India, China and South Africa) are passing us by. Many upper-middle-income developing countries are becoming our economic and political peers. The least developed countries and so-called fragile states accept aid, but they also want the partnership and 'country ownership' promised by the countries that, like Canada, signed the *Paris Declaration on Aid Effectiveness*.

For starters, Canada's aid program should be given back its name: the Canadian International Development Agency (CIDA). As a brand, today's Department of Foreign Affairs, Trade and Development (DFATD) is anonymous; as a delivery mechanism, it lacks development credibility. Yet the new CIDA cannot be based on nostalgia. It should be a signal of re-engagement, of a commitment to help eliminate global poverty. The immediate task will be to re-establish Canada as a credible, 'fit for purpose' international partner.

## Present Realities and New Challenges

### *Policy Coherence*

Old CIDA was swallowed up by the Department of Foreign Affairs and International Trade (DFAIT) in 2013, following an omnibus Harper government budget bill. It was already seriously diminished by earlier rounds of heavy budget and staffing cuts. The government had yanked the aid program away from any pretense about poverty reduction, through decisions on country eligibility, aid budgets, onerous bookkeeping under the guise of 'accountability' and programs seeking out commercial advantage and visibility.

The stated rationale for the CIDA-DFAIT merger was policy coherence and effectiveness. These are important goals, but only in an institution with appropriate objectives. To date, DFATD has failed at almost every level. For the Conservative government, coherence is a one-way street, bending development funding to suit political or commercial objectives. There is no evidence, for example, of trade decisions being influenced by development objectives. Today's structure is about submission to political and commercial diktat.

**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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Effectiveness is undermined by mountains of paperwork and political interference. Policy is not based on dialogue and consultation, but on instructions from a minister's office. Staff are frightened to speak out.

Coherence as a valid goal does not need new controls or a physical merger. It needs something different: high-level ministerial leadership, quality communications and true partnership within government. The history of failed partnership between trade and diplomacy in the old DFAIT demonstrates that mere cohabitation does not automatically lead to policy coherence.

A post-2015 Canadian government will have to provide a new pro-poor direction to development cooperation if it is to be taken seriously in this field. This will involve an overarching development cooperation strategy that starts with grant aid, but encompasses an array of policy instruments. Coherence fails in the absence of a credible and consistent policy framework. The failed coherence for development of recent years is caused by disingenuous policy – a government that, at best, mumbles the odd phrase about reducing poverty for PR reasons, but in practice insists that aid should cater primarily to business interests.

Coherence has to become a two-way process, a partnership from the working level of inter-departmental consultations up to the cabinet table. Development staff must understand geopolitical realities, while trade officials should think about possible damage to least developed countries when negotiating trade deals.

Policy coherence for development will require that the CIDA minister and staff have a formal mandate to bring developing country perspectives to the policy table. Departments should routinely consult CIDA on policy actions that have an impact on developing countries. These new norms would not be just polite reminders of Canada's international development commitments, but an increasingly necessary component in our growing economic and geopolitical interactions with developing countries. This broader understanding of our global interests means that development policy will include trade and market access, tariffs, the environment, global finance and international

investment, intellectual property rights, immigration, global security, terrorism and peacekeeping.

### *Something Old, Something New*

In calling on Canada to spend more, the UN Secretary-General indirectly chastised the Harper government for its declining aid volume.<sup>1</sup> Quality is also declining due to massive delays in approvals and short-term thinking. The impact is broad – on individual projects, on the institutions we have failed to support, on donor colleagues who no longer trust us to deliver, and on the low-income countries we no longer assist. Canada is now judged a serious laggard, damned with faint (or no) praise by the OECD's Development Assistance Committee for our declining aid to the poorest.<sup>2</sup>

DFATD presses for a greater focus on 'innovation' in aid mechanisms. It talks of using aid to subsidize loans to private business (they call it 'blending'), in part via a new development finance initiative. Much of the talk about 'innovation' seems designed to distract ordinary Canadians from our diminished efforts to help the poorest.

The private sector, both foreign and domestic, is appropriately recognized as a major force in national development and in the creation of decent employment. That does not mean, however, that aid funds can miraculously 'leverage' the behaviour of powerful independent economic actors. Canada should instead focus on molding an enabling environment, including support for good practice for foreign private actors in developing countries and ending bad practice such as tax evasion, corruption and transfer pricing.

Canada has eagerly supported a new type of statistical window-dressing called 'Total Official Support for Development'. This refers to spending that has not hitherto counted as 'aid'. The government even seems to argue that high levels of remittances – the private flows of often poor immigrants to their families back home – suggests less need for official development assistance (ODA). Meanwhile, Canada rejects invitations from Europe to join in the creation of a very modest international transaction levy that might add to the volume of development finance.

Canada can certainly act to reverse the trend of falling aid budgets. The UK government met the UN's ODA target of 0.7% of gross national income in 2014, despite a much more difficult economic situation than Canada's. A Canadian commitment for steady ODA increases is manageable. We can also immediately shift more ODA to the poorest developing countries. Moving to multi-year budgeting, providing both CIDA and its partners with predictable funding, is a sound, cost-free policy.

Canada's list of priority development partners needs another look. Priority status should be based strictly on need, not political favoritism or commercial interest.

### Separate CIDA from DFATD?

The principled reason for the merger of CIDA and DFAIT was, where development is concerned, to bring a more coherent, whole-of-government approach to the challenge of reducing global poverty. A separate, stove-piped aid program inhibited a comprehensive approach to development cooperation. The merger, however, has simply further subverted and hijacked the aid program. A strong, independent CIDA with a full-strength cabinet minister – as in the UK – is one possibility. The other is to make the reality of the merger fit the theory. Either way change – undoubtedly challenging – is essential.

### *People: Skills, Commitment and Risk*

One of the biggest challenges for the new CIDA will be to mobilize the human resources needed to operate as a true partner. This is not so much a question of numbers, even of professional skills, but of mindset and lost morale. This is especially true of the key middle tier of professionals. Many staff have left, either frustrated by the diminished integrity in their work or simply accepting the cash-out provision in the latest downsizing exercise. Canada's development mechanisms have been hollowed out.

The present coterie of managers and senior executives could pose a challenge to the recommendations here. Many are development 'outsiders', often viewing CIDA as a brief stepping stone to another career, with limited interest in international development. A few have acquired commitment, but more actually inhibit pro-development thinking among their staff. Reversing the vulnerabilities and weaknesses in staffing will be a critical priority. New managers and staff need to be selected with distinct professional skills that are reinforced by a career commitment to development cooperation.

Today's DFATD is overly focused on process rather than substance. Trusting staff, let alone partners, is deemed risky in the present management culture. Accountability rules presented as tools for improving effectiveness have instead become unproductive demands for complex bookkeeping and an obsession with rules. The current framework is fundamentally unsuited to working in a recipient-led partnership mode.

Partnerships can be reinforced by tapping the world of civil society organizations (CSOs, also known as NGOs). This is an area willfully neglected by the Harper government. Canadian CSOs should be given a stronger profile, along with their increasingly effective partners in developing countries.

Misplaced understandings about a focus on 'results' need correction. Results-based approaches are only valuable when they reward staff for learning from errors and otherwise improving the quality of program delivery. Effective implementation needs a focus on the ultimate beneficiaries. Hence the importance of decentralization, having resident staff work in the field, empowered with meaningful delegated authority. Accountability, another catch-term, must also change. Bad application of its core principles has diminished trust and increased indecision. Senior managers can help by affirming that living with uncertainty is the norm for development. 'Risk-free' almost always means ineffective development.

## The Way Forward

The transition to a new form of Canadian development cooperation will be challenging, determined by where a new political leadership aims to drive Canada's international policy agenda. This should be as much about the geopolitical and economic relations Canada wants with a rapidly evolving Global South as about the specific programs we may back. This new alignment will need to be framed around supporting the UN's Post-2015 Agenda.

The inner dynamic of a new Cabinet will ultimately determine the future of Canadian development cooperation. Clare Short could reform the UK's Department for International Development because her Prime Minister and Finance Minister were fully behind her. Will a new Canadian prime minister play the same role, driving a long-term approach to development cooperation?

## NOTES

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<sup>1</sup> Mike Blanchfield, "Ban Ki-moon urges G-7, including Canada, to boost foreign aid." *Macleans's*, May 30, 2014, <http://www.macleans.ca/news/canada/ban-ki-moon-urges-g7-including-canada-to-boost-foreign-aid/>.

<sup>2</sup> OECD, "Development aid stable in 2014 but flows to poorest countries still falling", April 8, 2015, <http://www.oecd.org/development/development-aid-stable-in-2014-but-flows-to-poorest-countries-still-falling.htm>.