

McLeod Group Submission to the Department of Finance Consultations on Official Development Assistance

December 21, 2018

The McLeod Group appreciates the opportunity to provide comments on Canada's official development assistance programs and expenditures, with particular reference to the Department of Finance's (the Department) management of the Canadian contributions to the World Bank's International Development Association, the Multilateral Debt Relief Initiative and the Asian Infrastructure Investment Bank. As the launch announcement for the consultations notes, the Department of Finance was responsible in 2017-2018 for the \$536.37 million contribution to these institutions, approximately 10% of Canada's Official Development Assistance (ODA). As a long-term member of the World Bank, and a committed supporter of the Debt Initiative and the Asian Infrastructure Bank, it is essential that Canada engage at these institutions with a developmentally sound, coherent and consistent policy framework.

As we said in our blog of December 6, 2018 (www.mcleodgroup.ca/2018/12/reducing-government-accountability-for-canadian-aid/) we believe very strongly in the timely and clear reporting by the government to the Canadian public on spending and policies on Official Development Assistance. This includes Canada's participation with the Bretton Woods institutions which play such an important role in global development cooperation efforts. Thus, as we stated in the blog, we oppose the measures in the 2018 Budget Bill to weaken the government's accountability through deviating from the internationally accepted definition of ODA and to significantly relax the reporting requirements now in place via the Official Development Assistance Accountability Act of 2008.

At the Charlevoix G7 Summit this past June, Canada led the discussions which resulted in agreement on the need to mobilise public finance to support achievement of the Sustainable Development Goals, including innovative financing (<https://www.reuters.com/article/g7-summt-communique-text/full-text>). We ask that the Department of Finance explain clearly how this commitment is being pursued at the World Bank. How is the commitment to development and humanitarian assistance that promotes greater equality of opportunity and gender equality, and prioritizes the most vulnerable to ensure that no one is left behind, being articulated by Canada at all three multilateral finance institutions covered by these consultations? The Department should urge its multilateral partners to actively engage with the implementation of the Women, Peace and Security agenda, as an important element of global efforts to achieve stability and security, thus leading to greater democracy and prosperity. Instability and insecurity do not stay confined to fragile states but readily cross borders and threaten the development achievements and goals of neighbouring countries.

The Department should support initiatives to reduce incoherence within the Canadian government with regard to the impact of policies which affect the scope of developing countries to access markets in Canada, thus creating employment opportunities and

helping generate development finance in those countries. Canada should also encourage the Bretton Woods institutions to build partnerships with developing countries which support policy coherence for sustainable development.

We urge the Department to require the World Bank in particular to demonstrate how it is working to support the implementation of the commitments that comprise the Paris Declaration on Aid Effectiveness and its successor agreements, notably the Busan Partnership for Effective Development Cooperation. The Department should aim for greater transparency and avoid supporting a national approach that incorporates a narrow, made-in-Canada view of effectiveness, accountability and development results.

In its 2018 peer review of Canadian development cooperation efforts, the Development Assistance Committee (DAC) of the OECD noted that while Canada channels more than half of its ODA through multilateral institutions, including 29% through the World Bank Group, there is no strategic framework guiding the allocation/distribution of these disbursements (<https://doi.org/10.1787/9789264303560-en>). The DAC recommended that Canada engage in regular, strategic dialogue with key multilateral partners within an overall framework for its multilateral engagement, a recommendation McLeod Group supports.

The DAC, led by the peer countries Norway and Germany, urged Canada to increase its ODA, in keeping with its commitment to support attainment of the Sustainable Development Goals and in line with the Addis Ababa Action Agenda. McLeod Group strongly supports this recommendation. If Canada indeed aspires to be a leader in international development cooperation efforts, as has been stated often by senior government figures and in line with the Feminist International Assistance Policy of 2017, our global advocacy must be supported by increased concessional resource flows. The current trend, shown by the comparison of 2012 versus 2018 ODA/GNI figures, is in the opposite direction. Canada's generosity now ranks fifth lowest among the G7 countries.

The Department has an important part to play in ensuring that Canada provides official development assistance that contributes to poverty reduction, takes into account the perspectives of the poor and is consistent with international human rights standards. This role goes well beyond simple accountability for financing provided to the three multilateral development institutions for which it is responsible. The Department could convene annual informal consultations with a representational group of Canadian stakeholders on its policy approach to these institutions, in the interests of transparency and to profit from the knowledge and experience of those organizations and individuals. The road map for effective development cooperation exists and the Department should be explaining to Canadians how it is following that map and contributing to global efforts through its involvement as the Canadian representative to the governance machinery of these important organizations.