Canada

Big changes and challenges, with new partnerships

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Overview

- Canadian official development assistance (ODA) for fiscal year (FY) 2014/15 is estimated by the Canadian Council for International Co-operation (CCIC) to be Cdn$5.0 billion (US$4.5 billion) or 0.26% of Gross National Income (GNI), assuming no supplementary estimates and that GNI growth remains consistent with current levels.
- Canada's performance ranked 15th in 2013 among the 28 member countries of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), with respect to percentage of GNI for ODA — falling from 0.32% in 2012 to 0.27% in 2013. With a drop of 11.4% for 2013, Canada posted the biggest decrease in ODA funding after Portugal.
- After Canadian aid peaked at Cdn$5.57 billion (US$5.1 billion) in FY 2011/12, in Budget 2012 the government announced three years of major aid cuts. In its first year of cuts, the government in fact far surpassed the planned cuts, and returned Cdn$286 million (US$260 million) in unspent allocated money to the Treasury. If Canadian ODA had continued to grow by the same pre-2010 rate of 8%, more than Cdn$2.4 billion (US$2.2 billion) additional resources would have been spent on aid priorities by 2014 than is currently expected.
- Aid to Sub-Saharan Africa (SSA) has remained above 2008 levels (when Canada met its 2005 Group of Seven commitment), with a slight increase in FY 2012/13, while Asia saw its aid remain steady and the Americas experienced a sharp decline after years of increases.
- In 2012, the government made reductions and cuts to 13 country programs, including eight in Africa, but then shifted its countries of focus in 2014 from 20 countries to 25, including three more in SSA. It cut Bolivia and Pakistan in the process, but added Burkina Faso, Benin, the Democratic Republic of the Congo (and substituted Sudan for South Sudan) in Africa; added Burma, Mongolia and the Philippines in Asia; and included Jordan in the Middle East.
- Support to multilateral organizations saw a slight decline in FY 2012/13 following years of successive increases. Support to partner governments continues to decline, but for the first time in several years, support to civil society actually saw a slight increase.

Major changes for Canadian aid and development

It has been a turbulent couple of years for Canadian aid and development. After freezing the aid budget in 2011, the government announced major cuts in 2012 over the next three years, a period which saw the plummeting of aid levels. It then introduced new legislation to merge the Canadian International Development Agency (CIDA) into a mega Department of Foreign Affairs, Trade and Development (DFATD), under the premise of promoting greater policy coherence. But this came against a backdrop of Canada increasingly aligning its development policy with its own commercial interests, aggressively pushing a strong role for the (Canadian) private sector in development, in particular Canadian mining companies, and increasingly minimizing the importance of aid relative to other financial flows.

Meanwhile, the government distanced itself from civil society, with opportunities for engagement few and far between, and no new major funding initiative for civil society being announced between 2011 and 2014. Spring 2014 did see a thaw in relations with civil society and the announcement of a draft CSO policy, on which CSOs were consulted, which could suggest a potential new partnership with the government looking forward. What all of these changes mean for Canada and the post-2015 agenda, only time will tell.

Aid budget collapses, under cuts and lapses

Following an announced freeze at Cdn$5 billion (US$4.5 billion) in 2011 to the International Assistance Envelope (IAE) — which constitutes a large part of Canadian ODA — in FY 2012/13 the Conservative government announced reductions that would bring the IAE to Cdn$4.66 billion (US$4.2 billion), or 7.6% by FY 2014/15.

Not only did the government implement cuts, it also allowed Cdn$286 million (US$260 million) to lapse in authorized spending in FY 2012/13 (essentially unspent money), which the former CIDA was required to return to Treasury.[1] If Canadian ODA had been sustained at its peak 2010 level (Cdn$5.57 billion or US$5.1 billion), by 2014 there would have been Cdn$870 million (US$790 million) in additional aid dollars. Indeed, if the government had continued its pre-2010 policy of increasing ODA by 8% each year, rather than cut aid, more than Cdn$2.4 billion (US$2.2 billion) additional resources would have been spent on aid priorities by 2014.

In April 2014, the OECD confirmed the sharp fall, noting that Canadian aid allocations had dropped by 11.4% in 2013 relative to 2012, or from US$5.65 billion to US$4.91 billion. The government points out that there was an extraordinary increase in 2012 due to Fast Start Finance for climate change adaptation and mitigation. While this may be the case, it cannot excuse the sharp decline in 2013, when the need for climate finance remained urgent. Canada has not followed up its initial Fast Start climate finance with new resources for climate change.

This decline in Canadian ODA came in a context wherein overall ODA from OECD countries had a small rebound from declines in 2011 and 2012 to post an increase of 6.1% in real terms in 2013. Canada's aid-to-GNI ratio also tumbled from 0.32% to 0.27% as a result, and Canada moved to the bottom half of the ranking at 15th out of 28 OECD-DAC donor countries.[2]

First among equals: The merger of aid, trade and diplomacy

While cutting Canada's aid budget, in March 2013 the government also announced plans to merge its development agency, CIDA, into a new Department of Foreign Affairs, Trade and Development (DFATD). The announcement received mixed reviews. Foreign affairs pundits generally heralded the government line[3] of greater coherence and impact through the merger. Trade and investment advocates pointed to the failures of aid, and how growth and the private sector were the real game changers for development. Development experts, on the other hand, feared a shift away from poverty reduction, with its programmatic focus on the poorest and most marginalized, towards the promotion of Canadian commercial interests.[4]

The legislation did enshrine the position of the Minister of International Development in law by formally recognizing this minister's role and mandate, separate from the Minister of Foreign Affairs. The legislation also technically put "development on equal footing with trade and diplomacy,"[5] albeit with Foreign Affairs – and with it Canadian foreign policy – still clearly first among equals.

Concerned about the directions for aid with the merger, the CCIC produced a set of benchmarks just prior to the release of the legislation to ensure development would remain a top priority in DFATD.[6] The benchmarks recommended that the legislation acknowledge the ODA Accountability Act to guide decisions about ODA (which it did). The CCIC called for a strengthened role and mandate for the Minister (which it also did), and the benchmarks also called for an explicit reference to key principles like the Paris Declaration and Accra Agenda for Action, as well as Humanitarian Principles, as the basis for assessing the effectiveness of Canadian aid and development (which it didn't do).

While it still remains to be seen how the merger will affect Canadian development policy and practice, there are signs of hope: various officials within the former CIDA have been posted to key positions of authority within DFATD in areas of both policy and programming.[7] In February, the government released a set of internal and external guidance notes[8] — the first public initiative since 2008 — to inform how DFATD programming should comply with the three criteria of the ODA Accountability Act.[a] These guidance notes likely emerged as a result of the strong critique by the Auditor General of how the government had been using the criteria — to report on aid spending, rather than to determine how aid should be spent.[9]

But there are also signals that give cause for concern, namely in the government's preoccupation with partnerships with the private sector, in the increasing promotion of economic growth as a key measure for development and poverty reduction, and in the overall deterioration — until recently — in partnerships with civil society organizations.

Growth and the private sector – a partnership without evidence (or a strategy)

In the past several years, Canada has made sustainable economic growth and the private sector (in particular extractives) the central tenets of Canadian development cooperation. In October 2010, CIDA released its Sustainable Economic Growth Strategy (SEG).[10] The Strategy takes three paths: building economic foundations by strengthening the necessary legal environment for business; growing businesses by enhancing micro, small and medium-sized enterprises; and investing in the employment potential of people in the formal and informal sector.

In early 2013 a new International Institute for Extractive Industries and Development was formed to support and build natural resource

a "Official development Assistance may be provided only if the competent minister is of the opinion that it (a) contributes to poverty reduction; (b) takes into account the perspectives of the poor; and (c) is consistent with international human rights standards." Official Development Assistance Accountability Act (S.C. 2008, c. 17), clause 4.

management capacity in developing countries.[11] Then in October 2013, the DFATD adopted an approach that further entrenches the key role of the Canadian multinational and international private sector "as partners in development," in order to leverage "capital and expertise to grow businesses," to develop public private partnerships that will "improve the lives of people living in poverty," and to promote private sector innovation to "improve the delivery of essential public services."[12]

Then in November of that year the government launched its Global Markets Action Plan. The Plan envisages developing "an extractive sector strategy to further the interests of Canadian companies abroad."[13] "Under the plan, all diplomatic assets of the Government of Canada will be marshalled on behalf of the private sector."[14]It is clear that these assets also include the allocation of ODA resources to these ends.

The Strategy and Action Plan equate increased growth with poverty reduction, without giving due consideration to the role that government must play (through policies, practice and programs) to ensure a redistribution of the benefits of growth to the poorest and most marginalized.[15]Both initiatives sit in direct contrast to an earlier detailed CIDA Private Sector Development policy, which sought to promote "pro-poor equitable economic growth" through "more, better, and decent jobs and sustainable livelihoods and… stimulating the growth of the local private sector in developing countries and countries in transition."[16]

While explicitly promoting Canada's economic interests and domestic private sector, it remains unclear how exactly this strategy will be implemented in practice beyond supporting ad hoc initiatives. In this vein, DFATD runs the risk of making the same mistake for which the UK Department for International Development has just been chastised. The British Independent Commission for Aid Impact noted the DFID's inability to match its vision for the role of the private sector "into clear guidance for the development of coherent, realistic, well-balanced and joined-up country-level portfolios… In none of the countries we visited did we see a plan for – or assessment of – the cumulative impact of programmes, so it was unclear how well DFID's work overall is transforming the private sector as a tool for economic growth and poverty reduction."[17]

Will partnering with the private sector leverage positive development impacts and change for the poor? Certainly not, unless the partnerships and approaches are well thought out. As Canada's 2012 Peer review by the OECD DAC concluded, any private sector strategy should provide a clear rationale for Canada's engagement, including "well-defined aims, strategic objectives and transparent procedures for partnerships with private sector enterprises."[18]

A rapprochement with civil society?

In July 2010, CIDA launched its "Partnership Modernization and Effectiveness Framework", introducing new policy guidance on civil society funding and programming. The call-for-proposal mechanism became the sole modality for CSOs to access funding from the former Partnerships with Canadians Branch of CIDA. Despite the promise that the new call-for-proposal mechanism would "streamline the application process,"[19] it has instead been characterized by a lack of transparency, few funding opportunities, unacceptable delays, and inadequate resources to manage the process efficiently.

In June 2014, more than three years after the last set of major calls-for-proposals for CSOs, the CCIC and the Inter-Council Network of Provincial and Regional Councils launched a report that assessed the impacts arising from the changing funding modalities, as well as new and emerging issues.[20] The absence of timely and predictable new funding opportunities for organizations has had a profound and detrimental impact on Canadian CSOs' capacity to deliver their programs on the ground. This in turn has had a negative knock-on effect on the counterparts and people with whom these organizations are working.

Among the headline findings of the study, revenue for a very significant number of organizations (44% of the 138 sample) has declined, affecting their capacity to sustain their development programs. This has led to actual or planned cuts in longstanding partnerships for 46% of the organizations surveyed; major reductions in the diversity of Canadian CSO activities on the ground, for 53% of the organizations surveyed; and significant reduction in staffing, reported by 43% of the organizations. CSOs confirmed that dialogue with the government has been ad hoc and selective. The resulting conclusions and recommendations of the report pointed to the urgent need for a new strategic partnership between the Canadian government and the Canadian development community.

Following a very tense period in the relationship between Canadian development and humanitarian CSOs and the government under the previous two Ministers, there are signs of a thaw under new ministerial leadership. In the words of the current International Development Minister, Christian Paradis, "Mobilizing the private sector does not mean we should ignore civil society."[21] Since early 2014, the Department has been taking definite steps towards re-establishing a more positive relationship with civil society.

In April, the Minister committed the Department to "protecting and promoting an enabling environment for civil society—in law, in policy and in practice."[22] He also indicated the Department would, "provide predictable, equitable and transparent funding opportunities through different modalities that support the diverse roles of civil society; and… promote a multi-stakeholder dialogue to inform and facilitate a diversity of perspectives and approaches."[23] New funding announcement have followed, albeit none of them major, as have a series of roundtables on a range of issues. And in June, the DFATD launched consultations on a draft Civil Society Partnership Policy. The coming months will be critical in determining the space for CSOs in Canada's aid programs –whether as a mere instrument to further government priorities, or as independent development actors in their own right, with decades of development experience to bring to the table.

Conclusion

How will these trends in Canadian ODA converge with global efforts to establish the post-2015 sustainable development agenda and a new set of Sustainable Development Goals (SDGs)? Cooperation for effective development impacts will not be achieved without engaging the full array of development actors: governments at all levels, parliamentarians, civil society organizations, citizens, and the private sector, in particular the local private sector.

But partnerships do not occur simply by bringing these different entities together. They require development strategies with clear objectives and modalities for implementing them, and ways to assess the outcomes, both short-term and long-term. They require policies and legislation in place to facilitate the roles of these different actors, while promoting and protecting the environment and the basic rights of citizens and CSOs. They benefit from dialogue, drawing on the evidence and experience of these different actors. And they need to be resourced through flexible, diverse and predictable mechanisms.

The Canadian environment for moving forward on the SDGs is one that is witnessing a massive decline in aid resources, while decisions about their use become increasingly aligned with Canadian commercial and foreign policy interests. How will the DFATD reconcile these policy orientations with the urgent need for countries like Canada to live up to the UN goal of 0.7% of GNI for its ODA, with the commitment to respond to developing country ownership of their development priorities, inclusive partnerships with all development actors, and sustainable outcomes that reduce poverty and tackle inequality, leaving no one behind? Evidence to date suggests that it may only be possible by doing things very differently.

Endnotes

1 Berthiaume, L. (2013, April 29). Canadian aid experts raise concerns about 'lapsed' funding for world's poorest. PostMedia News. Retrieved from http://o.canada.com/news/canadian-aid-experts-raise-concerns-about-lapsed-funding-for-worlds-poorest

2 Organisation for Economic Co-operation and Development (2014, April 8). Aid to developing countries rebounds in 2013 to reach an all-time high. Retrieved from http://www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm

3 Finance Canada (2013, March 21). "Jobs, Growth and Long-Term Prosperity - Economic Action Plan 2013," pp. 240-241. Retrieved from http://www.budget.gc.ca/2013/doc/plan/budget2013-eng.pdf

4 For more views on this, see Reilly-King, F. (2013, April 2). "Commitment, not coherence, is what is needed – the end of CIDA." Retrieved from http://www.ccic.ca/blog/commitment-not-coherence-is-what-is-needed-the-end-of-cida/

5 Foreign Affairs, Trade and Development Canada (2013, March 21). "Today, the Honourable Julian Fantino, Minister of International Cooperation issued a statement following the release of Economic Action Plan 2013." Retrieved from http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/ANN-321154018-R3R?OpenDocument

6 For more details, see Canadian Council for International Co-operation (2013, April 29) Creating the Department of Foreign Affairs, Trade and Development: Benchmarks for more effective and coherent international development and humanitarian assistance. Retrieved from http://www.ccic.ca/_files/en/what_we_do/2013-04-29_Benchmarks_for_development_and_HA.pdf

7 CAIDP (2013). "Report on the New DFATD Organization Chart," Canadian Association of International Development Professionals, Quarterly Bulletin, Number 3, 2013.

8 Foreign Affairs, Trade and Development Canada (2014, February 25). The Official Development Assistance Accountability Act. Retrieved from http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/FRA-121185349-JB8

9 Office of the Auditor General of Canada (Spring 2013). "Chapter 4: Official Development Assistance through Multilateral Organizations" in 2013 Spring Report of the Auditor General of Canada. Retrieved from http://www.oag-bvg.gc.ca/internet/docs/parl_oag_201304_04_e.pdf

10 CIDA (October 2011). "Stimulating Sustainable Economic Growth – CIDA's Sustainable Economic Growth Strategy." Retrieved from http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUImages/EconomicGrowth/$file/Sustainable-Economic-Growth-e.pdf.

11 Government of Canada (2014, June 19). Project profile: Creating the Canadian International Institute for Extractive Industries and Development, Retrieved from http://www.acdi-cida.gc.ca/cidaweb%5Ccpo.nsf/projEn/S065811001

12 Department of Foreign Affairs, Trade and Development (2013, October 21). "Private sector and development – Working with the private sector as a partner in development." Retrieved from http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/En/JUD-1118141247-QJJ

13 Government of Canada (2013). Global Markets Action Plan – The Blueprint for Creating Jobs and Opportunities for Canadians Through Trade, p. 15. Retrieved from http://international.gc.ca/global-markets-marches-mondiaux/assets/pdfs/plan-eng.pdf

14 Ibid, p. 11.

15 See for example Commission on Growth and Development (2008). The Growth Report: Strategies for Sustained Growth and Inclusive Development. Retrieved from http://go.worldbank.org/FC797ZNZP0.

Developed by 22 leading economists who examined the policies and strategies of countries that had achieved rapid and sustained economic growth and poverty reduction over the past 25 years, the Report notes that while each country context is different, in all cases the state was the primary engine of growth, an analogy that sees the private sector as fuel.

16 CIDA (2003). CIDA's policy on private sector development. Retrieved from http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/REN-218124828-P9B, page 1. Furthermore, the policy recognizes the importance of the principles of local ownership, participation and capacity building, alignment with national development priorities, and harmonization with other donors.

17 Independent Commission for Aid Impact (May 2014). DFID's Private Sector Development Work, Report 35, p. 1. Retrieved from http://icai.independent.gov.uk/wp-content/uploads/2014/05/ICAI-PSD-report-FINAL.pdf

18 Organisation for Economic Co-operation and Development (OECD) (2012). Canada - Development Assistance Committee (DAC) PEER REVIEW, p. 11. Retrieved from http://www.oecd.org/development/peerreviewsofdacmembers/canadapeerreview2012.pdf

19 CIDA (2010, July 22). Minister Oda announces next step to CIDA's aid effectiveness, Press Release, Retrieved from http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/cec-722111726-kxg

20 CCIC and the ICN (June 2014). Establishing an enabling environment for civil society organizations in Canada. Key issues affecting Canadian international development and humanitarian organizations. Retrieved fromhttp://www.ccic.ca/_files/en/what_we_do/june_2014_final_draft-full_report-establishing_an_ee_for_csos_in_canada.pdf

21 Foreign Affairs, Trade and Development Canada (2014, May 14). "Address by Minister Paradis: CCIC & CAIDP Conference on 'Redefining Development Partnerships: A New Role for Canadians in Global Equality and Cooperation.'" Retrieved from http://www.international.gc.ca/media/dev/speeches-discours/2014/05/14a.aspx?lang=eng

22 Foreign Affairs, Trade and Development Canada (2014, April 17). "Statement by Minister Paradis on Canada's Commitment to Protect and Promote an Enabling Environment for Civil Society." Retrieved from http://www.international.gc.ca/media/dev/news-communiques/2014/04/17c.aspx?lang=eng.

23 Ibid.