

## **CCIC's Analysis of CIDA's *Partnerships with Canadians* Renewing the Mandate of Canadian Partnership Branch**

### **An Addendum on the Future of Institutional Program Funding Modalities**

CIDA's Backgrounder for the Minister's announcement of a new mandate for Canadian Partnership Branch (CPB) unfortunately does not give clear indications on the future for different funding modalities in CPB to implement the mandate. The announcement states that CIDA "will streamline the application process and reduce the administrative burden for project applications". CIDA is continuing to work on guidelines for implementing the renewed mandate, which the Backgrounder says will be set out this fall.

Currently there are several, mainly responsive, funding modalities in CPB: 1) Several project funds relate to public engagement activities in Canada; 2) A Voluntary Sector Project Fund is available for smaller Canadian CSOs "to carry out development projects in developing countries and public engagement activities in Canada"; 3) For more than 100 larger Canadian CSOs, a Voluntary Sector Program contributes multi-year institutional funding "to carry out strategic development programs in developing countries and public engagement activities in Canada".

CIDA's institutional partnerships with large CSOs on the basis of the institution's record of experience in development, rather than particular projects or programs of interest to CIDA may now be in doubt. Over the past 25 years, this form of support has contributed to the growth of long-term programmatic, responsive and sustainable partnerships with CSOs in developing countries on the part of many Canadian CSOs. It has been innovative in supporting local ownership, a stronger CSO community in Canada, and excellence in diverse CSO roles in development. Other donors such as DFID moved to adopt this modality with selected UK CSOs only a decade ago.

The Minister's announcement distinguishes the Partners for Development Program into two categories: 1) project proposals from organizations with revenue less than \$2 million and 2) "large project proponents", organizations with revenue greater than \$2 million (mainly the group of Canadian CSOs who are currently eligible to make proposals for institutional funding).

Those submitting large projects "will have a long-term plan that reflects a programmatic approach". But what is unclear is whether these organizations may continue to submit their institution's multi-year plan (a responsive mechanism) or whether they will be subject to requests for large project submissions designed by CIDA with fixed timetables.

Currently organizations may submit program proposals that correspond to its future strategies with partners in a number of inter-related sectors and countries.

Will all CIDA CSO partners, irrespective of sized and experience, now be required to submit more limited program proposals (large projects) in periodic calls for proposals, for different areas such as food security for example, with no consideration of the range of important partnerships and sectors that this CSO has supported? Will CIDA continue to be interested in the institutional strengthening of the Canadian CSO sector and their respective experience as development actors?

A move by CIDA away from institutional relationships with Canadian organizations would have profound destabilizing consequences in finance and development program for many highly effective

CSOs, particularly medium-sized organizations with revenues of \$2 to \$10 million. These organizations do not have flexibility nor the capacity to continually second-guess CIDA's sectoral or project interests in their forward planning

Comprehensive program funding relationships between CIDA and individual Canadian CSOs have had a long history. CSO partners carefully develop each multi-year proposal with their counterparts in developing countries, based on lessons learned and previous assessments by CIDA officials. CIDA institutional partners are subject to regular and rigorous institutional evaluations and CIDA financial audits.

While the Voluntary Sector Program is a relative small proportion of CIDA programming for development, it has been a crucial financial support for strengthening Canadian CSOs who face unique funding challenges in Canada not present in other donor countries, such as very limited access to foundations or private sector funds, which are much more available to CSOs in the United States or the UK, for example. CIDA's institutional program support has played a crucial role in the strong reputation for Canadian CSO excellence and innovation among other donors and in developing countries.

Institutional partnerships has been acknowledged in Canadian and international assessments of aid effectiveness as highly efficient and effective modality for strengthening CSO long-term capacities to build ownership and responsiveness to developing country needs and sustainable development results. They are increasingly an important funding modality for other donor such as DFID or the Dutch.

If CIDA were to return to the large project-oriented approach so common decades ago, the impact of resulting unpredictable revenue would weaken and not strengthen development effectiveness as promised by the Minister's *Partnerships with Canadians*. This old style approach would reduce effectiveness for many Canadian CSOs who have relied on cooperation with CIDA to produce significant development outcomes through synergies in their overall program and over many years, which cannot be achieved in a two or three year project context.

All Canadian CSOs and their partners support approval processes in CIDA that strengthen the overall quality of Canadian CSO development efforts. However, the Minister's statement that funding modalities will focus on "the most meritorious proposals put forward by Canadian organizations" suggests a return to a competitive bidding environment. There has never been any evidence that project competitions between CSOs produces better development outcomes for beneficiary population; on the contrary, competition can be highly disruptive in difficult developing country environments for local CSOs when sustained commitment and long term accompaniment is essential.

It is crucial for the continued survival of a strong, diverse and above all effective Canadian CSO community that CIDA develop guidelines for the implementation of CPB's renewed mandate in a manner that respects the institutional integrity of its Canadian CSO partners and the conditions required for them to be effective development actors. Returning to a competitive project approach of the past dismisses all the lessons of the past decade on the essential ingredients for aid and development effectiveness – local ownership and accompaniment, working with partner systems, programmatic approaches derived from local partner-identified needs and capacities, and sustained commitment to realize development outcomes.

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