

A CCIC REVIEW OF THE 2006-07 PART III ESTIMATES CIDA REPORT ON PLANS AND PRIORITIES

1.0 BACKGROUND

The *Part III 2006-07 Estimates, Plans and Priorities* was tabled in Parliament at the end of September. The *Estimates* document provides, for this fiscal year, an overview of both the policies and priorities guiding CIDA. It also gives some detail on allocations to the International Assistance Envelope of the federal budget. (NOTE: all page numbers appearing in brackets refer back to the *Part III 2006-07 Estimates, Plans and Priorities*)

2.0 HIGHLIGHTS

2.1 Less Transparency for CIDA Expenditure Plans

The report format was changed this year making it very difficult to compare with previous years. This year's format also makes it difficult to determine specific allocations within CIDA. In 2005, the government adopted five "pools" for organizing the International Assistance Envelope (IAE): Development; International Financial Institutions; Crisis; Peace and Security; and Development Research. The 2006-07 IAE, for the first time, is structured according to these pools. This new method of reporting would not have been an impediment to year to year comparisons if more details were provided for each pool. In previous years, the IAE would detail gross and specific amounts for the different Branches of CIDA. Unfortunately, the 2006-07 IAE reports only one gross number for the Development pool that can cover several Branches and many different programs in CIDA. For example, it is no longer possible to know what the IAE allocation is for humanitarian assistance within Multilateral Branch. This makes an analysis based on the details of planned spending from one year to the next impossible.

2.2 Doubling Aid to Africa no longer a Canadian Commitment

As mentioned above, year-to-year comparisons are difficult, but it appears that Canada's bilateral aid to Africa will only increase modestly in 2006-07 (compared to expected – final numbers not yet available – spending levels in 2005-06). There is, however, in the *Estimates* a vague reference to aid for Africa continuing to increase (page 31). Unfortunately, vague references and the possibility of only modest increases suggests that this government has dropped the 2005 Liberal Budget pledge to double aid to Africa between 2003 and 2008.

2.3 Integration with Canadian Foreign Policy Priorities

The Minister for International Cooperation, in the introduction to the *Estimates*, states that "we will set core policy directions for Canadian development assistance in a manner that is consistent with Canada's foreign policy". CCIC has a long-standing concern that whole-of-government approaches may be driven by broader foreign policy interests that could undermine the poverty mandate of CIDA.

The *Report on Plans and Priorities, 2006-07* from the Department of Foreign Affairs and International Trade (DFAIT) sets out three ongoing (although re-written) strategic priorities, adds a new one and drops a significant one from 2005-06:

1. Greater collaboration with the United States and increased cooperation with all hemispheric partners (ongoing).
2. A more secure world for Canada and Canadians, safer from the threats of failed and fragile states, terrorism, transnational crime and weapons of mass destruction (ongoing).
3. A revitalized multilateralism, responding to the new challenges of globalization and putting outcomes ahead of processes (ongoing). (Previous version: “Promote a more effective and flexible new multilateralism.”)
4. Greater engagement with like-minded partners in the G8 as well as emerging economies such as Brazil, Russia, India and China (new).

What has been dropped is the following priority: “Forge stronger partnerships with Canadians in developing and implementing foreign policy.”

The CIDA *Estimates* notes that

“Canada works closely with its North American partners [sic] on numerous development issues, helping build a strong and mutually beneficial partnership. CIDA collaborates with other federal departments in full recognition of the interdependence of development, security, and economic prosperity, and the importance of a well integrated international agenda for Canada.” (page 9)

A box on Afghanistan (page 6) states that “Canada’s leadership role in Afghanistan is critical to Canadian security and national interests”.

2.4 A Canadian Aid Effectiveness Agenda

The *Estimates* strongly supports recent donor emphasis on improving aid effectiveness. It acknowledges *The Paris Declaration*, outlining international donor commitments on reforming the aid system, but does not confirm CIDA’s commitment to the donor performance targets in the *Declaration*. Rather, it sets out a related (but different) four-part “Aid Effectiveness Agenda” (pages 4 and 5) for CIDA: (1) a more strategic focus of aid programming; (2) strengthening program delivery; (3) a more cost-effective use of Agency resources; and (4) clear accountability for results. Overall the government is looking for “fewer sectoral priorities at a country level, alignment with the MDGs, and greater geographic concentration” (page 5).

2.4.1 Sector Priorities

The *Estimates* reaffirms the sector priorities, with some differing emphasis, that were first set out in the Development chapter of the 2005 *International Policy Statement (IPS)*: good governance, strengthening health systems (including HIV / AIDS), basic education, private sector development and environmental sustainability.

The *Estimates*, however, further defines “good governance” as “including freedom and democracy, human rights, rule of law, justice and accountable public institutions” and insists that every core country program must make this sector a priority. The rationale is that aid effectiveness depends on good governance (page 14). Notably absent from this notion of “good governance” is any explicit reference to a vibrant civil society.

There is no reference to the importance of rural livelihoods for poverty reduction or to the 2003 CIDA policy, *Promoting Sustainable Rural Development through Agriculture*. Most of the 3 billion poor in this world are farmers, living in rural areas, whose livelihoods depend on small-scale production. But only brief side-references are made to agriculture in the context of the health and private sector development priority. Rather bizarrely, a Canadian Hunger Foundation agriculture project is profiled in some detail, but labeled as an example of an ongoing project for “health”, despite its obvious focus on agriculture and rural livelihoods (page 25).

“Environmental sustainability” has also been dropped as a separate sector (in the IPS) and included along with gender equality as cutting across all sectors.

2.4.2 Country Concentration

The 2005 *International Policy Statement* was accompanied by a list of 25 priority countries. These countries were to receive two-thirds of Canada’s bilateral aid. In the *Estimates*, there is no longer any reference to the 25 countries as the core countries for aid concentration for CIDA. Rather, the *Estimates* states that “a financial strategy *is being developed* to increase bilateral resources in core countries of concentration” [emphasis added] (page 14).

Notwithstanding the abandonment of the commitment to double aid to Africa, the *Estimates* asserts the continued “concentration on the world’s poorest countries, mainly in Africa” (page 14) for CIDA. It also suggests a number of criteria for choosing countries, “including their level of poverty or risk, their ability to use aid effectively, and Canada’s capacity to make a difference” (page 6).

The *Estimates* states that in 2006-07, “CIDA will also define the definition and parameters for aid eligibility that will apply to countries of concentration, fragile states, and a range of other countries in need” (page 35). It suggests that “these categories are dynamic and flexible, reflecting the rapidly evolving social, economic, and political realities operating in each country” (page 35). This review may be a reference to the financing strategy for core countries noted above. However, it may also be a reference to ongoing debates at the Development Assistance Committee on the eligibility criteria for ODA. This is worrisome as Canada has been known to lobby for the expansion of the criteria for ODA to permit the inclusion of some military spending related to peace operations. ODA criteria should not be further expanded and Canada’s aid spending must be focused on ending poverty and promoting human rights.

CIDA notes that there are “efforts” that are “underway to develop a framework for CIDA’s response to fragile states and countries experiencing humanitarian crises” (page 15). In another section, the *Estimates* describes an interdepartmental process for an “integrated Government of Canada *approach* towards fragile states” [emphasis added] (page 32). What is needed, however, is not an “approach” but a full public policy for Canada’s role in “fragile states”.

The *Estimates* reaffirms Haiti, Afghanistan and Sudan's Darfur region as countries / areas that "warrant special attention because of the security, stability, and poverty reduction challenges they present to Canada, to their own citizens and to development cooperation in general" (page 6). Significantly, in the listing of countries, only the Darfur region of Sudan is noted. CCIC has been calling for a Sudan-wide approach to the conflict in Sudan.

2.5 CCIC Projections for Canadian ODA Performance for 2006-07

Based on the *Estimates*, CCIC's projection of Canadian Official Development Assistance (ODA) for 2006-07 is 0.32% of Canada's Gross National Income (GNI) or approximately \$4.5 billion. (This assumes that the government will honour and add to the 2006-07 budget the remaining \$180 million in the 2005 NDP / Liberal budget additions for ODA when it delivers the 2007 Budget in February.) The *Estimates* indicate that 73% or \$2,823 million of the International Assistance Envelope (IAE) is allocated to CIDA.

The *Estimates* repeats the government's commitment to increase aid by 8%. The IAE base for the 8% increase in 2007-08 will be \$3,813 million. This will amount to an increase of \$305 million for next year. However, the *Estimates* provides no forward projections for the IAE and actually states that the government is committed to doubling aid between 2001 and 2011, seemingly one year later than the Liberal promise of doubling aid by fiscal year 2010-11.

2.6 Public Engagement

Last year's 2005-06 *Estimates* projected spending for "engaging Canadians" at \$24.3 million for that year. Without any explanation, in the 2006-07 *Estimates* this projection of financial requirements has dropped by almost half to \$14.9 million.

"Engaging Canadians" is no longer listed as a CIDA overarching "program and management priority". The *Estimates*, however, confirms that the Agency will continue to develop a whole-of-Agency Public Engagement Strategy and Action Plan. This includes "targeted approaches with key groups ... to plan and deliver public engagement programs in support of Canada's global commitments". (page 40). The section on public engagement also outlines four communications themes for this year – 1) the difficulties of delivering assistance in failed and fragile states, 2) Canada's value-added for "governance" and other sector priorities; 3) Canada making a contribution to the world's poorest countries; and 4) demonstrating Canadian leadership in improving the ability of the UN to respond to humanitarian crises (page 39).

2.7 Civil Society Framework for CIDA

The first key deliverable under "strengthened program delivery" is "a review and renewal of partnership programming". It states that "CIDA will complete the development of policies and principles for its future work with Canadian partner organizations". It also indicates that the "process will include ongoing dialogue with Canadian stakeholders and specific attention to effective linkages with southern non-governmental organizations (NGOs)". (page 14) The *Estimates* makes several related statements:

- ❑ “The geographic programs will continue to involve Canadian NGOs on bilateral projects, often building on relationships already established through partner-led projects and programs.” (page 20). While the geographic programs will emphasize program-based approaches in aid delivery, it is acknowledged that individual projects remain relevant for certain contexts, for supporting new ideas, piloting programs, innovative approaches and strategic interventions. (pages 20-21)
- ❑ The chapter on Canadian Partnership (pages 24-25) stress that these programs “will contribute to a more strategic focus on targeted countries and sectors” (page 24). It goes on to state that most Canadian partnership programming is within the priority sectors.

“CIDA will ensure that future support remains consistent with Canada’s international priorities and is concentrated on partners that contribute directly to the MDGs. CIDA will work to further define and elaborate the strategic value of partnership programming (in part through the review and renewal of partnership programming) and align its voluntary and private sector programming with the international policy.” (pages 20-21)

- ❑ CIDA expects that between 15% and 20% of its multilateral budget for humanitarian, peace and security, and mining action spending will be channeled through Canadian NGOs. (page 30)
- ❑ In strengthening program delivery, “CIDA will aim to establish the optimal balance both within and among aid delivery channels – bilateral, multilateral, and partnerships”. (page 36) CIDA will be contributing to a substantial review of the effectiveness of various multilateral UN channels in 2007-08 (see pages 28 – 29), along with the review of partnership programs. These reviews will “play a key role in guiding decisions on the choice of delivery channels”. (page 37)
- ❑ The *Estimates* notes “the internal reallocation of \$147.7 million over five years, starting in 2006-07, in support of programming with voluntary sector partners” (page 24). This was a commitment made by the previous government in November 2005. However, these annual increases are not readily apparent in the financial data that is included in the *Estimates* for Canadian partnerships. For 2006-07, Table 9 suggests that Canadian Partnerships Branch (CPB) will have resource requirements totaling \$268.8 million. A similar table in the 2005-06 *Estimates* (Table 12) put the requirements for that year at \$281 million for CPB. This would indicate a decline of more than 4% for CPB, not an increase, between the two years. What portion of the \$147.7 million has been allocated in 2006-07 to Canadian Partnership Branch? Has it been taken from other programming in CPB and added to the Voluntary Sector Program (VSP)? Because the IAE no longer provides an indicative figure for the VSP, it is impossible to hold CIDA accountable.
- ❑ The *Estimates* also notes that in June 2006 (after the fiscal year began) “CIDA launched the Voluntary Sector Fund which provides \$20 million in incremental resources to Partnership programs annually” (page 50). It is not clear whether these funds are in addition to the \$268.8 million for CPB already identified in the *Estimates*.

2.8 Peace and Security Pool

In 2005-06 the government indicated that this pool would be allocated \$262 million. The 2006-07 *Estimates* indicates, however, that the figure was actually \$289.5 for 2005-6, and is expected to grow slightly to \$291.6 million. The Peace and Security Pool is co-managed by DFAIT and CIDA, with DFAIT the lead Ministry. CIDA's allocation, for this fiscal year (2006-07), is 25% of the resources for this pool.

Last fiscal year DFAIT and CIDA developed a rationale and criteria for a Global Peace and Security Fund. While no funds were allocated last year, in this fiscal year this Fund will have \$80.5 million in DFAIT and \$45.5 million in CIDA.

The government has maintained a Counter-Terrorism Initiative within the Peace and Security Pool under DFAIT's control, at the same level of funding as last fiscal year, \$15 million.

In 2005-06, \$75 million was allocated to the Crisis Pool. Of this \$75 million, \$31 million has been reallocated to 2006-07 (unlike other Pools, unused portions of the Crisis Pool can be brought forward to the next fiscal year). The \$31 million added to \$124 million in new money for the Crisis Pool, put the total for this Pool in 2006-07 at \$155 million.

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