

## **Canada chapter**

### **Reality of Aid 1997**

- What Future for Canadian Development Cooperation?
- A Return to Foreign Policy Activism
- Whither North/South Policy Dialogue?
- What Rationale for Development Cooperation?
- What are the Options?
- Endnotes

#### **What Future for Canadian Development Cooperation?**

Repeated and substantial cuts to the international assistance envelope over the past five years in Canada have been leading many in government and NGOs alike to question the efficacy of current priorities and mechanisms for delivering Canadian development assistance. The February 1997 federal budget brought no respite with a confirmation of the 15% total cut for 1997/98 and 1998/99 announced last year (1). Moreover, it also failed to outline any plan to stabilize or increase Canadian ODA beyond 1998/99, despite the prospect that the federal deficit will be eliminated, well ahead of target, by next year. As a percentage of GNP, by 1998/99 Canadian ODA will reach its lowest level since the mid-1960s -- 0.27%.

But the questioning is less and less about aid allocations per se, and increasingly about the rationale for aid, the changing nature of relations between Canada and developing countries, an over-burdened aid agenda, and the consequent choices for Canadian foreign policy.

There are strong signals from some Canadian government officials that they are looking at new assumptions about the priorities and the channels for Canadian development assistance. Some of this rethinking originates in a return over the past year to a Canadian foreign policy that is seeking new and active roles for Canadians in shaping solutions to global issues.

A long-standing debate between CIDA and the Department of Foreign Affairs and International Trade (DFAIT) on the focus and institutional responsibility for development cooperation policy has re-surfaced. Questioning assumptions has not been confined to government. Canadian NGOs, Canadian research and development centres (e.g. the IDRC, the North South Institute), as well as development consultants and individuals from the private sector, have been weighing in with their own policy perspectives and prescriptions (2).

Some of the parameters of this debate are starting to emerge informally in discussions with government officials and in recent policy papers. The changing nature of North-South relations, along with reflection on over 30 years of international development experience, are setting out new institutional choices, but also possible new policy priorities for relations with developing countries. This year's Canadian contribution to the Reality of Aid sets out some of the issues behind these new directions and their implications for development cooperation and NGOs.

## **A Return to Foreign Policy Activism**

Foreign Minister Axworthy has fulfilled expectations that he would be a minister who is keen to establish a distinct and activist foreign policy, one that responds to the values set out in Canada in the World, the government's 1995 foreign policy statement. Through his leadership and with encouragement from the voluntary sector, academics and other non-state policy actors, he has an ambitious agenda for Canada: --

- Achieving a universal treaty for a global ban on anti-personnel landmines to be successfully negotiated by December 1997;
- Supporting human rights and democracy in Nigeria, Burma, and through the UN Commission on Human Rights;
- Taking initiatives in peacekeeping and peacebuilding in Haiti, the Great Lakes region of Africa, Bosnia, and Guatemala, and in multilateral fora;
- Recognizing the importance of global flows of information through new communications technologies, but also the gross inequalities in access and impact in the South (3) ; and
- Taking leadership and action on the rights of the child (including child prostitution and child labour) as a strong priority in Canadian foreign policy.

All are important initiatives, broadly supported by Canadian and many other international cooperation NGOs. All of them are opportunities for effective NGO policy interventions, providing an opening for more complex (non-financial) relationships between government and some NGOs. But these opportunities are accompanied by debate within government about ceding too much "policy space" to non-state actors, and by a related questioning of the legitimacy and capacities of NGOs in these processes.

Complicating NGO reactions to these recent high profile initiatives is the continued strong promotion of trade and investment linkages with countries whose governments are widely condemned for human rights violations. The policy influence of Canadian trade interests are ever present and the interests of the marketplace seems to prevail. This past fall, the government rescinded by edict its environmental assessment legislation affecting Canadian financing of projects abroad to permit the sale of CANDU reactors to China. Joining other European countries, Canada refused to sponsor the annual China resolution at the UN High Commission on Human Rights.

A January 1997 Team Canada trade and investment mission to Asia, led by the Prime Minister and provincial Premiers, demonstrated the social and environmental costs of their narrow focus on market opportunities and "jobs for Canadians". They were confronted by national strikes in South Korea, protests by NGOs against the possible sale of CANDU reactors to Indonesia, and by demonstrations in the Philippines against the environmental destruction brought by Canadian mining activity (Placer Dome) in that country.

Overall policy coherence remains the key issue. How can human rights initiatives, concern for child labour, or peacebuilding activities, be reconciled with the over-whelming priority to promote Canadian trade and investment interests abroad, with Canada's active promotion of

regional trade agreements in the Americas, or with Canada's policies for the international financial institutions?

The challenge for Canadian NGOs will be to influence government policies that are coherent with a long-term agenda of sustainable human development, while not allowing short term expediency to overtake their own agenda. The danger of co-optation is always present: a government-imposed policy "coherence" may well be at a substantial cost to the fundamental social justice values that underlie NGO work? These long-standing dilemmas for NGOs everywhere may be sharpened in Canada over the next year as thought is given to a reorganization of international development cooperation policy.

Importantly, much of the current debate has taken place behind "closed doors". Successive governments, the media, and many NGOs, have largely failed to engage Canadians around the importance of new and emerging global issues. Foreign policy in general has fallen off the public agenda and played no part in the June federal election campaign that brought the Liberals back to power with a reduced majority. Widespread (but soft) public support for aid is sustained by public rationales for development assistance that remains locked into a 30-year-old "donor-recipient" framework. Canadians, unfortunately, may be ill prepared to participate in setting new directions for development cooperation.

Private agencies, donor governments and multilateral institutions share much of the responsibility for the donor-recipient framework. It results from repeated appeals to Canadians to respond to emotionally charged images of humanitarian crises and of the desperate human faces of absolute poverty. Deliberate and purposeful leadership by government and NGOs is urgently required to break free from these images, to involve the public media and to channel an often naive humanitarianism towards more authentic relations with developing countries that are still value-led, but are more complex and reciprocal, involving both government and society.

### **Whither North/South Policy Dialogue?**

Policy tensions, but also opportunities for creating a more propitious environment for North/South dialogue, are evident in a recently completed foreign policy review by DFAIT (that involved other government departments, but sought no public input). This review stresses the crucial importance of an open rules-based global economy for Canadian trade and investment competitiveness, emphasizes the need for strong multilateral action to counter a plethora of post-cold war threats to human security (crime, drugs, terrorism, environment and population growth), but also highlights the importance of non-state actors ---corporations and NGOs --- seeking to influence the agenda and the results of foreign policy.

The border between domestic and international issues is dissolving for policy discussions that involve a wider range of non-state and state actors, such as basic social and labour rights, migration and population issues, aboriginal rights, or women's rights. The rationale for Canadian international cooperation policies appears to be shifting from altruistic humanitarianism, much less poverty eradication or global equity, to a "narrower" political view of Canadian interests in

human security. International intervention is seen as essential to protect Canadians from the consequences of failure to address global threats.

The DFAIT review stresses trends in international capital flows, global trade, and domestic capital mobilization as the key engines of development in the 1990s. In this largely market-oriented context, international assistance has a diminished role in Canada's relations with developing countries and in the strategies now available for advancing Canada's interests in human security. More and more, Canadian policy initiatives in environment and human security are seeking out alliances with selected developed and developing countries, particularly in the multilateral arena. These new "alliances" are policy specific but involve a range of relationships, including NGOs and other non-state actors in many countries. They also often require financial and technical resources

For example, to achieve Canadian objectives in a multilateral agreement on sustainable forestry practices, Malaysia, Brazil, China, Russia and Mexico are seen as crucial. Canada has been working closely with them and has financed several pilot forestry projects as part of this process. Several major environmental organizations working informally with the Canada government, and several years ago achieved status "at the negotiating table" in several sessions with government representatives. More recently, however, these same organizations became highly critical and opposed to the proposals brought to the UN in February 1997. (5)

This example points to newly emerging opportunities for NGOs (mainly in the North) to have policy impact on critical development issues. But it also raises questions. Do most (Canadian) NGOs have the capacities and the grounding in international policy coalitions, involving authentic dialogue and policy consensus with southern counterparts, to be able to manage and change the character of these emerging government-led North-South initiatives?

Clearly some of these trends have potential for greater North-South policy reciprocity, more inclusive of NGOs and others, with less "donor charity" in Canada's future relations with developing countries. But, an orientation to politically motivated short-term objectives and to the promotion of narrow economic interests will surely skew current development cooperation policies and practices. How might these recent trends affect the potential for longer-term strategies to address global imbalances in favour of people living in poverty?

### **What Rationale for Development Cooperation?**

What might be the implications for the declining allocation of international cooperation resources? In Canada, replacing the more traditional debates between aid to the poorest countries and people versus aid tied to economic interests in donor countries, the DFAIT review seems to use the language of "winners" and "losers" among developing countries to discuss the allocation of aid.

There are those within Foreign Affairs who continue to argue that scarce aid resources should be concentrated upon the "winners" -- those countries who have the potential to grow out of the

need for assistance, or who have followed the "right" economic policies, and who have achieved a level of political stability. (6) Ghana, Uganda, countries in Southeast Asia are given as examples.

Others argue for a more balanced approach that includes protecting Canadian interests against the implications of deteriorating human security among the "losers". For the "losers" --- the "failed states" of Africa that have destroyed their development capital, those where aid may be buttressing forces that are resisting needed political change, and those countries that seem to lack the resources to ever achieve sustainable development -- the issues are complicated. Today, development interventions in many of the poorest countries are seen to be more complex and uncertain in their results, more political in their choice of channels and partners, and more interventionist in the degree of policy dialogue required and conditionalities attached to assistance. Increasingly NGOs and other non-state actors are proposed as the most appropriate channels to address basic needs of people living in extreme poverty in these countries, to be accompanied by government contributions of humanitarian assistance.

NGOs would argue for a more comprehensive, long-term, and values-led approach. Coherence in Canadian development cooperation should be achieved through sustainable human development (SHD), implemented through policy dialogue and programming alliances involving civil society organizations, government and the private sector as appropriate, within and between countries. The priorities, the alliances and the means for promoting SHD will vary between countries and regions, but the point of departure must be the host country. At the centre of the SHD agenda are the goals of global equity and poverty eradication, both in the South and the North.

Canadian NGOs have been largely supportive of core CIDA policy statements for poverty reduction, women in development and gender equity, and (approved this past year) a policy framework for the role of the voluntary sector in development cooperation. They speak to the framework of SHD. But they have also been consistent critics regarding limited evidence of impact and the absence of transparent implementation strategies. (7) While progress in being made at identifying and coding the intent of development projects against broad policy goals, this is only a small step in advancing shared learning within CIDA and beyond about the impact of long-term development programming for poverty eradication.

Compounding the questioning of development cooperation, has been the "loading" of the development assistance agenda. To some degree this is provoked by budgetary cuts in other departments that have been "off-loading" onto the aid budget administrative and program costs for special initiatives, however important they are in their own terms. Examples from the past year include \$10 million dollars for DFAIT's peacebuilding fund, CIDA money to support training for the Haitian police force from the RCMP, \$5 million to preserve Radio Canada International, Canadian contributions to expensive de-mining activities in Cambodia and Mozambique for the Department of Defence, among others. Added to this "off-loading", are multiple and diffuse policy goals for the development cooperation regime, whether they be for improved governance, private sector development, environmental security, or institutional capacity-building.

The expectations placed on the roles and possible impact development cooperation has become much too high, leaving it vulnerable to the perception of failure. Already strongly oriented to "stakeholder" management, with particular sensitivity to the private sector, and less to NGOs, any realistic intention to concentrate CIDA resources strategically on clear poverty eradication goals will have to be sharply focused, well thought out, and with a strong public resonance. (8)

### **What are the Options?**

Responsibility for managing Canada's international cooperation policy is again under discussion. There has been a long-standing debate, and sometimes tension, between the Department of Foreign Affairs (DFAIT) and CIDA over the authority to set Canada's international cooperation policy. (9) The recent creation of the Global Issues and Culture Branch within DFAIT has accentuated this debate. It has been developing parallel policy authority around current issues such as human rights, economic and social development, peacebuilding etc., but without the budgetary resources of CIDA with which to finance initiatives.

Strengthening the voice and advocacy for SHD in Canadian foreign policy should be the priority. For the Global Issues Bureau in DFAIT, this implies a strengthened knowledge-base in SHD and a strategic policy role within DFAIT, including responsibility for economic relations with developing countries. Strengthening CIDA's ability to deliver quality long-term SHD (especially poverty reduction) programming should be an equal priority. This requires program focus that is guided by a substantial knowledge-base, enhanced by augmented policy, research and evaluation capacities. Both require opportunities for knowledgeable non-governmental actors bringing new voices to government policy deliberations, in public policy dialogue, implying greater transparency and accountability.

Finally, it is incumbent upon the government, after years of continuous cuts totaling more than 40%, to restore a positive outlook for sustainable human development, beginning with a specific timetable for re-building the aid budget. It is impossible to conduct any coherent public foreign policy with respect to developing countries when the resources available are subject to protracted attrition, compounded by uncertainty about the future. (10)

A key challenge over the next year for Canadian NGOs, and others committed to a global strategy for sustainable human development and poverty eradication, may well be to rethink how best to design Canadian official and non-state contributions for these efforts, while contributing policy leadership around policies that will affect the achievement of a more equitable world order. One Canadian author who has looked at other donor experiences around these dilemmas concludes that bureaucratic structure may be the least of the problems and that the best structure will flow from leadership and a clear articulation of policy and purpose. (11)

## Endnotes

1. For details on the February 1997 federal budget and the 1997/98 Expenditure Plan for CIDA see CCIC Policy Team, "1997/98 Federal Budget and CIDA's 1997/98 Expenditure Plan Estimates", February 1997 mimeo and available on CCIC's web site, [www.web.net/ccic-ccci](http://www.web.net/ccic-ccci). See also the Canada chapter in the 1996 edition of Reality of Aid.
2. IDRC, North South Institute, IISD, "Connecting with the World: Priorities for Canadian Internationalism in the 21st Century" A Report by the International Development Research and Policy Task Force (Maurice Strong, Chairman), November 1996; North South Institute, Canadian Development Report, NSI, 1996; Report on an Aga Khan Foundation Roundtable "Systematic Learning: Promoting Support for Canadian International Cooperation", June 22-23, 1996, forthcoming.
3. See IDRC et. al, "Connecting with the World", op cit. for an elaboration of the implications of an evolving knowledge based global economy for international cooperation. The report suggests that Canada's strategic advantage in the twenty-first century will be as a "knowledge-broker" and emphasizes the importance of elaborating knowledge-based networks as central to Canadian foreign policy. It suggests that at least 15% of Canadian ODA be devoted to knowledge-based activities by the year 1999.

NGO commentators welcomed the identification of knowledge and development as a process of change and learning. However, they have expressed concern for the rather narrow definition of knowledge and a tendency to portray knowledge as an end in itself in the report. Without articulating the kind of world we are seeking to build, even a knowledge-based strategy may lead us to squander resources. A knowledge-based strategy needs to reflect much more authentically on the sources and application of knowledge. NGOs, in the North and the South, contend that to be useful and relevant, the knowledge of the 'experts' -- the researchers and evaluators -- needs to be combined with that of the 'doer' -- those who implement and manage and participate in programs and projects on the ground. They suggest that ODA resources for these activities (the 15%) should be directed to all levels of these knowledge networks and not just for the research centres and the (important) role they play.

4. The following overview of the conclusions of this internal DFAIT policy review has been constructed from comments by knowledgeable DFAIT officials. To date no report has been made public.
5. "Canada Opposed on Forestry Rules", Globe and Mail, February 12, 1997, B6 An environmental coalition said that "the Canadian proposal would enshrine weak rules, undermine existing environmental agreements, bury critical problems under years of fruitless debate and do more to protect international trade than trees".
6. These issues were first brought to light by the infamous DFAIT International Assistance Policy Update, prepared by Assistant Deputy Minister Barry Cairn in late 1993, that proposed to Cabinet that development assistance be restructured to more closely serve Canadian interests in 10 to 16 growing economies of the developing countries. See Cranford Pratt, Canadian International Assistance Policies: An Appraisal,

(McGill/Queens Publishers, 1996) for an analysis of this Update and the reactions to it as the precursor for the 1994/95 foreign policy review and its outcomes.

7. See the Canada chapter in Reality of Aid, the 1995 and the 1996 editions.
8. See the discussion of this issue in Roger Riddell (Overseas Development Institute, London U.K.), "Trends in International Cooperation", to be published as part of the report from the Aga Khan Foundation Roundtable "Systematic Learning: Promoting Support for Canadian International Cooperation", June 22-23, 1996, forthcoming.
9. See Cranford Pratt, "Policy Coherence and the Institutional Future for Canadian ODA", a draft background paper commissioned by the North South Institute and the CCIC, March 1997.
10. The previous two paragraphs are based on the conclusions of an April 1997 workshop sponsored by CCIC and the North South Institute to look at issues of policy coherence and the institutional framework for Canada's relations with developing countries.
11. Ian Smilie, "Notes on the Structure and Restructuring of Official Development Assistance in Europe and Elsewhere", commissioned by the North South Institute and the CCIC, March 1997, drawing on Gordon, David, et al., "What Future for Aid", The Foreign Policy Project, Overseas Development Council and the Henry L Stimson Centre, Occasional Paper #2, November 1996.