

The Reality of Aid 1998

Canada Chapter

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New Resources for ODA in 1998/99?

For the first time in two mandates of the Liberal Government, the 1998/99 budget added new resources for Canadian ODA. This, in the words of the Minister of Finance, "is a signal that...the Government...will make progress towards the ODA target of 0.7% of the GNP". While the new resources are real, the 'signal' at this point is a faint flicker. Canadian ODA for 1998/99 is still expected to fall to about Cdn \$2.36 billion or 0.27% of GNP (from 0.31% in 1997/98).

Recognizing the Government's achievement of balancing the budget much earlier than predicted (due mainly to strong economic growth and deep cuts to social programmes), NGOs and others had campaigned before the budget for a previously announced \$150 million cut to ODA for 1998/99 to be rescinded. The campaign had some impact. The Finance Minister responded with a budgetary 'sleight-of-hand' that freed \$90 million that could be reallocated within CIDA (reducing the impact of the cut to \$60 million). An additional \$50 million was added to the budget to cover planned payments to the Enhanced Structural Adjustment Fund of the IMF. Finally, a change in accounting methods for payments to the International Financial Institutions, which does not add money to ODA, has the effect of releasing about \$100 million in 1998/99 for other ODA priorities.

Despite these initiatives, Canadian ODA continues to decline in both absolute dollars and as a percentage of GNP. Significantly, the Government has no concrete plan over the next five years to reverse this trend. Canadian NGOs have been seeking both a timetable for renewed growth in Canadian ODA and policy reform. According to NGOs, the future of Canadian ODA in the next century hinges on two interdependent factors. These are, firstly, the effective implementation of a reform agenda for current Canadian aid practices and, secondly, strong political leadership that seeks ways to improve coherence in Canada's international policies, so that they are structured for the elimination of poverty. This chapter reviews some of the elements of this agenda.

A Timetable for Rebuilding Canadian ODA

ODA has borne a disproportionate burden in the fight against budgetary deficit since the early 1990s. Only a concerted Government commitment to re-invest a proportion of the fiscal dividend resulting from economic growth and a balanced budget will reverse the overall decline. The fiscal dividend is that portion of new revenue beyond what is needed to balance the budget each year and is therefore available for investment in new programs, tax cuts and/or debt reduction. Using the Finance Minister's assumption that one half of the fiscal dividend will be put to new programme spending, a conservatively estimated \$23.5 billion is available for re-investment in federal programmes over the next seven years.

What might it take to rebuild ODA to reach a modest target of 0.35% of GNP by 2005/06? CCIC has calculated that an additional \$1.5 billion invested over this seven-year period would achieve this goal and would account for a mere 6.4% of the expected fiscal dividend available for programme spending. ODA expenditures through CIDA and the Department of Finance would grow by an average of \$200 million each year. In this scenario, approximately \$800 million over four years would also be made available for the absolute cancellation of all outstanding official debt owed to Canada by the highly indebted low income countries.

This target is achievable, and would truly be a signal that the Government is serious about its international commitment to 0.7% of GNP for ODA. New resources for international cooperation programmes would also provide an opportunity for implementing a reform agenda for Canadian ODA that would make the elimination of poverty not only a stated policy, but also well-rooted in the priorities and performance of CIDA.

A Reform Agenda for Canadian ODA

In March 1998, Canadian NGOs under the auspices of CCIC launched *In Common*, a campaign that proposes a *Ten-Point Canadian Agenda for the Eradication of Poverty*. The premise of *In Common* is that poverty, in Canada and internationally, is not inevitable. The NGOs argue that the economic and social structures that sustain inequality can be changed. What is lacking, they believe, is the vision and political will on the part of government, civil society, individual citizens and the private sector, to act and work together for policies and practices that can eradicate poverty. Such policies would ensure the sustainable and equitable use of the earth's resources, fully recognise human rights and build the conditions for peace and human security.

Ensuring re-investment in Canadian development cooperation and a demonstrable improvement in the quality of the aid programme, to focus on poverty, are important goals of the campaign. Since 1995, CIDA has put in place well-articulated policies for poverty reduction and for its six programming priorities, reflecting the latest development thinking. These policy directions, for the most part, have been endorsed by NGOs and others interested in Canadian development cooperation. But taken together, they offer no strategic framework for CIDA's interventions, and in they set out only the broadest plans for implementation. In addition, some elements of CIDA programming priorities (relating to support to the Canadian private sector) are inconsistent with a

focus on poverty eradication. The challenge is to translate CIDA policy intention into a framework for strategic choices and operational structures and objectives that will result in effective poverty-focused regional and country programmes.

[I have updated this section to the end of the underlined bits as suggested in the first draft. These parts have only been partially edited] Drawing upon a number of recent analyses of donor strategies to implement poverty-focused aid programming, CCIC and the North South Institute has set out ten strategic directions that could revitalize the goal of poverty eradication in Canadian ODA.□ Implementing change in these areas would create genuine opportunities for Canadian ODA to contribute to poverty reduction. Key recommendations include:

Supporting environmentally sustainable economic growth that benefits poor people by prioritizing sectors and regions where the poor are concentrated At least 60% of aid budget should be directed to sustainable human development that promotes the rights of people living in poverty and enables them to participate in development. In addition, at least 30% of Canadian ODA should be targeted towards meeting basic human needs (excluding emergency humanitarian assistance). The remaining 40% should be directed to activities that can demonstrate their relevance to the goal of poverty eradication. Country and regional plans must integrate gender equality issues in all phases of development programming.

Strengthening civil society institutions and an enabling environment Development cooperation aimed at reducing poverty must pro-actively support those without rights, the poor and the marginalized, to participate to redress unequal power, to improve their capacity and access to resources, so that these sectors can effectively exercise their rights.

Promoting recipient ownership , not donor-imposed conditionality CIDA programmes should reflect reciprocal policy dialogue, leading to long-term commitments to southern-led development strategies. These strategies should be formulated as far as possible with effective participation from all sectors of society, and particularly from civil society organizations representing poor people in Southern countries.

Ending Canadian commercial distortions in aid Development assistance that is designed primarily to respond to Canadian commercial objectives, where private sector initiatives do not relate to poverty reduction strategies, should be stopped. Tied aid should be substantially reduced in favour of procurement practices that support poor people by giving preferential treatment to developing country producers, manufacturers and service providers.

Creating a responsive, transparent "aid culture" for evaluating and learning. Development practice must be based on sharing information (North/South and cross-sectoral), building knowledge and capturing lessons for evaluation. Learning and policy processes must cut across all Ministries that have foreign policy relations with developing countries. This would lead to greater harmonisation of the impact of development cooperation initiatives aimed at poverty reduction across trade, investment, environmental and other sectors.

Investing in public engagement for global citizenship on the part of Canadians A revitalised government/non-government partnership is essential to engage Canadians, in their community

organisations, workplaces and schools in informed discussion of global issues, including development cooperation.

Achieving these changes, will require understanding, learning, and significant reform of prevailing practices of Canadian ODA. A review of CIDA's current programming experience with basic education highlights some of the operational issues implied in this reform agenda.

CIDA and Basic Education

Basic education, a principal interest of the current Minister for International Cooperation, is highlighted in CIDA's policies and strategies for poverty reduction and for meeting basic human needs. The *1995 Policy on Poverty Reduction* states that "education, particularly basic education, has significant benefits for the poor, through increasing incomes, fostering participation and transmitting of information designed to convey essential knowledge, and educate people on social issues". It goes on to recognise that "educating girls can yield a higher rate of return than any other development investment".

The *Policy on Meeting Basic Human Needs* supports the goals of the OECD's *Shaping the 21st Century* and sets out broad implementation strategies for meeting basic human needs, including basic education, which is defined as activities in the areas of early childhood development, primary education and alternative programmes, basic education for youth and adults (literacy and numeracy), and capacity building for improved delivery of basic education programmes. However, a review of CIDA's recent experience in basic needs programming, in a preliminary conclusion, noted that "with a few exceptions...CIDA's bilateral programmes have done very little to date in the areas of primary and secondary education."

A review of current programming confirms this trend. There have been a number of bilateral projects in Africa and the Americas whose goals are the promotion of basic education. However, with the exception of the girl child programme in Africa, these have been individual projects, responding to particular circumstances. There have so far been no coherent regional, institutional or concerted donor strategies for basic education programming. According to OECD statistics, while Canadian support for the broader education sector remained high, Canada's support for basic education (at 0.1% of bilateral aid in 1995) ranked 11th among the 13 reporting countries.

In 1995/96, there were 18 bilateral projects that recorded basic education interventions. But only seven of these were projects where basic education represented more than 50% of the project's activities (and of these 6 were in Sub-Saharan Africa).

Table One provides a more detailed analysis of delivery channels for basic education programming in 1996/97.

Table 1: CIDA Basic Education Programming	Amount (Thousands Cdn \$)	Percentage of Total Basic Education	Basic Ed as Percentage of Total Branch Basic Needs
1996/97			
By Delivery Channel:			
Bilateral Implementing Agents	\$29,193	70.0%	20.3%
NGO	\$ 2,829	6.8%	2.0%
UNICEF	\$ 1,198	2.9%	0.8%
Institutions *	\$ 5,959	14.3%	4.2%
Other **	\$18,607	44.6%	13.0%
Partnership Branch (Responsive)			
Partnership Branch (Responsive)	\$10,853	26.0%	15.4%
NGOs	\$ 8,863	21.3%	12.5%
Institutions*	\$ 1,990	4.8%	2.8%
Multilateral Institutional Coop			
Multilateral Institutional Coop	\$ 1,654	4.0%	3.1%
Total Basic Education	\$41,700	100%	15.6%
Source: CIDA Corporate Memory and calculations by CCIC			
* Institutions refer mainly to universities, colleges and research institutions			
** Other includes government, private sector, and para-governmental structures			

While these programmes were a small proportion of CIDA programmes, UNICEF, Canadian NGOs and other institutions are the most important delivery channels for basic education programming. Programmes managed by Canadian NGOs (excluding universities, colleges and other institutions) were 28% of CIDA's programme activities in this area. This is not surprising as these NGOs were implementing a third of CIDA's non-emergency and non-food aid basic human needs (BHN) programming in 1996/97. At the same time, there is growing recognition that isolated and individual BHN programming by NGOs needs better integration and scaling-up to have maximum impact and effect poverty reduction.

While current programming reflects limited priority given to basic education relative to tertiary education, and limited agency-wide strategies for implementing BHNs programming, CIDA seems to have recognised the strong role played by basic education in poverty reduction and, therefore, the need to work to improve these weaknesses. An education policy specialist with a strong background in basic education has been appointed recently and the CIDA Policy Branch will be developing a detailed framework and strategy for basic education over the next year.

The bilateral Africa Branch is also an exception in its response to declining school enrolment rates for girls in Africa as well as to the high levels of illiteracy among African women. Since 1994, the Branch contributed \$15 million to UNICEF for a Girl-Child Education Programme, with activities in 15 countries. In 1997, the Branch announced a second phase, with \$96 million to be allocated to 14 countries and the regional Forum of African Women Educationalists over the next four years. Branch staff have shared the experience of the Girl-Child programme with a new UNICEF/Norway programme of support to girls' education in Africa.

NGO expectations are that CIDA's proposed framework for education will incorporate lessons from current programming, including the strong role played by Canadian NGOs and institutions, and UNICEF, but also draw on the conclusions of the performance review of CIDA's basic human needs programming, which are expected towards the end of 1998.

Sustaining the Impact of Basic Human Needs Programming

Box 1 Lessons in Gender Equity Programming from Central America

1. CIDA has had greater success in meeting the needs of women in women-specific projects than in integrated development initiatives, where the lack of gender-related results in the latter are often the consequence of lack of will and effort than failure to achieve these results.
2. Systematic and consistent networking, dialogue, and donor coordination have been critical for success in addressing gender issues.
3. Integrated projects often lack **specialised** skills in gender equity analysis and planning, where gender technical expertise and knowledge of local conditions are key to strengthening local capacity for identifying and addressing women's basic needs, and changing their status and position.

4. Gender equity activities need to respond to the differing conditions of rural and urban women. Women animators working within their own culture and **ethnic group** have the most success and sustained impact.

5. All projects need to allocate significant resources (money, human and time) and to set gender-sensitive objectives and targets, in a multi-level, integrated, long-term approach to effect change at policy and community levels.

Source: *Review of Gender Equity and Programming Options for Central America*, CIDA, Central America Division, October 1997

The first phase of this performance review drew attention to some lessons for implementing BHN.□ The results could have important implications for reforming both the content and the structuring of a more poverty-focused agency:

- Sustainable impacts for BHN projects depend on a coherent and integrated approach to poverty reduction. Diminished livelihoods and below-subsistence income substantially affect the ability of poor people to access basic education and health services. Meeting BHN cannot be reduced to isolated allocations of country programme resources; it requires an approach (eg sharing power and allocating time) that is context specific, flexible, and rooted in involving potential beneficiaries in all phases. .
- Promoting gender equity is central to the success of BHN projects. All projects must involve women in thinking tactically and systematically about the vulnerability, contributions, and opportunities for women beneficiaries. Gender equity issues must be addressed in policy dialogue; and in institutional strengthening and decision-making processes. Box 1 summarises some lessons from CIDA gender programming in Central America.
- The best mix of programming for achieving sustainable and targeted impacts cuts across macro/meso/micro levels. Good policy dialogue is informed by experience and innovation at the micro and meso levels. While policy dialogue with national governments on their BHN policies and priorities is essential, and the creation of institutional capacity crucial for sustainability, the measurement of programme impacts must be at the micro level, in the community and in poor households.
- The need for social organisation by those living in poverty must be addressed, both for sustainability and to assure continued pressure on government and society to take account of poor people's interests in the content and delivery of BHN programming. The devolution of responsibilities to communities must include due consideration for both institutional capacities and resources to assure equitable access for the poor, especially for women, to relevant services.
- Meeting basic human needs on a sustainable basis requires long-term commitment, coherent policies and implementation strategies within and across all donor implementing Branches.

Conclusion

Previous editions of *Reality of Aid* have stressed the importance of the cumulative impact of all policies – financial, trade, defence, environmental, and political – for eradicating poverty. The *In Common Agenda* sets out a framework for making significant progress for Canada to shape new global relationships that involve not just government, but citizens, NGOs and the private sector. Implementing strategies to improve the focus and quality of Canadian ODA for poverty eradication (such as an increased focus on basic education and BHN) can be an important signal that Canada, in concert with other like-minded donors, is eager to revitalise relations with developing country partners.

The aid bureaucracy and NGOs have a crucial role in strengthening the voice for sustainable human development in Canadian foreign policy, acting to reverse growing inequality and injustice, and the socio-economic exclusion of major sections of the world's population. Ultimately, the real impact of aid is measured as much by how it contributes to setting international policy standards and values, as by how effective its programmes are on the ground.