



Improving Effectiveness: A Contribution to the International Assistance Review

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Introduction:

The Discussion Paper sets out several thematic areas in which to focus Canada's international assistance, in response to a changing global context. Much of what is in the Discussion Paper is indisputable and based on several decades of programming experience. While certainly nuance and emphasis can be contributed by civil society organizations (CSOs) with experience in these areas, the Discussion Paper is notable, not for what it says about thematic priorities, but for important issues that are largely missing in the Discussion.

Notable is the absence of any references to a ten-year global discussion on **how** Canada implements its international assistance. These issues form a critical dimension in the Paper and the questions it lays out. Responding to this gap requires both a description of commitments that Canada has made, as well as an analysis of their implications for Canadian practices in development cooperation going forward. These implications are elaborated in four areas.

1. A demonstrated alignment with democratic country ownership is critical to achieving sustainable results for Canada's international assistance.

The Discussion Paper largely focuses on "us," asking Canadians what we think about Canada's priorities in development cooperation, but with very little, if any, reference to the priorities of counterparts in the Global South, be they governments or non-state actors in the priority countries.

Commitments to aid effectiveness did not begin and end in 2005 with the Paris Declaration (as is seemingly implied in the Discussion Paper). After 2005, Canada played a significant leadership role in expanding both the process (inclusion of civil society and other non-state actors) and the content of an agenda to transform the aid system in response to urgent concerns by developing country partners. The results were the 2008 Accra Agenda for Action and the 2011 Busan Partnership for Effective Development Cooperation.

These crucial agendas for reform of the aid system, including but more than the 2005 Paris Declaration commitments, are largely absent from the Discussion Paper. It misses the crucial

principles and commitments to democratic country ownership, inclusive partnerships based on the recognition of CSOs as development actors in their own right, and the centrality of gender equality and women's empowerment, for effective development cooperation. The agenda for aid reform has gone beyond aid effectiveness – aid predictability, harmonization of terms and conditions, use of country systems, etc. – which should also remain important in Canadian international assistance. Unfortunately most donors have not kept pace with their stated commitments to reform behaviour and practices.

The Discussion Paper should be asking: how has Canada aligned with the commitments made in Accra and Busan? These principles and approaches to development cooperation recently were reinforced in the 2016 Addis Ababa Action Agenda for development finance to which Canada also adheres. How should these agreements affect the ways in which Canada determines its aid priorities and implements priorities with developing country partners?

Canada participates in and identifies itself with the structure that emerged from the Busan High Level Forum -- the 2011 Global Partnership for Effective Development Cooperation. In doing so, we presumably also agree with its principles for effective development cooperation, which include, but are not limited to, aid effectiveness principles (how to deliver an aid dollar effectively).

Adherents to the Global Partnership agreed to reform their development cooperation practices and behaviour according to four principles for effective development cooperation, guided by international human rights obligations, and with specific commitments set out in the Busan outcome document. These principles are:

- a) **Ownership of development priorities by developing countries.** Partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country-specific situations and needs.
- b) **Focus on results.** Our investments and efforts must have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing country capacities, aligned with the priorities and policies set out by developing countries themselves. [Emphasis added]
- c) **Inclusive development partnerships.** Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognizing the different and complementary roles of all actors.
- d) **Transparency and accountability to each other.** Mutual accountability and accountability to the intended beneficiaries of our co-operation, as well as to our respective citizens, organisations, constituents and shareholders, is critical to delivering results. Transparent practices form the basis for enhanced accountability.

The Busan HLF went further to commit all development actors, including donors, inter alia to “deepen, extend and operationalise the democratic ownership of development policies and processes,” “address gender equality and women's empowerment in all aspects of our development efforts,” and “implement fully our respective commitments to enable CSOs to

exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximises the contributions of CSOs to development.”

Where is the analysis in this Review of Canada’s performance with respect to these principles? In fact, the Global Partnership has just completed a second round of monitoring of indicators related to the Busan commitments in more than 80 countries, including 19 of the 25 countries of priority for Canada. By late September, the results of this partner country-led monitoring will be available and should inform a substantial discussion of needed reforms in Canadian development cooperation practices.

Canada’s Minister of International Development and the Francophonie should bring to the next High Level Meeting of the Global Partnership, to be held late November in Nairobi, Kenya, not just the outcomes of this International Assistance Review, but a renewed Canadian Strategy for Effective Development Cooperation, consistent with the Busan principles and commitments.

What might such a strategy include?

- a) A clear acknowledgement that developing country governments and citizens are best positioned to understand their priorities, with a Canadian commitment to determine and support their solutions. Such an approach requires a transparent and systematic Canadian process of inclusive consultation at developing country level to determine these priorities, a demonstrated alignment of Canada’s country strategies accordingly, and a transparent assessment of progress through country-level inclusive mutual accountability mechanisms. The strategy should set out a framework for an approach to the development, implementation and assessment of progress in country strategies consistent with the Busan principles for effective development cooperation.
- b) It is very hard to determine whether there are up to date country strategies for many of the countries of priority. Some seemingly date from 2009 and others earlier. Renewing Canadian international assistance requires a substantial investment in country level processes to update and determine alignment of Canadian international assistance with country Sustainable Development Goal (SDG) priorities, along the lines suggested above.
- c) A broadening of the notion of transparency. Canada has made good progress in making available country statistical data through welcomed measures to increase aid statistics transparency. But transparency requires more than numbers. Currently it is not possible to access many country strategies in their full elaboration, including background documentation for the processes and determinants of these strategies. If full documentation cannot easily be made available on the Global Affairs website (due to heavy translation requirements), then a full list of relevant documents should be available, and an expedited access to information process for these documents in their original language could be another practical approach.

- d) Enhanced mutual accountability at the country level. Since 2013, Canada has negotiated “Mutual Accountability Frameworks for Development Cooperation” with the governments of Senegal, Ghana and the Philippines, and the texts of these agreements are available on Global Affairs’ website. Such agreements for mutual accountability are a positive step and should be integrated into Canada’s strategies for effective development cooperation in all countries of focus. Where possible they should be harmonized with other providers and with the government concerned to reduce transaction costs for all actors. However, they should also address a missing dimension in current agreements: that is, the essential importance of ensuring inclusivity of non-state actors in their development and in the mutual accountability structures set out in the agreements.

- e) The Global Partnership’s Second Monitoring Round, just completed at the country level, looks at donor performance with respect to alignment of projects with country development strategies, the use of country systems, predictability of aid, participation in inclusive mutual accountability mechanisms, support for an enabling environment for CSOs, aid transparency, among other areas. A renewed Strategy for Effective Development Cooperation should address outstanding issues for aid effectiveness, which are identified in the Progress Report coming out of this Second Round.

- f) The integration of the three-part test in the Official Development Assistance (ODA) Accountability Act for any allocation of Canadian ODA is a critical dimension of a Canadian Strategy for Effective Development Cooperation. These tests – addressing poverty, taking account the perspectives of the poor, and consistency with human rights standards – are highly consistent with the implementation of the principles of Busan. Approaches in putting each of these three tests into practice already exist within Global Affairs. Any renewed Canadian approach to international assistance must include a robust implementation of the Act in all its implications for Canadian ODA.

2. Canada’s international assistance priorities going forward should be informed by a comprehensive assessment of global poverty, not an exclusive focus on the poorest people and countries.

The global community agreed as its first Sustainable Development Goal to eliminate extreme poverty (people living in extreme deprivation on less than \$1.90 a day) by 2030 and clearly Canada must do its fair share to achieve this objective. But the first SDG also committed to reduce by half people living in poverty, as defined by national poverty lines (approximately \$3.10 a day on average), often in conditions that barely meet basic human needs with little left over for health or basic education of their children. Canada must also do its fair share in contributing to this objective, which is recognized to be inter-connected with goals on health, education, gender equality, vulnerability to climatic shocks and conflict, among other SDGs.

Yes, there has been progress over the past 15 years in reducing extreme poverty, primarily due to advances in economic and social development in China. Nevertheless, according to World Bank statistics:

- Fifteen (15)% of the population of developing countries, or 900 million people, live in extreme poverty of absolute deprivation (the Discussion paper misleadingly quotes 9.6% of the world population, but few people in the developed world live in these conditions). Forty-three (43) % of the population of sub-Saharan Africa continue to live in these conditions, and close to 20% of the population of South Asia. The failure by the international community to address the persistence of such conditions in the 21st century should be considered crimes against humanity.
- But at the same time, Canada and the international community should not abandon millions of people that also live in poverty, albeit not at levels of absolute deprivation. An additional 1,200 million people live in real conditions of poverty on incomes of between \$1.90 and \$3.10 a day, and these people are spread among sub-Saharan Africa (67% of the population), South Asia (55% of the population), the Americas (12% of the population) and China (20% of the population).
- Beyond these levels of poverty, an additional 1.65 billion people live just above the domestic income poverty line, but often in conditions of high vulnerability to slipping into poverty due to any economic, climatic or political shock, on an income between \$3.10 and \$6.00 a day.

Combined, almost two-thirds (62%) of the population of developing countries still live in conditions of extreme poverty, real poverty, or are highly vulnerable to poverty, based on household surveys of basic levels of income. Conditions of poverty, therefore, are still dramatic and widespread across developing countries irrespective of the region and income status of the country concerned.

Poverty remains very high not only in the least developed and poorest countries, but also in lower middle-income countries. Moreover, governments in these countries have very limited resources to address wide-spread poverty. A review of government revenue per capita (excluding aid flows) reveals that the vast majority of middle-income countries have revenue of less than \$3,000 per capita to meet all of its obligations to its citizens (with a significant number at less than \$1,500). By comparison, developed countries have an average of \$15,000 to meet its obligations, and with this revenue have proven unable to address persistent poverty.

No effort at domestic resource mobilization is likely to overcome the gaps between revenue and the need for government spending in poor and lower middle-income countries. Most of the benefits of domestic resource mobilization have accrued in upper middle-income countries such as Brazil, Chile or China. Consequently the requirements for international concessional finance, including from Canada, to meet the global commitment to the SDGs remain deep and profound across the Global South.

These conditions have clear implications for the strategies and priorities for Canada's international assistance:

- a) Canada should not abandon the current mix of least developed and lower middle-income

countries among its current list of 25 priority countries. Our international assistance strategy must build on a wealth of Canadian partnerships (not just government) in these countries, and should not make dramatic shifts in the geographic focus for our assistance.

- b) In these countries of priority, Canada's country strategies should be informed by a comprehensive up-to-date understanding of the conditions and determinants of poverty, exclusion and vulnerability at the country level, drawing upon consultations not only with the government concerned, but also knowledgeable country analysts and other non-state actors.

3. The international assistance review must set out specific timely approaches and strategies for the implementation of the *International Development and Humanitarian Assistance Civil Society Partnership Policy*.

Creating the conditions for inclusive partnerships is one of the four defining principles for effective development cooperation. The existing Global Affairs' *Civil Society Policy* was widely welcomed in 2015 by Canadian civil society involved in development cooperation. The Policy elaborates nine specific Objectives and Actions, for which there has been no published implementation strategy. A key commitment to action is to reform Global Affairs' funding modalities for CSOs as development actors.

Given the documented negative impact of the call-for-proposal mechanism on Canadian CSO development actors since 2010, it is urgent that the Government outline a comprehensive approach to funding modalities for Canadian and Southern CSOs. The starting point is respect and fundamental recognition of CSOs as development actors in their own right. CSOs should not be considered implementing instruments for Canadian Government development initiatives, but rather independent experienced counterparts involved in long-standing development partnerships that have high value for Canadian development cooperation.

The International Assistance Review must answer the following question with specific proposals:

- a) What are the components of a comprehensive framework for funding modalities for CSOs through Global Affairs, which "provide merit-based, predictable funding opportunities, through equitable, transparent and flexible modalities that will support the diverse roles and types of CSOs in Canada and in developing countries?"
- b) Given the evidence that small and medium CSOs in Canada were particularly affected by the changes in funding modalities since 2010, as well as the demonstrated relevance of and reach of these organizations across Canada, funding modalities must include dedicated resources to rebuild and support the often-excellent programming of these organizations.
- c) Engaging Canadians in all areas of development is a critical agenda for both Global Affairs and Canadian CSOs. CSOs are the main implementers of public engagement programs on global issues in Canada, and small and medium organizations are well placed across the country to do so. They inform and raise awareness about global issues, create opportunities for people to experience local realities in developing countries, and help to

facilitate citizens of the North and South working and acting together to change the conditions that perpetuate poverty and injustice. It is essential that Global Affairs renew its policy framework for a comprehensive approach to public engagement, with significant investment in long-term initiatives and infrastructure to engage Canadians.

4. No outcome of this International Assistance Review will be credible without a clear signal that significant increases in the International Assistance Envelope will be required to meet Canada's obligations to our partners in furthering international development. The Government should entrench in legislation a ten-year plan to achieve the UN ODA target of 0.7% of Canadian Gross National Income GNI by 2027/28 FY.

It is insufficient and duplicitous to say, as the Discussion Paper suggests, reaching 0.7% by 2020 is unrealistic in the current fiscal environment. No one is credibly suggesting such an increase, which would also be unmanageable in terms of development cooperation effectiveness principles. What CCIC and others have suggested for at least a decade is well known – a ten-year plan to achieve the 0.7% target. In 2001, Prime Minister Chretien committed to 8% increases in the International Assistance Envelope, which was easily achieved up to 2010, despite the economic crisis in 2008/09.

Realizing a ten-year 0.7% plan by 2027/28, estimated to require 15% annual increases to the Envelope, would certainly cost more than the 8% increases in the 2000s, but is very achievable. Continuing to languish at a dismal performance ratio of less than 0.30% of our GNI is not credible. A large majority of Canadians would support a gradual increase in Canadian ODA as they did in the previous decade. In order to protect these increases from the vagaries of partisan politics, the Government should consider presenting to Parliament a legislated timetable for mandated increases in the Envelope for the next ten years.

Canadians understand the growing urgency in addressing the triple inter-locking crises of poverty, the deteriorating health of the planet, and growing extremes of inequality. Action requires a level of international assistance finance that befits a G7 power with renewed aspirations for a seat on the Security Council.

The very modest increases for the Envelope in the 2016 Federal Budget, as well as recent commitments to climate finance and to humanitarian assistance, are certainly welcome. Climate finance and expanding demands for humanitarian assistance are both urgent and necessary; yet they are also, in part, the result of past failures in development. Canada and the global community must invest to maximize its efforts to achieve the comprehensive set of SDGs over the next 15 years.

Doing aid better is essential to achieving meaningful and sustainable results for the SDGs; but these ambitions must also be matched by an equally strong priority and effort to contribute Canada's fair share of essential financing to accompany our developing country partners towards these ends. The global community expects no less from Canada.