

Future Directions for Canadian Foreign Aid and Development

Lisa Rae &
Patrick Johnston, Senior Fellow
Walter and Duncan Gordon Foundation



Summary of a roundtable discussion
hosted by the Walter and Duncan Gordon Foundation ▪ May 17, 2010



PREFACE

This paper is one of a series of four reports prepared for the Walter and Duncan Gordon Foundation in 2010. They result from a Foundation-directed project to help “re-imagine” the way in which Canada delivers foreign aid and development.

Criticism of Canadian foreign aid, in general, and the Canadian International Development Agency (CIDA), in particular, is not new. But the current crisis of confidence in the effectiveness of Canada’s aid and development efforts appears to have reached a high water mark.

The Foundation shares a concern voiced by many others; Canada’s reputation on the world stage is at risk if we don’t institute a fundamental transformation to our existing aid and development programs. This series of papers attempts to identify some of the challenges, opportunities and options that must be considered to effect the kind of modernization that is required.

The other papers in this series include: (i) *A New National Project for Canadian Development Cooperation* prepared by Liam Swiss with the assistance of Simon Maxwell (ii) *Re-imagining Canadian Development Cooperation: A comparative examination of Norway and the UK* by Nilima Gulrajani and (iii) *Modernizing Canadian Foreign Aid and Development: Challenges old and new* by Patrick Johnston. All papers can be downloaded from the Foundation’s website at www.gordonfn.org.

July 2010
Toronto

BACKGROUND TO THE GORDON ROUNDTABLE DISCUSSION

On May 17th 2010, approximately 25 people participated in a day long roundtable discussion held at the Munk School of Global Affairs at the University of Toronto. They included a diverse and eclectic mix of individuals with varying degrees of experience and differing perspectives on Canadian foreign aid and development. A list of the roundtable participants is attached as Appendix A.

The roundtable was organized by the Walter and Duncan Gordon Foundation as part of a Foundation directed project to re-imagine international aid and development.

Participants spent the first part of the day commenting on drafts of two papers commissioned by the Foundation. Both papers focused broadly on the issue of “aid architecture” which the International Development Association defines as “the set of rules and institutions governing aid flows to developing countries. While aid has an architecture, it has no single architect.”¹

The first paper, *A New National Project for Canadian Development Cooperation*, was prepared by Liam Swiss with the assistance of Simon Maxwell. Liam was a post-doctoral fellow at the University of Ottawa at the time of writing and is now an assistant professor of sociology at Memorial University. Simon is the former Director and now a Senior Research Fellow with the Overseas Development Institute in the U.K.

Re-imagining Canadian development cooperation: A comparative examination of Norway and the UK, the second paper commissioned by the Foundation, was prepared by Nilima Gulrajani, an Assistant Professor in the Department of Government & Development Studies Institute at the London School of Economics and Political Science.

¹ “Aid Architecture: An Overview of the Main Trends in Official Development Assistance Flows” International Development Association. Washington. February 2007.

During the second half of the day, the roundtable participants were challenged to build and expand on the morning's discussion. They were asked to identify the barriers that might thwart the implementation of the kind of constructive changes discussed earlier as well as the opportunities that might advance those reforms.

This paper cannot do justice to the richness of the discussion during the course of the day. It does, however, identify the key themes that emerged during the discussion and captures some of the most salient comments. As a result, it is best read in conjunction with the Swiss and Gulrajani papers in this series.

The timing of the Gordon roundtable benefited from two other initiatives that were also addressing, in part, the issue of aid architecture.

A week before the Gordon roundtable, the Canadian Defence and Foreign Affairs Institute (CDFAI), with support from the Canadian International Council (CIC), released a report entitled "Reinventing CIDA".² A few weeks after the roundtable, the CIC issued its own report entitled *Open Canada*.³ A number of the Gordon roundtable participants had either read the other reports or otherwise participated in the other two initiatives. As a result, echoes of some of the views and ideas contained in those reports are reflected in this summary.

The Gordon roundtable discussion adopted the Chatham House rule to encourage open and candid discussion. As a result, the following summary does not attribute comments or ideas to any individual participant.

² Barry Carin and Gordon Smith. *Reinventing CIDA*, Canadian Defence and Foreign Affairs Institute, Calgary, 2010.

³ Edward Greenspon et al. *Open Canada: A Global Positioning Strategy for a Networked Age*, Canadian International Council, Toronto, 2010.

GORDON ROUNDTABLE DISCUSSION: KEY THEMES

PUNCHING BELOW OUR WEIGHT

Reinventing CIDA, the report cited above and commissioned by CDFAI, was prepared by Gordon Smith and Barry Carin, the Executive Director and Associate Director respectively of the Centre for Global Studies at the University of Victoria. Both were formerly senior officials in the Department of Foreign Affairs and International Trade with Smith having served as Deputy Minister and Carin as Assistant Deputy Minister.

The Smith and Carin paper provided a succinct summary of many of the long standing criticisms that have been made of Canadian foreign aid and CIDA, in particular. The Gordon roundtable discussion touched on a number of the criticisms outlined in the CDFAI study and many of the participants shared those views.

Others cautioned against sweeping generalizations, however. They spoke of their direct experience of CIDA as being a more strategic donor than many others. And, it was pointed out, CIDA has responded positively to many of the previous criticisms. The current government's decision to untie aid was mentioned as one specific example. But, as one of the participants said, "there is so much noise about CIDA today that we don't actually have a clear picture of what they are doing well."

There was a fair degree of consensus that ill defined and changing priorities was one of the major barriers to reform. However, there was widespread disagreement among the participants on what CIDA's priorities should be. Poverty reduction, economic development, disaster relief, security, foreign policy, health, environment, education, democracy, human rights, access to technology and innovation all compete for the top spot. The lack of consensus in the room probably reflects a more widespread lack of public consensus about foreign aid priorities. It led one of the participants to comment that "there is actually little shared ground for a common conversation."

Another participant drew the group's attention to a World Bank report that had been released just weeks before the Gordon roundtable.⁴ The report assessed bilateral and multilateral donors on the quality of aid they were delivering. Of the 38 donors studied, the study ranked Canada in 29th position. The empirical data in the World Bank report reflected the consensus in the room; whatever successes we may be achieving in specific fields or on a project-by-project basis, Canada is clearly underperforming in delivering an effective program of foreign aid and development. It does not adequately meet the needs of citizens in countries receiving aid. Nor does it meet "value for money" expectations of Canadian taxpayers.

AID EFFECTIVENESS

The topic of aid effectiveness was a recurring theme throughout the course of the day.

A few of the roundtable participants thought the papers should have devoted more attention to the subject. Issues of architecture, it was argued, can't be addressed in the absence of an understanding of aid effectiveness.

Others pointed out, however, that a huge body of work exists and an enormous amount of effort has been devoted to defining the elements of and preconditions for effective aid. The 2005 Paris Declaration on Aid Effectiveness, for example, outlined 5 principles and 56 practical commitments required of the more than 100 signatories, including Canada. The 2008 Accra Agenda for Action built on the commitments agreed in the Paris Declaration. The assessment metrics used in the World Bank report drew heavily on the work that underpins the Paris Declaration.

It was also recognized, however, that the assessment of aid effectiveness at a macro or system wide level is different and more difficult than the assessment of effectiveness at a micro or project level. And, some aspects of development, like health and education, are more subject to the generation of "facts" and an assessment of "effectiveness" than other fields such as agriculture.

⁴ Stephen Knack, F. Halsey Rogers and Nicolas Eubank. *Aid Quality and Donor Rankings: Policy Research Working Paper 5290*. The World Bank Development Research Group. Washington. May 2010.

One of the participants suggested that it would be helpful to think of aid and development as a combination of puzzles and mysteries. The distinction between the two was popularized by Malcolm Gladwell in his book "*What the Dog Saw*."

A puzzle is a problem that suffers from a lack of information and cannot be solved until the information is secured. A mystery, on the other hand, suffers from having too much information. The resolution of a mystery requires the application of judgment and the assessment of uncertainty. More information will not help. In some cases, in other words, there are no simple, factual answers to the question of aid effectiveness.

A number of participants suggested that much more intellectual rigour needs to be applied in Canada to the analysis of aid and development. As one person said, "we need more brains and fewer bodies." Some participants advocated the dismantling of barriers that appear to exist between policy makers and academics. Others suggested a more substantial role for the International Development Research Centre (IDRC).

During the discussion, a question was raised about the utility of 0.7% of Gross National Income (GNI) as the target level for spending on aid. Several of the participants were scornful and dismissive of the 0.7% threshold arguing that it is a meaningless and irrelevant measure. It was pointed out that measuring the aggregate level of spending on aid is not the same as measuring the effectiveness of aid. And, as one of the participants argued, "if we have doubts about the effectiveness of our current level of aid spending (about 0.3% of GNI) then how can we argue for more than a doubling of expenditures?" While some participants argued that 0.7% could still serve as a useful "target", that seemed to be a minority view.

The issue of multilateralism was also raised several times with some arguing that increased use of multilateral channels was likely to result in more effective delivery of aid. Others countered, however, that the issue of accountability of multilateral organizations was of real concern. But, as one participant said, "if accountability is an issue then donors should confront multilateral agencies directly as does DFID in the UK." It was acknowledged, however, that reforming these institutions will be a slow process embedded in the complexities of international processes and procedures.

Finally, the point was made frequently throughout the day that you cannot conflate aid and development. While aid spending can contribute to development, they are not the same. Development, or lack of, is the by-product of a myriad of other policies e.g. trade and tariffs, environment, immigration and not just aid. Aid effectiveness, in other words, is not the same as development effectiveness and the latter may be the more important objective.

POLITICAL WILL AND LEADERSHIP

One of the draft papers discussed in the morning session described the context for significant reforms to the foreign aid program that were implemented in both the United Kingdom and Norway. Several participants were struck by the extent of political will and leadership that was exercised to effect those changes.

Initially, participants expressed skepticism that there exists in Canada sufficient political appetite to embrace the kind of widespread changes to foreign aid that were envisaged. Over the course of the day, however, that outlook became more positive and more and more participants expressed the view that the political will for change may be greater than we realize. It was pointed out, for example, that aspirations for an effective foreign aid and development program and a more efficient CIDA cut across political and partisan lines.

The recently held UK election was cited as a concrete example of how a common position on aid and development can transcend partisan politics. During the course of the election campaign, all three major UK parties expressed similar and strong support for international development to remain a key government priority.

There was general support, however, for the idea that the goals for Canada's foreign aid program need to be more clearly articulated to achieve more political support. And, the Canadian public needs to have a better understanding of why foreign aid and development matters for them and for Canada. Given the engagement of many Canadians as donors and volunteers, however, and the generous support provided for Haiti earthquake relief and other humanitarian efforts, several participants expressed optimism about the potential for public support for reform. Finally, it was pointed out that

public support for the kinds of reforms instituted in Norway and the U.K. was not pre-existing. It was cultivated after the fact by political leadership.

FORM FOLLOWS FUNCTION

At a very early stage in the discussion, one of the participants invoked the old adage that “form follows function”. Participants returned to this theme throughout the day.

While the initial discussion focused on the merits or relevance to Canada of a U.K. versus a Norwegian aid structure, there was a realization that it almost doesn’t matter if there is no clarity of purpose about aid and development.

Several participants suggested that another way of thinking about this issue is to segment the challenges into those requiring short term (e.g. disaster relief), medium term (e.g. 5 year) and long term (e.g. 10 year) strategies. Alternatively, it might be possible to segment countries on the basis of those that are failed or fragile states, those where the greatest need is in the area of social development and those for which economic development is the top priority.

The notion inherent in these suggestions—that aid and development may entail functions so different as to require different and, perhaps, multiple institutional forms—was to surface again in the *Open Canada* report released subsequently by the CIC.⁵

Several participants cited Afghanistan as an example of the need to have foreign policy goals that are clearly articulated and distinct from development. Using the same funding mechanism conflates foreign policy with aid. While these are not necessarily or always dichotomous, the objective of aid in such a context may be very different and better financed through a different mechanism.

The “form follows function” distinction highlighted again for the participants that one of the greatest and continuing challenges for Canada is that there is no agreement about the purpose of foreign aid and development. If “function” isn’t clear, then discussions

⁵ Ibid. pg. 83.

about “form” can become a sterile exercise. Or, to quote Lewis Carroll, “if you don’t know where you are going, any road will get you there.”

CANADA’S COMPARATIVE ADVANTAGE

The roundtable discussion also highlighted the remarkable proliferation of development players in recent years including, but not limited to, the emergence of large and ambitious non-state actors like the Bill and Melinda Gates Foundation. This led to questions about Canada’s development niche or comparative advantage and the role of domestic policy making.

One participant cited, as an example, the clear leadership that Canada had demonstrated in the past on the importance of gender and its relationship to development. Another talked about the need to introduce more competition and incentives into the aid system referring to Canada’s leadership in the area of advanced market commitments.

Several participants suggested a possible emerging niche for Canada by thinking of domestic issues as an anchor and link to international development. Education was cited as one possible example. Closer linkages between the domestic and the international may also have the advantage of generating more public support for aid and development.

While there was no consensus about what our development niche should be, there was support for the view that, in order to maximize aid and development effectiveness, we should identify and leverage our unique advantages as Canadians.

APPENDIX A

Participants in the May 17th Gordon roundtable discussion on foreign aid

AUTHORS

- **Nilima Gulrajani** – Assistant Professor, Development Studies Institute, LSE
- **Liam Swiss** – Assistant Professor, Department of Sociology, Memorial University
- **Simon Maxwell** – Senior Research Fellow, Overseas Development Institute, London

INVITED GUESTS

- **Barbara McDougall** – Board Chair, International Development Research Centre (IDRC) and former Secretary of State for External Affairs
- **Ian Smillie** – Development consultant and Chair, Diamond Development Initiative International
- **Parker Mitchell** – Co-CEO, Engineers Without Borders
- **Khalil Shariff** – CEO, Aga Khan Foundation Canada
- **Jennifer Correiro** – Co-founder and Executive Director TakingITGlobal
- **David Black** – Director, Centre for Foreign Policy Studies, Dalhousie University
- **Bob Rae** – M.P. Toronto-Centre and Liberal Party of Canada foreign affairs critic
- **Maureen O’Neil** – President, Canadian Health Services Research Foundation and former President, International Development Research Centre (IDRC)
- **Dr. Peter Singer** – Director, McLaughlin-Rotman Centre for Global Health, University Health Network and the University of Toronto
- **Jeremy Waiser** – Policy Advisor, Office of the Leader of the Opposition
- **Stephen Brown** – Associate Professor of Political Science, University of Ottawa
- **Charles Bassett** – Former Senior V.P. of CIDA and former Canadian Executive Director of the Inter-American Development Bank
- **Rosemary McCarney** – President & CEO, PLAN Canada
- **David Morrison** – Executive Secretary, United Nations Capital Development Fund
- **David Moloney** – Executive Vice President, CIDA
- **Ed Greenspon** – Journalist, author and former Editor-in-Chief, the Globe and Mail

WALTER AND DUNCAN GORDON FOUNDATION

- **Janice Stein** (Board member) – Director, Munk School of Global Affairs
- **Tom Axworthy** (President & CEO)
- **Patrick Johnston** (Senior Fellow)

RAPPORTEUR

- **Lisa Rae** – Graduate Student, School of Public Policy and Governance, University of Toronto

APPENDIX B

Suggested readings

During the Gordon roundtable discussions, some participants referred to articles or other publications they had read and found useful. They include:

Publications by Peter Walker Director of the Feinstein International Center and Rosenberg Professor of Nutrition and Human Security at Tufts University are available at: <https://wikis.uit.tufts.edu/confluence/display/FIC/Peter+Walker>

"Less pretension, more ambition: Development Aid that Makes a Difference"

Wetenschappelijke Raad voor het Regeringsbeleid (WRR)

The Dutch Scientific Council for Government Policy

<http://www.wrr.nl/english/content.jsp?objectid=5190>

Publications by author and lecturer David C. Korten are available at:

<http://www.davidkorten.org/articles>