



Concentrating on foreign aid

How should CIDA spend the \$4 billion it gets each year to help needy countries?

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Few Canadians, Canadian International Development Agency employees included, are satisfied with the results achieved by CIDA with the approximately \$4 billion we give it each year to help needy countries.

But while dissatisfaction may be the necessary trigger of reform, it is an uncertain guide to action.

The complexities of operating in the Third World make this area of public policy more susceptible than most to the law of unintended consequences. Development theories, of which there have been almost too many to count, seem generally to have had little to do with success, beyond serving later as explanations of why it did not happen. Ottawa needs to proceed, but carefully.

The Harper government is reported to be hard at work at reforming CIDA, and it is expected that it will put the emphasis emphatically on economic development with, it should follow, greater co-operation with and investment by the Canadian private sector.

Few argue any more that private sector development has been the main force in lifting countries out of poverty in the last 30 years, including in Africa. The Senate report on Africa released earlier this year recognized this reality and is expected to be a source of inspiration for the government's reform effort.

But that checkered-quality report, in savaging CIDA for "Forty Years of Failure," left a much too negative impression of Africa: "This (Senate) Committee reached the overall conclusion that the average African citizen has experienced no real increase in well-being since independence."

This, despite the fact that – at a time when the population of Africa is growing – infant mortality rates are dropping, deaths from measles are down spectacularly, deaths from malaria are down appreciably and polio is almost eliminated, literacy and primary school enrolment are rising and more girls are attending school than ever, and the GDP is expected to grow by 5.9 per cent this year and 5.7 per cent next.

Further, the Senate report is silent on what the outcomes might have been in the absence of development assistance, particularly as regards to health and education. Still, while CIDA should not abandon social policy as a priority, it is beyond dispute that Africa lags behind the world on these and many other economic and social indicators.

One recommendation of the report on which Ottawa ought to proceed with particular circumspection is that which urges greater focus or concentration in spending. The thesis is that Canadian aid is spread too thinly across too many countries, a view reiterated in the recent review of Canadian policies and practices by the Development Assistance Committee of the Organization for Economic Co-operation and Development, the Paris-based think-tank of the world's wealthier countries.

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The DAC/OECD, whose recommendations have been known to reflect the views of national bureaucrats of the country being reviewed, argues that focusing aid on fewer partner countries generates a stronger impact where the money is spent and gives Canada a greater voice among donors there. Further, concentrating on the more capable performers enhances aid effectiveness. It is conventional wisdom, with the accent on conventional.

The theory ignores two factors. The first is that the world is an extraordinarily unpredictable place. When asked what the most difficult problem he faced in office was, prime minister Harold Macmillan of Britain famously responded, "Events, old boy, events."

There is no evidence that governing has become more predictable in the intervening years. No one foresaw the urgency and magnitude of foreign aid spending in Afghanistan. The imperative of making a positive difference in people's lives in Kandahar, in order to separate the population from the Taliban, made a mockery not just of the principle of concentration but also of the criteria the Martin government established to guide decisions on concentration. When combined with longer-term planning frameworks, such focus also robs policy-makers of flexibility; CIDA's tardiness in the military's eyes in operating in Kandahar can be attributed in part to such rigidity.

The second factor goes to the heart of the idea of development assistance. Should it stand alone or is it part of Canadian foreign policy? Is development assistance altruism or self-interest? Should development assistance focus essentially on reducing poverty or should it also serve Canadian interests? Or a little of both?

Reducing the number of recipients to a small handful may make those few countries who receive aid much friendlier but it literally does nothing for the other 90 per cent of the developing world. Canada has interests in the world beyond development, notably political and economic.

Canadian influence in international bodies, including the UN, will only diminish when member states feel less need to support Canada on votes or for election, not a trivial consideration at a time when our Middle East policies have disaffected a quarter of the UN membership. Nor does concentration create a welcoming environment for Canadian business in the excluded countries. Canadian consulting, engineering, financial services and resource-extraction firms, especially, are active in developing countries, especially Africa, but not necessarily in prospective countries of aid concentration.

So, by all means, concentrate more but find the wherewithal to preserve Canadian government influence in the also-rans and to encourage Canadian private sector activity outside core countries. Doing so is neither unaffordable nor beyond imagining.

Beware development fashions that gratify aid theorists for a season or two but leave Canadian interests and aid recipients coming up short, again.

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