

**Be Careful What You Wish For:
the Pitfalls of Reforming Canadian Foreign
Aid Policy**

Notes for a speech to

**Canadian Rotary Collaboration for
International Development**

May 3, 2008,

Toronto

by Paul Heinbecker*

Check Against Delivery

* Paul Heinbecker, Canada's former Ambassador to the UN, is the Director of the Centre for Global Relations at Wilfrid Laurier University and a Distinguished Fellow at the Centre for International Governance Innovation, in Waterloo. He is solely responsible for the content of these remarks

The Government of Canada allocates CIDA approximately \$4 billion each year to help other countries.

Few Canadians are satisfied with the results achieved by CIDA with that money.

And that includes CIDA employees.

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 laws of unintended consequences.

So my message to the people working on the reform of Canadian aid policy is,

be careful what you wish for, lest your wish be granted.

There have been almost too many development theories to count,

From, the theory of take-off to structural adjustment, these theories seem generally to have had little relationship with success, beyond serving later as explanations of why it did not happen.

Ottawa is reported to be hard at work at reforming CIDA, with a new aid policy theory, one that bets on concentration and focus,

and a decision is expected to be made public by the Harper government imminently

CIDA needs reform—what agency doesn't—but CIDA is everyone's favourite target of criticism and all of that criticism—some of it contradictory—is not sound.

So Ottawa does need to proceed with reform of CIDA, but carefully.

It is expected that the Harper government will put the emphasis on economic development with, it would presumably follow, greater cooperation with and investment by the Canadian private sector.

And greater cooperation with the non-profit private sector, as well.

Few argue any more that private sector development has been the main motive force in lifting countries out of poverty in the last 30 years.

This has been most apparent in China and in India, but it has also been the case in Africa.

You will likely recall the Senate report on Africa released about this time last year.

The Senate report recognized the centrality of private sector development to national development.

That report seems to have been instrumental in the government's aid policy reform initiative.

But, in my judgment the report was of chequered-quality.

And in savaging CIDA for “Forty Years of Failure”, it left a much too negative impression of CIDA, of foreign assistance, and of the development of Africa.

For example on Africa, the report said that “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
- polio, thanks in considerable part to the Rotary Club’s vision and determination, is almost eliminated,
- literacy and primary school enrolment is rising
- more girls are attending school than ever, and the GDP of Africa is expected to grow by 5.9% last year and 5.7% this year.

And the senate report seems to have taken little or no account of the extent of the mess the former colonial countries created in Africa with their self-serving policies of slavery and colonialism, drawing borders to maximize their own profit with no regard for the people on the ground, their ethnicities, histories or languages,

legacies that are major impediments to progress to this day.

Further, the Senate report was silent on what the outcomes might have been in the absence of development assistance, particularly as regards health and education, and women’s rights.

Still, it is beyond dispute that Africa lags the world on these and many other economic and social indicators.

One recommendation of the Senate report on which Ottawa ought to proceed with particular circumspection is that which urges greater focus or concentration of spending.

The thesis is that Canadian aid is spread too thinly across too many countries,

Critics point out that

- Canadian assistance funds (bilateral, multilateral and partnership) reach virtually every one of the approximately 120 developing countries in the world (those with a medium or low Human Development Index ranking).
- There is some bilateral programming in 100 countries
- That the top 15 recipients of Canadian assistance get only about 16% of our total Official Development Assistance, while the average for other donors is 25%
- That such dispersal precludes our having a major influence in almost any developing country (Afghanistan is an obvious exception).
- That, in sum, Canadian assistance is simply too widely dispersed.

Many the sage Canadian critic of CIDA, including those in our media, nod in agreement.

As do some of the foreign critics.

It is a view reiterated in a recent review of Canadian policies and practices by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD),

the Paris based think-tank of the world's wealthier countries.

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 would generate a stronger impact by Canada in those countries where the money is spent

And would give 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 five factors.

First, there is already considerable concentration of Canadian aid spending.

Bilateral Canadian assistance is already focused.

In 2002, the government chose to focus aid in Sub-Saharan Africa, which receives the bulk of Canadian aid, on just 6 countries.

In 2005, the Africa list was expanded to eight more countries of secondary focus.

But world-wide, the number of countries of concentration is just 25.

The second factor the theory of concentration misses 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 peoples’ lives in Kandahar, in order to separate the population from the Taliban, made a mockery of the principle of concentration.

The criteria the Martin government established the following criteria to guide its decisions on concentration:

- a high level of poverty as measured by income per capita
- a commitment to development effectiveness, as demonstrated through
 - efforts to improve governance,

- end corruption
- and make effective use of aid monies.
- the potential to exercise regional leadership.

Afghanistan satisfied virtually none of these criteria.

It still doesn't.

The title of the front page story of today's Globe and Mail reads: "Corruption eats away at Afghan government".

And yet from a foreign policy perspective the heavy concentration of Canadian aid money in Afghanistan is entirely appropriate.

Success in Afghanistan is Canada's highest foreign policy priority.

In fact, Canada's policy of concentration arguably robbed policy makers of their ability to react quickly and flexibly.

CIDA's tardiness in the military's eyes in operating in Kandahar can be attributed in part to such rigidity.

Afghanistan was not included on the list of 25 countries of concentration and therefore was not eligible.

It took quite some time for CIDA, with its long-term planning frameworks, to adjust.

Despite the policy of concentration, Canada has become one of the world's top donors to Afghanistan, having pledged \$1.2 billion dollars in aid for a 10-year period beginning in 2001.

For fiscal year 2006–2007, CIDA's bilateral assistance to Afghanistan totaled more than \$179 million.

Of this, \$49 million was disbursed to the province of Kandahar:

The third factor that the theory of concentration misses 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 ninety percent of the developing world.

Canada has interests in the world beyond development, notably political and economic interests.

Canadian influence in international bodies, including the UN, will only diminish when member states feel less connection with Canada.

This is not a trivial consideration at a time when our Middle East policies, our position on acid rain and our decision to stress Latin America in our foreign policy, also, have disappointed, perhaps alienated, large fractions of the UN membership.

It is not at all certain that Canada can expect to succeed in its campaign to win a seat on the UN Security Council in the year 2010 against Germany and Portugal.

The UN Security Council is the world's premier international political and security body.

Failure to win election to it—for the first time ever—would be a strong statement of doubt about Canada's ability to contribute to the purposes of the UN.

Nor, the fourth factor, 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.

And last but not least, the policy of concentration does little to support the considerable good work of many of Canada's non-governmental organizations, such as Rotary, in countries not on the concentration list.

No one expects the government to be every where and to do everything.

But it should, as a minimum, fashion its policies in a manner that does not impede the efforts of other Canadians.

So, by all means, concentrate more but find the wherewithal to preserve Canadian influence in and attachment to the also-rans

and to encourage Canadian private sector activity outside of core countries

and to support Canadian service organizations as they respond to needs they identify and can satisfy in places where help is urgently needed by the people, however unsatisfactory their government.

Doing so is neither unaffordable nor beyond imagining.

Finally, to reiterate my main point, beware development fashions that gratify aid theorists for a season or two but leave Canadian interests and aid recipients coming up short, again.

Be careful what you wish for, lest it be granted.