

## Canadian Aid to Africa

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This is a pre-final draft and is not for citation. To cite, please consult:

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“Canadian Aid to Africa”

In Rohinton Medhora and Yiagadeesen Samy, eds.

[\*Canada Among Nations 2013. Canada-African Relations: Looking Back, Looking Ahead.\*](#)

Waterloo, ON: Centre for International Governance Innovation, 2013, pp. 181-94.

### Introduction

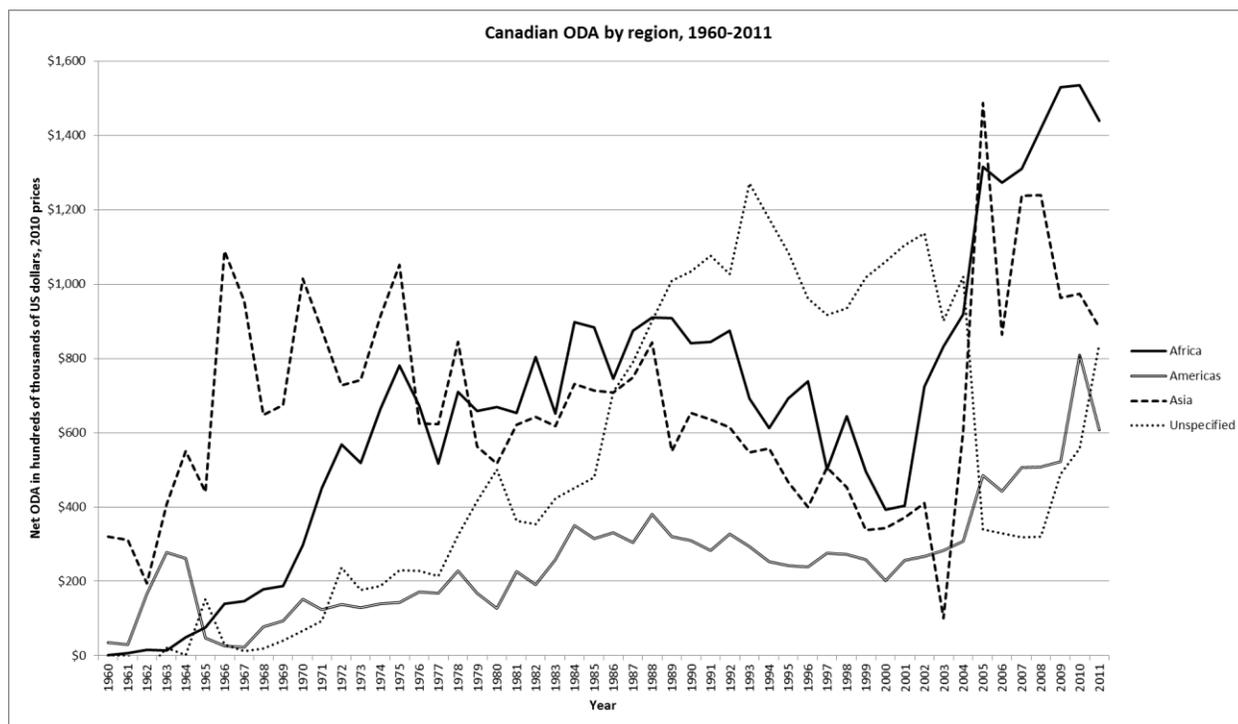
Africa is the greatest recipient of Canadian foreign aid. Canada provided more official development assistance (ODA) to Africa than to any other region in every year from 1980 to 2011, with only one exception (assistance to Asia in 2005). In 2010-2011, 38 percent of Canadian international assistance went to Africa and six of the top 10 recipients were in Sub-Saharan Africa, namely Ethiopia, Tanzania, Mozambique, Ghana, Mali, Sudan and Senegal (CIDA, 2012b: 5). The Canadian government has, however, never developed a clearly defined policy or strategy for assistance to Africa. Instead, the Canadian International Development Agency’s (CIDA) allocation of aid flows has been combined with sporadic initiatives to form de facto approaches to aid.<sup>1</sup>

This chapter describes the main trends in Canadian ODA to Africa over the past 50 years, analyzes underlying motivations, in particular over the past decade, and considers the impact of aid. After decades of waxing and waning, the future of aggregate financial flows to Africa is unclear. There are strong indications, however, that the modalities of aid to Africa are changing, increasingly emphasizing commercial self-interest. This suggests that the types of African countries receiving assistance will change, with greater priority given to countries with natural resources that are of interest to Canadian companies, as will the specific sectors that the Canadian government supports within recipient countries in Africa. It is difficult to pinpoint the impact of Canadian aid to date; however, the new emphasis is likely to reduce aid’s contributions to poverty reduction.

### Aid Trends

This section traces the main trends in Canadian aid to Africa, highlighting the shifts in emphasis.<sup>2</sup> Figure 1 illustrates the aid levels to the three main recipient regions — Africa, the Americas and Asia — from 1960 to 2011. It illustrates the changing priority placed on Africa, as well as the sometimes very high level of aid that is not categorized as going to a specific region.

Figure 1



Throughout the 1960s, as can be noted in the figure, Canada provided the majority of its ODA to Asia. Over the following two decades, the volume of aid to Africa began to grow exponentially, from less than \$200 million in 1970 to over \$900 million per year in 1988 and 1989. In order to promote Canadian national unity, the government carefully balanced its contributions to anglophone and francophone Africa. In 1986, CIDA launched a special “Africa 2000” fund, designed to run for 15 years. This period, under the leadership of Prime Ministers Pierre Trudeau (Liberal) and Brian Mulroney (Progressive Conservative), was a veritable golden age for aid to Africa — and not just from Canada. The continent attracted considerable international attention, in part because of famine and the struggle against apartheid. Western donors also spent considerable resources in support of structural adjustment programs — and sometimes trying to mitigate their ravages.

After 1993, however, Western aid levels in general and Canadian aid to Africa in particular entered into a steep decline. With the end of the Cold War and the diminishing strategic importance of Africa, as well as severe fiscal deficits and the onset of aid fatigue, Africa lost its appeal in donor capitals. Canadian aid to the region fell below \$400 million in 2000, less than half the average annual amount provided between 1982 and 1992.

Rather suddenly in 2001, the trend reversed itself. The Millennium Development Goals, a set of eight objectives established as part of the United Nations Millennium Declaration in 2000, epitomized the recognition that urgent action was required to fight poverty, while the terrorist attacks on September 11, 2001 reminded donors that conditions abroad could have important repercussions for their national security. In Canada, Liberal Prime Minister Jean Chrétien entered the final years of his political career and, having presided over draconian cuts in aid to Africa, sought to improve his legacy through a few special initiatives. For instance, at the 2002 Group of Eight (G8) summit he hosted in Kananaskis, Alberta, Chrétien gave African development an important place on the agenda, announcing eight

percent annual increases in Canadian ODA, of which half would go to Africa, as well as a five-year, CDN\$500 million Canada Fund for Africa, which included CDN\$100 million to support private-sector investment. Also in 2002, CIDA issued a policy statement that emphasized a focus on low-income countries, especially those in Africa, as well as the importance of the private sector. Soon after, CIDA identified nine countries of concentration, including six in Africa.

After Chrétien’s retirement in 2003, his successor Paul Martin continued to increase aid and focus on Africa. As a final “legacy project,” the Liberal government passed the Jean Chrétien Pledge to Africa Act in 2004, which aimed to facilitate the shipment of life-saving generic pharmaceuticals to developing countries. The process that drug manufacturers must go through is, however, so onerous that the law has had almost no impact: Since 2004, it has facilitated only two shipments of one medication to one country by one company. Opposition-led efforts to improve the legislation in 2011 and 2012 both failed.

The Martin government’s 2005 international policy statement further enshrined its commitment to Africa, promising to double aid to the continent, also stressing the importance of the private sector. CIDA announced the addition of new countries of focus — 14 out of the total of 25 were in Africa. However, the government also emphasized the importance of providing increased aid to “failed and fragile states,” in particular Afghanistan, Iraq and Haiti, which were in other regions of the world.

Since Prime Minister Stephen Harper was first elected in 2006, the Canadian government has been sending out confusing and often contradictory signals on its commitment to African development. David Black (2012) describes the Conservative government’s approach as a combination of indifference and idiosyncrasy. In 2007, Harper announced a shift in emphasis from Africa to the Americas. In 2009, CIDA’s new list of countries of focus added Sudan but dropped the eight African countries that had been included only four years earlier, leaving only seven African countries on the list of 20. Many observers condemned Canada for “turning its back” on Africa (Halliday 2009). However, such statements were overblown: The government continued to increase its ODA flows to the continent, reaching an all-time high of \$1.5 billion in 2010. It also met the Martin government’s commitment to double aid to Africa between 2003-2004 and 2008-2009, albeit by recalculating the base amount.

It is not clear if this upward trend will continue. The government does not make public its projected aid levels and the sustained increase in spending in Africa could be the result of already-approved projects continuing their activities as foreseen. Disbursements for 2011 decreased by 2.4 percent from the previous year, but this does not necessarily mark the beginning of a new downward trend. In fact, The government’s Maternal, Newborn and Child Health Initiative, announced at the Muskoka G8 Summit in 2010, is likely to provide additional assistance to Africa, where needs are the greatest (see discussion in Black, this volume). In addition, the renewed emphasis on Canadian commercial interests, discussed below, could prompt the Canadian government to allocate additional funds where Canadian companies are active, especially in the extractive sector. Still, the 2012 federal budget cut CIDA’s funding; the agency subsequently announced it would end bilateral aid to five African countries and reduce the amounts provided to three of the seven remaining African countries of concentration.<sup>3</sup>

Finally, a word of caution about aid statistics calculated on a regional basis. Confusingly, ODA statistics show large increases in the percentage of aid to Africa, the Americas *and* Asia during the period 2000–2010. When the overall budget is growing, dollar flows to all regions can increase simultaneously. However, how can the *share* of all major regions simultaneously increase? It was not achieved through significant aid cuts to the other two regions, Europe and Oceania, which were, in any case, quite small, but rather by reallocation from a residual “unspecified” category. Thus, aid was redistributed from a

generic category (\$1.1 billion in 2000, 39 percent of total, down to \$320 million or 6 percent in 2008) to the regions. As a result, the recorded increase in aid to Africa (as well as the two other major regions) could, in large part, be due to a change in accounting practices, rather than solely the allocation of additional funds. The data are, unfortunately, too imprecise to be able to track the regional trends with great accuracy.

### **Underlying Motivations**

Having traced the trends in Canadian aid to Africa, this section attempts to track the underlying motivations. It is perforce a speculative exercise, as no official documents set out the “real” reason Canada provides aid or adopts new policy initiatives. It also runs the danger of reifying CIDA or the Canadian government as a unitary — and self-conscious — actor that is capable of rational reasoning. Nonetheless, from government officials’ statements and official documents, one can often deduce rationales and from them identify motivations.

Canadian aid has always been underpinned by a discomfiting mix of motivations. During the Cold War, geostrategic interests fundamentally shaped Canadian aid, beginning with the Canadian government’s assistance to Southern Asia under the Colombo Plan in the 1950s. Security is an important factor in the post-Cold War dispensation as well, especially in the fight against terrorism, best illustrated by the size of Canadian aid to Afghanistan and its focus on Kandahar province while Canadian troops were stationed there. Other foreign policy interests, including commercial ones, have long influenced aid destination and modalities. The desire for prestige is also an important — if understudied — motivation, be it among donor peers or the Canadian electorate. Still, altruism, or what Cranford Pratt (2000) calls “humane internationalism,” has also greatly contributed to foreign aid (and motivated CIDA employees). Self-interest and selflessness can also overlap when generosity and “doing the right thing” can be in Canada’s long-term interest, for instance, in creating a stable and prosperous world.

In the past, the Canadian government often “moved with the crowd” when it came to aid to Africa (Black, Thérien and Clark, 1996). It followed and sometimes contributed to international trends, but was also influenced by domestic factors. When Western donors as a whole turned their attention to Africa, so did Canada, on occasion taking a leading role. When donors’ interest waned, for example, in the 1990s, Canada cut its aid more radically than the average (Brown, 2008). Chrétien’s emphasis on African development in his final years in government was part of an international trend, but it was also motivated — as mentioned above — by a desire for a positive legacy.

Martin continued in the same direction, as did the Harper government in its first few years in power, probably more out of inertia than design. Under CIDA Minister Josée Verner, Canada’s aid policies seemed increasingly motivated by a desire for prestige, not personal as in Chrétien’s case, but national, especially in Afghanistan (Brown, 2011). The Muskoka Initiative on Maternal, Newborn and Child Health seemed born from the desire for a high-profile “announceable” at the Canadian-chaired G8 summit, rather than a well thought-out strategy.

After Bev Oda replaced Verner as minister of international cooperation in 2007, commercial interests loomed larger. The shift in focus from low-income African countries to middle-income ones in the Americas, especially in places where Canada had important trade and investment ties (such as Peru and Colombia), was a concrete manifestation of that new trend. It also marked the end of Canada’s alignment with the consensus on Western aid priorities and the forging of a more independent, self-

interested approach. Tellingly, the official criteria for selecting CIDA's 20 countries of concentration in 2009 included "Alignment with Canada's foreign policy" (CIDA, 2012a). Although that had always been a de facto consideration, it was the first time CIDA officially stated it.

Canadian aid policies have increasingly aligned with the interest of the Canadian extractive industry. In 2011, CIDA announced its funding of three partnerships between Canadian non-governmental organizations (NGOs) and mining companies, with two of the three projects taking place in African countries (Ghana and Burkina Faso). CIDA funds would be managed by the NGOs and not the private companies; however, at least one of the projects in Africa can be interpreted as providing indirect subsidies for the companies, since public funds will help the private company obtain and maintain the consent of mining-affected communities by providing them with social and economic benefits. These activities would not take place if the communities did not host Canadian mining operations.

In 2012, the House of Commons Standing Committee on Foreign Affairs and International Development issued a report that praised these types of partnerships, recommending that more CIDA funds be set aside to fund work with the Canadian private sector. Soon after its release, newly appointed CIDA Minister Julian Fantino (2012) publicly emphasized the importance of the Canadian private sector in poverty reduction, emphasizing the benefits for Canadian companies' bottom lines. Among the various rationales for public-private partnerships, he also "said CIDA's work with mining companies would help them compete on the international stage" (Mackrael, 2012a), thereby contradicting the government's claim that foreign aid funds would not be subsidizing Canadian companies — a practice that could be illegal under the 2008 ODA Accountability Act, which specifies that aid must focus on poverty reduction, but falls within the mandate of other government bodies, such as the Department of Foreign Affairs and International Trade (DFAIT) and Export Development Canada. Moreover, Fantino's repeated use of the term "mutual benefit" — for instance, he stated that "CIDA is working to help the Canadian mining, oil and gas sector to partner in development with local governments and NGOs for mutual benefit" (Fantino, 2012) — mirrors the Chinese government's justification for its bundling of aid, trade and investment in Africa (and elsewhere).

Past experience, however, has shown that actively targeting partnerships with a donor's private sector and working in natural resource extraction are rarely effective measures for reducing poverty in developing countries. For instance, between 1975 and 2005, CIDA's own Industrial Cooperation Program "disbursed over [CDN]\$1.1 billion in support of Canadian private sector initiatives in developing countries" (CIDA, 2007: 8). An internal evaluation found that only 15.5 percent of its projects from 1997 to 2002 had actually been implemented (CIDA, 2007: 13).<sup>4</sup> A recent report by the World Bank, an institution known for its support of the private sector, recognized that few benefits of natural resource wealth actually flow down to the poor (World Bank, 2012: 19–20).

Although the amounts currently allocated through partnerships with Canadian companies are relatively small, the government has signalled on several occasions that it will increasingly use ODA funds to fund the Canadian private sector's activities. Given the lack of evidence that this is an effective use of aid money, the government's motivation can be attributed to commercial self-interest — this is not completely new, as can be seen from the repeated emphasis on the role of the private sector since 2002, mentioned above. However, the Harper government seems more serious about taking additional concrete initiatives further than the Chrétien or Martin ones and is linking Canadian geographic priorities to Canadian corporate interests to an extent not seen for decades. Fantino has stated that "we have a duty and a responsibility to ensure that Canadian interests are promoted" and that "Canadians are entitled to derive a benefit" (Mackrael, 2012b). Such a perspective is at odds with the Western

consensus on aid effectiveness, which is why Canada and most other Western donors have ceased tying the provision of goods and services to their own country. Even before Fantino replaced Oda as CIDA minister, a review of Canada's aid program by other Western donors criticized the Canadian government for this approach, reminding it that "there should be no confusion between development objectives and the promotion of commercial interests" (Organisation for Economic Co-operation and Development [OECD], 2012: 11).

## Impact

This chapter now turns to the question of the impact of Canadian aid to Africa. Though tempting, no sweeping generalizations can be made on assistance that not only goes to 54 countries, but that takes on very different forms, such as humanitarian assistance, food aid, capacity building, strengthening governance and support to civil society. Moreover, not all forms of progress can be reliably measured (for instance, women's empowerment or the rule of law) and, even when they can, the problem of attribution remains. For example, how to tell what share of economic growth or improved primary school enrollment can be credited to Canadian aid, let alone foreign aid as a whole?

The government has never undertaken a comprehensive review of its aid programming in Africa. The Standing Senate Committee on Foreign Affairs and International Trade, however, did study Canada's contributions to economic development in Sub-Saharan Africa. Its deeply flawed report summarized the record as "40 years of failure" (Government of Canada, 2007; see critique in Brown, 2007). Given the progress across numerous socio-economic indicators, it is not clear that development has flat-out failed, even if results are often inadequate. In addition, it is unclear whether Canada's aid specifically has failed. Given that Canadian ODA historically constitutes only between 1.3 percent and 3.5 percent of annual global aid flows to Africa (OECD, 2013), why should the alleged lack of results be attributable to Canada? It could be that Canadian aid was highly effective, but other countries' far less so.

An underlying problem with the Senate report and the Harper government's current emphasis on short-term visible results is that they are based on outmoded understanding of development assistance. Politicians and journalists generally want to be able to see stand-alone projects that can be identified as Canadian-supported. However, decades of development work have demonstrated that such isolated projects have very limited impact. Rather than focusing on things that can "fly the Canadian flag," aid is generally more effective when it supports recipient government-led programs, which usually involve pooled funding, often with other donors. Such programs are definitely less "photogenic," but it does not follow that their impact is any lesser. Politicians would do development a service if they would stop promising voters to account for every nickel of Canadian aid through visibly demonstrable results over the course of three–five years and instead educate themselves and the public on the benefits of a longer-term vision that focuses more on benefits for recipients and less on brownie points for individual donors.

The inherent difficulties of demonstrating aid effectiveness combine with an innate suspicion of foreign aid within the Conservative Party (Black, 2012) to help predispose its members to cutting CIDA's budget and redirecting what remains towards meeting narrowly defined Canadian interests, in particular those of the private sector. It is likely that Canadian aid to Africa will suffer as a result, in quality if not necessarily in quantity. This could also reallocate aid among African countries or among sectors within specific countries, in line with the interests of Canadian companies, rather than development criteria.

## Conclusion

Canadian aid policy to Africa does not follow a grand strategy. Rather, it comprises disparate initiatives that respond to different imperatives and motivations. In his final years in power, Liberal Prime Minister Jean Chrétien reversed almost a decade of neglect and made Africa a priority, as did his successor Paul Martin. The Conservative government of Stephen Harper has shifted rhetorical emphasis to the Americas, but aid flows to Africa have not yet declined. This could be because approved projects take years to wind down, or because the new initiative on maternal, infant and child health has provided new funds to African programs.

A clearer trend is the increase in self-interest underpinning Canadian aid, especially regarding the role of the Canadian private sector in development assistance and expressed in its fullest in CIDA's recent alliances with Canadian mining companies and the promise of more public-private partnerships. While touted as a way of achieving mutual benefit, including greater impact in poverty reduction, there is little reason to believe that poor Africans will benefit significantly. Instead, the new emphasis could well lead to a geographical reallocation within Africa of the shrinking aid budget in line with individual countries' appeal to the Canadian extractive industry — and hamper, rather than enhance, Canadian aid's effectiveness at reducing poverty. DFAIT's recently announced takeover of CIDA is likely to accelerate the rise of self-interest in Canadian assistance to Africa.

## Acknowledgements

The author is grateful to Esref Aksu, workshop participants and the editors for helpful suggestions.

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<sup>1</sup> In its March 2013 federal budget, the government announced that it planned to merge CIDA with Department of Foreign Affairs and International Trade to form one super-ministry, the Department of Foreign Affairs, Trade and Development.

For a detailed analysis of what constitutes Canadian aid policy, see Molly den Heyer (2012). "Untangling Canadian Aid Policy: International Agreements, CIDA's Policies and Micro-policy Negotiations in Tanzania." In *Struggling for Effectiveness: CIDA and Canadian Foreign Aid*, edited by Stephen Brown. Pages 186-216. Montreal and Kingston: McGill-Queen's University Press.

<sup>2</sup> This section draws on Morrison (1998) and the author's previous discussion of trends in Canadian aid to Africa (see Brown, 2008). All figures, unless specified otherwise, are taken from OECD (2013) and expressed in US dollars, based on data provided by CIDA to the OECD. Constant 2010 dollars are used to enhance comparability.

<sup>3</sup> According to *Embassy* newspaper, Canada will no longer provide bilateral aid to Malawi, Niger, Rwanda, Zambia and Zimbabwe, selected due to "high operating costs" for those specific programs. Canada will also cut its assistance to Ethiopia, Mozambique and Tanzania (Shane, 2012: 8).

<sup>4</sup> The program was transferred from CIDA to DFAIT in 2009. It was suspended in 2012, pending a police investigation of financial irregularities (Munson, 2012).