

**“Creating the World’s Best Development Agency”?
Confusion and Contradictions in CIDA’s New Policy Blueprint**

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Abstract

This article analyzes Canada's International Policy Statement (IPS) development paper as a blueprint for radically improving the work of the Canadian International Development Agency (CIDA). It examines its overarching objective and motivation: improving aid delivery not only to combat poverty abroad, but also to serve Canadian interests, including giving Canada a more prominent role in international affairs. It then analyses the principal means of achieving this goal: influencing developing countries' policy priorities, improving aid effectiveness through greater selectivity in the choice of recipients, disbursing more aid to fewer countries and in fewer sectors, and attaining greater coherence with other Canadian government policies. It argues that the document's confusion and contradictions, coupled with the relatively modest increase in resources it foresees, make it unlikely to have a transformative effect, let alone a significant positive impact on either Canada's development program or CIDA's international standing.

Résumé

Cet article analyse le chapitre de l'Énoncé de politique internationale (ÉPI) sur le développement comme plan pour radicalement améliorer le travail de l'Agence canadienne de développement international (ACDI). Il examine ses grands objectifs et intentions : améliorer l'aide au développement non seulement pour combattre la pauvreté à l'étranger mais aussi promouvoir les intérêts du Canada, y compris en lui donnant un rôle plus important en affaires internationales. Il analyse ensuite les moyens proposés : influencer les politiques des pays en voie de développement, améliorer l'efficacité de l'aide en étant plus sélectif dans le choix de bénéficiaires, verser plus d'aide à moins de pays et dans moins de secteurs et assurer une plus grande cohérence avec les autres politiques du gouvernement canadien. Il soutient que la confusion et les contradictions qu'on retrouve dans le document, combinées avec l'augmentation relativement modeste des ressources qu'on y prévoit, rendent peu probable qu'il aura un effet transformateur, voire un impact positif important sur le programme canadien d'aide au développement ou sur la réputation de l'ACDI sur la scène internationale.

Introduction

After numerous delays, the Canadian government's International Policy Statement (IPS) was finally released in April 2005. The Statement reflected then Prime Minister Paul Martin's desire to provide more direction and unity of purpose to the various government departments that play a role in Canada's international affairs. The IPS, it was hoped, would help reposition Canada in a world undergoing broad changes, especially in the areas of security and commerce. It aspired to cast the country in what the Statement's title characterizes as "a role of pride and influence in the world".

The IPS was issued in five separate papers: one each on commerce, defence, development and diplomacy, and an overview. The development chapter was taken extremely seriously at the Canadian International Development Agency (CIDA) as a blueprint for radically improving the work of the agency. After the Conservatives' victory in the January 2006 elections, the term IPS was banished from CIDA, but the content was retained under the new moniker of the Agency Transformation Initiative. In the absence of other new policy directions, the IPS development paper remains an important policy document and a vision for reforming CIDA. It thus merits a closer reading to assess its coherence and feasibility. Is the analysis sound? Do the recommendations follow? Are adequate means provided to reach the goals its sets?

Despite the ambition of "creating the world's best development agency" (Canada 2005b, n.p.), there is very little in the IPS paper on development that would make CIDA stand out from its counterparts in other donor countries and give Canada a leadership role on the world stage. Overall, the document's confusion and contradictions, coupled with the relatively modest increase in resources it foresees, make it unlikely to have a significant positive impact on either Canada's development program or CIDA's international standing.

This article begins with an examination of the IPS development chapter's overarching objective and motivation: improving aid delivery not only to combat poverty abroad, but also to serve Canadian interests, including giving Canada a more prominent role in international affairs. It then analyses the principal means of achieving this goal: influencing developing countries' policy priorities, improving aid effectiveness through greater selectivity in the choice of recipients, disbursing more aid to fewer countries and in fewer sectors, and attaining greater coherence with other Canadian government policies. It concludes on the limited utility of the policy statement as a blueprint for CIDA's transformation.

I. Competing Motivations for Foreign Aid

The main motivation behind foreign aid has been heartily debated since development assistance began.¹ Should aid be primarily a tool for achieving the donor country's foreign policy objectives, as argued by "realists" like Hans Morgenthau (1962)? Or is aid mainly an expression of international solidarity, of an ethic of concern for those in greatest need, as advocated by David Halloren Lumsdain (1993) and Roger Riddell (1996), extending to the global level the "logic of solidarity" of the domestic welfare state (Noël and Thérien 1995, 552)?

¹ The discussion of competing motivations in this section and of resource flows in a subsection below were originally published in somewhat different form in Brown (2005).

The two competing motivations cohabit uneasily in all aid programs. Donor governments normally use both self-interested and selfless arguments when justifying official development assistance (ODA), presumably in part to ensure maximum popular support. In Canada, as elsewhere, foreign aid policy has always combined the two types of rationales. Canada's first foray into development assistance, its support for the Colombo Plan in the early 1950s, placed much emphasis on the prevention of communist expansion in Asia (Morrison 1998, 12). Though the government subsequently highlighted the plight of the less fortunate in the decades that followed, Canada's political, commercial and security interests ("international realism") have progressively replaced ethics and compassion ("humane internationalism") in government policy documents since the mid-1970s (Pratt 2000). Since September 11, 2001, Canadian security has become even more important in the foreign aid discourse, as illustrated below.

The two motivations are invoked from the first pages of the IPS paper on development. In her foreword, the then Minister of International Cooperation begins with the moral case for ODA, writing that extreme poverty "offends our most basic values of decency and fairness" and "is a moral affront to all of us, and this reason alone compels our response". The next sentence then provides the competing rationale: "Increasingly, however, such poverty also poses a direct risk to Canada and our allies. We understand that there are links between acute poverty and state failure, and between state failure and global security" (Canada 2005b, n.p.). The document's introduction pursues a similar logic of self-interest, asserting that "Canadians cannot be safe in an unstable world, or healthy in a sick world, nor can we expect to remain prosperous in a poor world... Security and development are inextricably linked" (Canada 2005b, 1). This implies—simplistically and rather misleadingly—that Canadians' own safety, health, prosperity and security depend on foreign aid. It also neatly conflates the "war on terror" with a war on poverty. It ignores that fact that, for generations, Canada has actually been generally safe, healthy and prosperous in a world that is not, and that many perpetrators and alleged would-be perpetrators of terrorist attacks in the West actually come from affluent societies, such as Saudi Arabia and the United Kingdom, with some even born and raised in the Toronto area.

The IPS paper on development makes numerous references to "our interests" and "Canadian interests" throughout the document (Canada 2005b, 1, 2, 24-27 and 31), whereas the ethically based argument is never raised again after page 1. The document's assertion that "Canada's role in development cooperation cannot be defined *exclusively* on the basis of self-interest" suggests that the needs of the less fortunate are secondary to Canadians' interests (Canada 2005b, 1, emphasis added). If one uses tied aid—the compulsory use of aid to purchase goods and services from the donor country—as a proxy for self-interest, Canada is one of the most self-interested aid-giving countries in the world. In 2004, 43 percent of Canadian aid was tied, compared to an average of 8 percent among Western donors (Organisation for Economic Co-operation and Development 2005, Table 23).² Despite earlier Canadian commitments to reduce the practice of tying aid (CIDA 2002, 21-22), no mention of this is made in the IPS. In fact, the Canada Corps initiative, which will send more Canadians to work in development abroad (see Canada 2005b, 28-29), will increase the amount of ODA spent in Canada and on Canadians.

² The average does not include the United States' figures, which were unavailable. The US data would probably be worse than Canada's and certainly raise the average. Still, Canada's 43 percent compares extremely unfavourably with most other donors, including Belgium (7 percent), Denmark (11 percent), France (6 percent), Germany (8 percent), Ireland (0 percent), Japan (5 percent), Norway (0 percent), Sweden (1 percent), Switzerland (3 percent) and the United Kingdom (0 percent). Only Austria reported a higher proportion of tied aid than Canada.

The IPS's nationalistic language lends credence to Kim Richard Nossal's (1988) argument that prestige is an important explanation of Canadian aid policy. The IPS's subtitle, "A Role of Pride and Influence in the World", suggests that Canadians want their country to reverse its decline as an important global actor. The document's conclusion announces that "Canada is poised to reclaim its rightful place in the world", among other things by boasting a "world-class" development agency and an aid program that would be respected internationally and domestically for "excellence consistent with Canada's place in the world" (Canada 2005b, 31).

At times, the IPS development paper frames the improvements to the agency's work in such a way that it appears more beneficial to Canada and Canadians than to the world's poor. Of the five goals listed for Canadian assistance, the first one is to "advance Canadian values of global citizenship, equity and environmental sustainability, as well as Canadian interests regarding security, prosperity and governance" (Canada 2005b, 2). The potential dissonance between Canadian interests and those of developing countries is never mentioned. For instance, Canadian prosperity can be served by commercial policies, including significant government subsidies, that favour Canadian farmers at the expense of the livelihood of their counterparts in developing countries.³

The IPS's numerous references to "Canadian values" reinforce the idea that Canadians have a special contribution to make, even an inherent moral superiority, and it seeks to use Canadians' national pride to assure their support.⁴ What is monolithically presented as "Canadian values" is not in fact the object of the consensus that the drafters of the IPS would have readers believe. Even if Canadians agree on the desirability of the goals of global citizenship, equity and environmental sustainability, they often disagree on the means to achieve them, for instance the Kyoto Protocol. Moreover, there is an unresolved contradiction in this discourse if, as Pratt (2000, 48) argues, humane internationalism itself—and not self-interest—is a fundamental Canadian value.

Two motivations thus coexist uncomfortably in CIDA's new policy blueprint: the desire to help the less fortunate in poor countries and to benefit Canada. The former would suggest focusing aid on countries that need it the most and where it can do the most good in reducing poverty, in other words the poorest ones. The latter implies a greater focus on commercial relations (suggesting emphasis on middle-income countries), the "war on terror" and other self-interested endeavours, including gaining prestige.⁵ The two converge only if Canada's or at least CIDA's standing abroad is in large part based on its ability to reduce poverty effectively. The rest of this article assesses how well the IPS will achieve these goals.⁶

³ On the cost to developing (and industrialized) countries of Western agricultural subsidies, see Tokarick (2005). The collapse, in July 2006, of the World Trade Organization's "Doha Round" of negotiations makes it unlikely that Western countries will significantly reduce their agricultural subsidies in the near future.

⁴ For an insightful critique of the foreign policy objective of promoting "Canadian values", see Stairs (2003).

⁵ The logic of the "war on terror", in particular, contradicts the principles that underpin development, as it often increases repression, creates a climate of fear and even strengthens security forces that are responsible for human rights abuses (Reality of Aid Networks 2004, 28). Canadian security can thus be said to be enhanced when other countries deprive their citizens of their civil liberties—but increased authoritarianism is at odds with the greater freedom associated with development (Sen 1999). Some have argued that "terrorism is more frequently bred in states marked by deep inequalities, the absence of basic human rights, and political and social repression", implying that a more effective anti-terrorism strategy would be to encourage more human rights and political freedom, not less (Culpeper 2005, 4).

⁶ There exists a third rationale for foreign aid, according to which donors' aid programs should not be the result of just interests or compassion, but also of a recognition of obligation, of responsibility, based either on international human rights law or on historical and contemporary structural inequities in the international system. For instance,

II. Influencing Policy Priorities in Developing Countries

Though the IPS strongly emphasizes the promotion of Canadian interests, as detailed above, it also places poverty reduction at the centre of Canada's development efforts, as embodied in the Millennium Development Goals (MDGs), eight specific targets for 2015 set at the United Nations in 2000 (Canada 2005b, 3, 11). This focus is shared by most donors, from the World Bank to the United Nations Development Programme, which present themselves as being primarily poverty-fighting organizations. Yet, agreeing on the centrality of poverty reduction says little about the means adopted to achieve it. Moreover, the dominant economic paradigms do not necessarily promote the achievement of the MDGs by 2015.

A focus on the MDGs implies a proactive intervention in the delivery of key services in developing countries, such as health and education. Given the short timeframe within which to reach the MDGs' ambitious targets (ten years from the publication of the IPS), this in turn would involve a marked increase in the role of the governments of developing countries in planning and providing the service delivery, since the efforts of private and voluntary sectors are insufficient to achieve the goals of, for instance, achieving universal primary education, promoting gender equality, radically reducing child mortality, greatly improving maternal health, reversing of the spread of AIDS and other diseases, and ensuring environmental sustainability, all within a decade (Canada 2005b, 3). Industrialized countries generally look to the state for leadership and financing for such public goods. Strengthening the role of the state in developing countries and at least some short-term redistribution of wealth are the logical corollaries of the IPS's proposed focus on the MDGs, though these are not actually discussed in the document.

The IPS also emphasizes the need to increase openness to international trade and other economic flows as the road to development, assuming that resulting higher growth rates in poor countries will enable them to channel the newly generated wealth to their poorest citizens. For instance, the Statement overview claims that "Better conditions for domestic and international commerce will be decisive if developing countries are to generate sufficient resources to lift themselves from poverty" (Canada 2005c, 21). Similarly, the development paper asserts, "For the poor in developing countries to take advantage of global opportunities, they require both the means to participate and an open market in which to do so", and promises that "Canada will help developing countries integrate into the global trading system, and promote fair economic opportunities for entrepreneurs" (Canada 2005b, 9, 18). The private sector is presented as the motor of growth: "No country has met the material needs of its citizens or financed social and other key roles of government on an ongoing basis without a dynamic private sector to mobilize

Keenleyside (1996) posits that human rights should serve as a framework for development assistance, while Singh (2002, 302) argues that "aid is required to undo the collateral damage being done to developing countries by the present arrangements of the international economic system". The IPS paper on development, however, is silent on the notion of obligation, presenting contributions as voluntary, as beneficence. When duty is invoked (on only two occasions), it appears to be more towards free markets than the poor: The IPS states that "industrialized countries such as Canada have a responsibility not only to increase the flow of development aid, but also to help expand economic opportunities for developing countries" and that "Canadians have both a responsibility and a capacity to spread the opportunities offered by a truly globalized marketplace" (Canada 2005b, 1, 9). In stark contrast with the IPS paper on development, the IPS overview booklet (Canada 2005c) repeatedly invokes international obligations and refers to Canada's global responsibilities, rendering more striking this rationale's absence from the discussions in the development paper.

savings and investment, create meaningful jobs, meet consumer demand and generate tax revenues” (Canada 2005b, 16).

The IPS thus promotes, either implicitly or explicitly, a vision of development based on the elimination of protectionist policies, privatization and other means of actively removing the state from the development process. It never acknowledges the central role of state intervention in key historical cases of rapid growth, notably in East Asia (see, for instance, Rodrik 1994; Stiglitz 1996; World Bank 1997), presumably because a proactive state is incompatible with this economic model. Not only does the IPS ignore evidence that its prescription may be inadequate as a solution, it also advocates a very different remedy for Canada. The IPS’s paper on commerce outlines state-led strategies for improving Canada’s international competitiveness, including through Export Development Canada and the Canadian Commercial Corporation, as well as CIDA’s own Industrial Co-operation Program. It explicitly argues that the Canadian government “must offer its support across a wider spectrum”, whereas the governments of developing countries are actively discouraged from such involvement in economic development (Canada 2005a, 12).

The IPS’s emphasis on trade, the private sector, markets and globalization are in line with the latest reformulation of neoliberal precepts, yet are not reconciled in any way with the IPS’s more immediate focus on achieving the MDGs. It is never clear which is to come first, short-term poverty reduction or an emphasis on achieving economic growth by harnessing the forces of globalization. The economic model recommended for developing countries is unlikely to promote the MDGs in the short to medium term because it is predicated on prior economic growth being generated. In addition, the ability of the programs sponsored by international financial institutions to produce economic growth even in the long term—let alone translate growth into poverty reduction—remains to be demonstrated (Przeworski and Vreeland 2000). Moreover, integration into the global economy invariably creates some losers alongside the winners, even if the net benefit is positive, creating additional challenges for reaching the MDG benchmarks.

Further confusion is added to the IPS’s economic vision in its discussion of debt relief, more specifically the preconditions to debt forgiveness. The IPS speaks of increasing support to multilateral efforts like the World Bank’s Highly Indebted Poor Country (HIPC) initiative, without acknowledging that HIPC requires at least two years of structural adjustment in order to qualify. The latter’s terms generally require a significant reduction in state expenditure and thus render more difficult short-term poverty reduction and achieving the MDGs.

A final contradiction arises in the ability of developing countries to choose their own development models. National ownership and donor coordination are both important themes of the IPS chapter on development, reflected in donor documents such as the OECD (2005) “Paris Declaration,” issued one month before the release of the IPS. The Statement promises that “the Government will ensure that Canada’s aid policies and practices are aligned with the priorities of developing countries and properly harmonized among all donors” (Canada 2005b, 11) and asserts that “the primary responsibility for achieving growth and equitable development lies with developing countries themselves” (Canada 2005b, 1). The identification and setting of national priorities are, however, problematic processes. Recipient governments usually reach agreements with donors without consulting their citizens. It is also clear that not all options are on the table, when debt relief and future loans depend on meeting donor conditionalities—especially when donors adopt a consensus-based “harmonized” position. National ownership of development strategies is not truly possible when recipient governments know that they need to say certain

things to obtain donor assistance or when donor-funded consultants are writing national strategies. Despite a commitment to local ownership of the development process, the IPS presents a remarkably uniform vision of how poor countries should develop. With Canada's help, "developing countries [can] make the adjustments necessary to benefit from the opportunities offered by free trade", after which all countries will be able "to participate as equal members in the global economy" (Canada 2005c, 19). This formula contradicts the emphasis placed on national ownership, preventing developing countries from choosing their own preferred path to development.

In sum, the IPS presents a development model that has little chance of achieving the blueprint's central goal. It claims to centre its prescriptions on the realization of the MDGs, which require rapid state intervention, but simultaneously favours market mechanisms and traded economic growth. Though the latter might produce wealth over the long term that could in turn reduce poverty, it is unclear how it would help reach the MDGs by 2015. The one-size-fits-all economic policy prescriptions and value placed on donor harmonization also contradict the stated principle of national ownership. Like Canada's foreign aid rationales, Canada's policy priorities for developing countries are split between altruism (rapid poverty reduction as embodied in the MDGs) and self-interest (international trade through increased globalization of economies). In both cases, the latter is difficult to reconcile with the former.

III. Reforming CIDA's Aid Delivery

The IPS outlines three concrete means to improve the delivery of CIDA's assistance. First, it claims that a focus on countries with sound economic management will improve aid effectiveness. Second, it argues that focusing on a restricted number of recipient countries and sectors will increase the impact of Canadian development assistance. Third, the steady increase in aid flows will significantly improve CIDA's ability to carry out its good work. Though increasing the aid budget is a prerequisite for radically improving the impact of Canadian assistance, the planned levels of funding are revealed to be meagre when compared to most other donors' budgets as a proportion of the national income and indeed Canada's own historical record. Even if the various forms of concentration of aid prove to have a noticeable positive effect, which is in doubt, the relatively small size of the Canadian aid budget will prevent this from having a significant impact. Moreover, Canada's lack of generosity will thwart the government's ambition of achieving prominent international status in the aid sector.

A. Improving Aid Effectiveness

A central tenet of CIDA's new blueprint is making aid more effective. Though one would be hard pressed to oppose this goal, the definition of what constitutes effectiveness and the choice of means to promote it are highly debatable. Moreover, the ability of the means presented in the IPS to achieve this goal is far from clear.

The IPS's focus on aid effectiveness is neither new, nor innovative, as it was the central concern of a prior policy statement (CIDA 2002), which in turn uncritically adopted the findings of an influential World Bank (1998) study. At the basis of the argument is the idea that not only more aid is needed, but also—and perhaps principally—better aid. The World Bank, faced with the failure of structural adjustment programs to produce growth, argued that aid is effective only

in countries that have in place the right policy environment, often described as sound economic management or more broadly as good governance. Implicit in the Bank's conclusions on the need for proper economic management is state capacity. The state is the only actor that can set up a propitious environment, though—as argued above—the IPS favours the market-centred development model. In fact, the IPS addresses the issue of state capacity only obliquely, under the rubric of good governance.

The IPS refers to an “unprecedented international consensus on the key problems and what must be done about them” (Canada 2005b, 3). Though CIDA and many other donors have embraced the World Bank's recommendations, the wisdom of applying them is highly contested. The study uses economic growth as a proxy for development, whereas income distribution and non-economic indicators, such as levels of education and health, are also central to development. By reducing development to economic growth, the focus on efficiency reveals little about what is required to achieve actual poverty reduction. Also, what is presented as being effective is often not the result of evidence-based decision-making. Donors use the language of effectiveness and efficiency to justify what is actually a political or ideological preference, including for the Highly Indebted Poor Country (HIPC) debt relief initiative, political conditionality and sector-wide programs (Killick 2004). Lensink and White (2000), for instance, convincingly argue that the World Bank's evidence has significant methodological flaws, is not robust and the same data can be used to arrive at very different conclusions and policy implications. Mavrotas (2002) also outlines methodological problems with quantitative analyses like the World Bank's report and points out that different types of aid have different goals and economic growth should therefore not be the sole measure of success. Humanitarian assistance, for example, has more immediate concerns and should therefore be excluded from such studies. Moreover, he finds that different types of aid are effective in different types of countries, given their particular situations and problems.

Focusing aid on countries that already have in place good governance raises several problems. First, it ignores the causes of bad governance, often itself a symptom of a lack of development. Second, it concentrates aid on those most able to attract financing from other sources. Third, it risks creating “aid orphans”, states that do not have the capacity to manage the economy as prescribed by the international financial institutions and are therefore deemed ineligible to receive the assistance necessary to build that capacity. Fourth, it fails to distinguish the different types of aid that can be provided, such as direct support for a government or the channelling of assistance through local NGOs. CIDA's policy on effectiveness thus raises as many concerns as it hopes to solve. The wisdom of its application is highly contentious and economic growth is implicitly prioritized over poverty reduction. As was argued above regarding the choice of economic models, even if this policy's assumptions prove to be correct, its ability to assist in achieving the MDGs by 2015, which the IPS claims to be at the core of CIDA's work, remains highly doubtful.

B. Achieving Greater Focus

In practical terms, the most concrete component of the IPS development paper is the greater concentration of Canada's aid program. In search of maximum impact for limited aid dollars, it proposes allocating two-thirds of CIDA's bilateral aid budget to 25 countries and limiting

involvement to five sectors with one crosscutting theme.⁷ The 25 countries, known as Development Partners, are described as “countries that have demonstrated they can use aid effectively and the Government can be confident that programs which make effective and prudent use of taxpayers’ dollars are possible” (Canada 2005b, 22). The three criteria listed are: (1) level of poverty, as expressed in the human development index and per capita income; (2) the “ability to use aid effectively”, in part as measured by the World Bank’s Country Policy and Institutional Assessment score; (3) “sufficient Canadian presence to add value” (Canada 2005b, 23).

The list of Development Partners was not provided in the IPS but was released soon after by CIDA (2005). The respect of human rights is notably absent as a criterion, despite several mentions in the IPS development, diplomacy and overview papers as being a central guiding principle of Canada’s international policy, not to mention obligations under international human rights law.⁸ The list includes several authoritarian regimes (including Burkina Faso, Cameroon, Pakistan and Vietnam), one accused of severe domestic human rights abuses (Sri Lanka) and two that have become in recent years increasingly authoritarian, defying international law and fighting sanguinary wars in a neighbouring country (Ethiopia and Rwanda). Not all Development Partners really appear to be among the poorest and most disadvantaged (Indonesia and Ukraine). In fact, financial assistance to one of them (Ukraine) cannot be counted as ODA because the OECD does not classify it as a developing country.

The criteria for inclusion as a Development Partner are rather subjective, notably the reliance on a World Bank indicator that is has itself been criticized for arbitrariness and a lack of transparency. Regarding the third criterion, it is not clear where Canadian aid provides a significant value added, given the small size in relative terms of Canada’s ODA (see below). Moreover, no indication is provided on how the three criteria are to be weighted. This is significant, because the different criteria often suggest different countries. For instance, the poorest (criterion 1) are less likely to be judged most able to use aid effectively, using the World Bank’s conception (criterion 2). These criteria could therefore be used to justify Canadian aid to almost any country. It also unclear how often the list will be modified and or based on what kinds of changes in the recipient countries (for instance, notable progress or *lack* of progress).

The remaining third of CIDA’s bilateral aid will be allocated according to recipients’ “continuing strategic importance to Canada and/or in their own reason, or where Canada can continue to make a strong difference based on strong people-to-people ties, especially in diaspora communities in Canada”, with special emphasis on “failed and fragile states” (Canada 2005b, 24). These criteria provide even less guidance. How can one judge their applicability? Which of them will be emphasized? Who will decide? Also, it opens the door to the greater use of CIDA funds for security-related activities, some of which would not qualify as ODA.

The five sectors of Canadian assistance set out in the IPS, described as “directly related to achieving the MDGs”, are good governance, health, basic education, private sector development and environmental sustainability, with gender as a crosscutting theme (Canada 2005b, 11).

⁷ For clarification on the terminology and categories of assistance that fall under these two-thirds, see Pistor (2005, 6-7).

⁸ When asked by a member of a parliamentary committee whether the absence of human rights and democracy from the list indicated a “retreat” from their status as previously declared CIDA priorities, the Minister for International Cooperation replied that they were “part and parcel of the three criteria” (House of Commons Standing Committee on Foreign Affairs and International Trade 2005, n.p.). She did however not clarify how the criteria could be interpreted in this way. Though the IPS’s conclusion refers to the “Canadian values of equality and social justice, as well as the respect for human rights” (Canada 2005b, 21), this perspective seems to underpin very little of the IPS.

Choosing a small number of official areas of concentration has been a practice for many years and has tended to change whenever a new minister assumes office. The need to limit aid to a few select sectors has been questioned by the President of the North-South Institute, who notes that it will unnecessarily “restrict program flexibility” and “may undermine country ownership by predetermining the sectors in which countries are eligible for Canadian assistance” (Culpeper 2005, 10). It also contradicts the logic of Canada’s commitment to reducing tied aid. Instead, by focusing on areas where Canadians have specific expertise, it could introduce a new form of tying through links to Canadian providers of goods and services. It is thus unclear whether the restrictiveness of sectors is in recipient countries’ best interest or merely Canada’s.

Though achieving greater impact is an alluring objective, the choices relating to greater focus are subject to arbitrariness and thematic fads. Also, without coordination among donors, some new problems could emerge. The process could well produce “aid stars” that will attract financial resources from most donors, as well as “orphans” that will receive little or no assistance. Likewise, donors might compete to provide assistance in certain sectors that are in fashion, while other important ones are neglected. Moreover, there is no empirical evidence that focusing on fewer recipients and sectors actually increases the effectiveness of aid and serious weaknesses have been found with the theoretical arguments (Munro 2005).

Finally, much of the above discussion might actually be moot for a number of reasons. It is not clear that the five-plus-one sectors identified in the IPS will actually have much focusing effect, as they can be interpreted to include almost anything. Moreover, Denis Stairs (2005, 11-14) recently calculated that CIDA already provides slightly more than two-thirds of its bilateral aid to 25 countries, and that this amounts to only about 27 percent of Canadian ODA. Although the designation of the new Development Partners modifies somewhat the list of favoured recipient countries, Canadian aid will not necessarily become any less scattered. There is thus no evidence that CIDA’s new blueprint will make Canadian aid any more focused, either geographically or thematically, let alone improve its impact.

C. Increasing Resource Flows

In the IPS, the Canadian government sets some ambitious objectives, notably regarding Canada’s standing as an actor on the world stage. However, it fails to provide the financial means to do so. Though the government has promised a steady increase in the aid budget—8 percent per year, totalling at least \$5 billion annually by 2010—the IPS does not set a timetable for reaching Canada’s commitment to spending 0.7 percent of its GNP on foreign aid.⁹ This target was proposed by Lester B. Pearson and first set in 1970 at the United Nations. Since then, the Canadian government has on innumerable occasions reiterated its commitment, even while cutting ODA (Morrison 2000). Though the government promises to double aid in 2010 compared with 2001, it hopes Canadians will forget that aid—as measured as a percentage of GNP—was cut in half between 1991 and 2003. According to CIDA’s (2004, 1) figures, Canada’s aid budget in 2003 was lower than in any other year since 1965 when the ratio is used. In the 2006 budget, the Conservative did not commit significant new resources to foreign aid, despite the criticisms they made while in opposition of the Liberals’ lack of visible commitment to the 0.7 percent goal. Current projections suggest Canada will barely get halfway to the 0.7 percent mark in 2015,

⁹ Five countries (Denmark, Luxembourg, Netherlands, Norway and Sweden) have already met or exceeded the 0.7 percent goal and six others (Belgium, Finland, France, Ireland, Spain and the United Kingdom) have committed themselves to doing so by 2015 (UN Millennium Project 2005, 252)—though Ireland later reneged on its pledge.

at which point it would still be providing less aid as a percentage of GNP than in 1994 (CCIC 2005, 2). In other words, it will take decades for Canada merely to restore aid to the levels it provided 30 years ago—and many more to achieve the actual target.

A fundamental flaw of the IPS is that it does not provide CIDA with the means to meet the objectives it has set. Much of the IPS chapter on development focuses on the MDGs, placing them at the centre of Canada’s aid strategy. Yet without the additional resources that would come from Canada and other donors, notably the United States, reaching the financial commitments they made 35 years ago, it is clear that most of the goals cannot be met on a global level, least of all in Africa (UN Millennium Project 2005, 252; see also Canada 2005b, 5).

In terms of volume, Canada is a minor actor on the foreign aid stage. In 2003, Canada provided less than 3 percent of total bilateral aid from OECD countries, whereas the US provided 29 percent, Japan 13 percent and EU member states 48 percent. Among Canada’s 30 main recipients, Canada was the third largest donor in Haiti and Indonesia and less important everywhere else. Only in Haiti did Canadian aid represent more than 10 percent of the recipient’s ODA (calculated from CIDA 2004, 50-52). The relative insignificance of Canadian aid flows means that, except in a few countries, Canada will not be able to achieve the government’s ambition of being an important player (itself an objective based on prestige, not impact), nor even carry its weight in achieving the MDGs. The government’s refusal to set a firm target for reaching its 0.7 percent commitment ruins its credibility among its peers as a leader among donors. As one analyst comments, “if there is anything worse (from the diplomatic point of view) than the value-imperialism of the strong, it is the value-imperialism of the weak. It lacks political clout... it can make Canadians seem too precious by half to their counterparts abroad” (Stairs 2004, 252).

IV. Achieving Wider Policy Coherence

One of the most vaunted innovations of the International Policy Statement as a whole is its dedication to policy coherence. It seeks not only to prevent different departments from working at cross-purposes, but to achieve the government’s objectives more efficiently by integrating their various efforts. Foreign aid could thus work synergistically with other government measures to be of additional benefit to developing countries:

Canadians can also have a significant impact on the prospects of developing countries through our policies and practices in areas such as trade, investment, debt relief, intellectual property and technology transfer. The Government’s development-cooperation plans therefore include a coherent approach to non-aid policies that ensures that global poverty reduction is factored into decision making across government (Canada 2005b, 1).

Non-aid instruments include “the lowering of tariffs to improve developing-country access to Canadian markets and... access [to] affordable medicine” (Canada 2005b, 5). The government pledges to “fully integrate development cooperation into Canada’s international policy framework” and “ensure much stronger interaction—in both directions—between development goals and Canada’s international agendas in trade, environment, health, justice, and other relevant fields” (Canada 2005b, 7, 8). If implemented, this would constitute a significant departure, since “CIDA has never had significant influence on the trade or other foreign policies

of the Canadian government” and “[t]he pursuit of development objectives by CIDA has been tempered from the start by commercial and international political considerations” (Pratt 1999, 83). This is illustrated in the tying of aid, the Canadian content of food aid, the choice of recipients and the size of their respective programs.

Though policy integration could theoretically eliminate contradictions, the issue raises two important questions: how credible is this commitment and would it benefit CIDA’s work? In the first case, the historical lack of cooperation and the sometimes acrimonious relations between CIDA and the Department of Foreign Affairs hint at the difficulties facing the task of closer integration of policy. An indicator of the probability of success is the extent to which the “whole of government” approach characterizes the International Policy Statement itself. The fact that the IPS was released in five separate booklets, four of which were produced by different departments (CIDA, Foreign Affairs, International Trade and Defence), suggests at the outset that the government has not made much progress in policy integration. A close reading of the four thematic papers confirms that the content of the Policy Statement (or more accurately statements) does little more than pay lip service to policy coherence.¹⁰ If there is little evidence of policy integration in the IPS’s four separate sectoral papers, it is difficult to believe that actual policy will be significantly more coherent. Policy coherence appears never to have made it out of the gate.

The lack of coherence is starkly illustrated in the IPS paper on commerce, which is devoted to improving Canadian companies’ market access abroad. Nowhere does it refer to poverty reduction or the MDGs, only mentioning in vague terms, in a section at the end that is disconnected from the rest, “We are working in the WTO to devise new rules to take account of the interests of developing countries” (Canada 2005a, 22).¹¹ On the issue of agricultural trade reform, the interest of poorer countries are presented as aligned with Canada’s: “Not only do our producers, and those from around the world, need a level playing field on which to compete, but we must also expand market opportunities for developing countries. We also seek greater market access for our exports: Canada is the world’s fourth largest agri-food exporter” (Canada 2005a, 12). For other products, however, one can assume that Canada will continue to protect its market. In 2001, the Canadian government collected \$1.3 billion in duties on imports from developing countries, equivalent to half the foreign aid budget for that year (Culpeper et al. 2003, 684). Trade barriers in industrialized countries as a whole cost developing countries an estimated US\$100 billion per year (Oxfam 2002, 96). Since this represents more than twice the amount they receive in foreign aid, trade is clearly the non-aid issue that has the strongest bearing on international development. Yet the IPS development paper glosses over the consequences of these practices—perhaps in the name of coherence.

Second, would greater policy coherence be a good thing for CIDA’s work in international development? As with aid effectiveness, it is difficult to argue *a priori* against policy coherence. The key issue is how to achieve it and at what cost. The interaction of policy in two (or more) directions would lead to compromise. When Canada’s and developing countries’ interests diverge, as they do on the protection of Canadian markets, which interests would be sacrificed to meet the others? It is hard to imagine the government subordinating Canadian interests to foreign ones. If past experiences are any indication, foreign aid will not trump foreign affairs or international trade. Evidence from other donor countries suggests that the foreign aid tail will not

¹⁰ Moreover, a crucial government development actor is missing altogether: The Department of Finance’s policy role in representing Canada on the boards of the IMF and World Bank is not covered by the IPS.

¹¹ Likewise, the defence chapter of the IPS does not mention the MDGs and makes only one reference to poverty.

wag the international policy dog. Greater policy coherence in Denmark, Norway, the Netherlands, the US and the UK has diverted ODA to foreign policy and defence priorities, not the other way around (Smillie 2004, 15). The emphasis placed on “failed and fragile states” and “countries in crisis” in the IPS serves as a powerful justification for countries like Iraq and Afghanistan to remain top recipients of Canadian aid, even if they are not designated among the 25 Development Partners.¹² This responds more to a US-dominated security agenda than to a developmental one—while conveniently ignoring the often political causes of state crises or failures. Assistance to those two countries alone has used almost all the resources from recent aid budget increases and dwarfs the assistance to less strategically interesting but equally deserving states that have “failed” or are “in crisis” such as the Democratic Republic of Congo, where approximately four million people perished from war-related causes between 1998 and 2004 (Coghlan *et al.* 2006, 44, 49). Too much policy coherence could in fact “blur the lines between humanitarian and military action” (CCIC 2005, 7), while some warn that “policy coherence for defence always trumps policy coherence for development” (Picciotto 2004, 545).

The “whole-of-government approach,” if achieved, might benefit Canadian interests, but it is unlikely to contribute significantly to development or altruistic goals. There is a risk of subordinating CIDA to other departments and rendering that much more difficult the achievement of the MDGs and effective poverty reduction. A “coherent approach” tell us little about the priority accorded to poverty reduction abroad. Unless there is a strong indication that Canadian immigration, foreign affairs and other policies will be significantly influenced by the interests of developing countries, rather than almost solely Canadian ones, it is probably preferable for aid allocation to be based on more, not less, autonomy. Otherwise CIDA’s “humane internationalist” principles risk being further de-emphasized.

Conclusion

Policy statements are not the place to be humble. They set out broad and ambitious objectives for a country’s future endeavours. Canada’s International Policy Statement is by no means a modest document. Its central concern is to reposition Canada strategically in a world seen through the lens of new security threats and a highly competitive global economy. As mentioned above, the Minister of International Cooperation set in the IPS paper on development a very bold goal for CIDA: to become “the world’s best development agency” (Canada 2005b, n.p.). Motivated by both self-interest, in large part the aspiration to occupy a more prominent place on the world stage, and by the desire to alleviate suffering, the IPS seeks to do so through a number of important reforms to the way CIDA operates. It advocates convincing recipient governments to promote free markets, private entrepreneurs and economic integration; focusing aid on countries that can allegedly use it more effectively, increasing resources but concentrating them in fewer countries and sectors; and achieving a “whole of government” approach. This article has found serious instances of confusion and contradiction in all of these areas that, coupled with relatively modest increases in resources, make it highly unlikely that implementing this policy blueprint will have a transformative effect, let alone a significant positive impact on Canadian development assistance.

¹² Canadian ODA to Iraq and Afghanistan, the top two recipients, represented 11 percent of all of its country-to-country assistance in 2003-04 (calculated from CIDA 2004, 33).

In particular, the Statement pays lip service to local ownership of development strategies, while prescribing one solution for all countries, presented as an empirically based consensus rather than a highly contested ideological position.. It dithers between the overarching goals of economic growth and poverty reduction, between entrepreneurial freedom and the urgency of greater equity, ignoring the trade-offs between them. It is also based on a very narrow and highly contested vision of what is required to improve aid delivery. Though greater aid effectiveness is undeniably desirable, the definition of effectiveness is not debated. As a result, the focus on fewer countries and sectors might not actually help poverty reduction. The choice of 25 Development Partners is an opaque process, based on contradictory criteria and open to great arbitrariness.

The IPS articulates ambitious aspirations but fails to provide the means to achieve them, including the MDGs and making Canada an important foreign aid player, either in volume or leadership. As a result, the probability of the IPS improving Canada's international standing as an aid donor is very low. The other way in which it could contribute to the IPS's overarching goal of greater influence in the world would be to focus aid resources much more strongly on serving Canada's own interests, instrumentalizing aid in the name of policy coherence, which would imply abandoning the MDGs and sidelining CIDA's development work in poverty reduction.

The IPS makes several references to making Canada's development cooperation program "leading-edge" (Canada 2005b, 7, 30), but then repeatedly invokes an existing "consensus" among donors on key issues to justify new directions (Canada 2005b, 3, 5, 8, 12, 14, 16, 31). This strongly suggests that CIDA is following other development agencies, rather than seeking to provide new thinking and innovative leadership. As pointed out by Campbell and Hatcher (2004, 667), invoking consensus amounts to an "abdication of political responsibility" for setting Canada's own strategies. The harmonization of policies rules out independent analysis and precludes dissent (Campbell and Hatcher 2004, 679). Historically, Canadian foreign aid policy has enthusiastically followed "the new fashions and policy thrusts", rather than forging its own path (Morrison 2000, 27-28). At times, as in the cases of untying aid or meeting of the 0.7 percent of GNP aid target, Canada drags its feet compared to its peers. The IPS does nothing to change that trend, reducing Canada's supposed leadership role to an empty boast.

What does it take to become the "world's best development agency"? The current leading agency is arguably the UK's Department for International Development. A recent study of its reform attributed its success to a combination of factors, including decisive political leadership (notably Clare Short's extended and influential tenure in Tony Blair's cabinet), the embracing of discussion and debate, the clear focus on long-term poverty reduction at the expense of the UK's own short-term commercial interests, and a strong concentration of resources on the poorest of the poor (90 percent of bilateral aid to low-income countries), undiluted by conflicting priorities (Barder 2006; see also Goldfarb and Tapp 2006, 14-15).

CIDA has generally been characterized by the opposite of these attributes and the IPS does nothing to reverse course: political leadership has been weak, with a rapid turnover over of relatively low-profile ministers over the past decade;¹³ CIDA generally avoids self-criticism and debate (Goldfarb and Tapp 2006, 1; Pestieau and Tait 2004), including on previous policies and the IPS itself; the agency's commitment to poverty reduction is mitigated by an emphasis on Canada's own interests and other priorities; and it focuses on several countries that are not

¹³ There have been seven ministers of international cooperation since January 1996 (see list at <http://rulers.org/cangovt.html>).

among the poorest, codified by criteria 2 and 3 of for Development Partner status. Being truly “leading-edge” would involve providing intellectual leadership and forging an innovative new path, rather than following an international “consensus”, especially a highly contentious one. A lot more innovative thinking and financial resources will be required before CIDA can make an important contribution to propelling Canada to “a place of pride and influence in the world” and before Canada’s development cooperation could actually merit the appellation of best in the world.

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