Beyond Aid: Canada's Development Framework

The 2013 federal budget announced the merging of the Canadian International Development Agency (CIDA) with the Department of Foreign Affairs and International Trade Canada (DFAIT), resulting in the Department of Foreign Affairs, Trade and Development (DFATD). The government cited improving policy coherence as an important reason for the change. According to the announcement, the roles and responsibilities of the Minister for development and humanitarian assistance will be supported through a legal framework, highlighting governmental support of Canadian development endeavours. It is unclear what the merger means for Canada's broader approach to development as the decision came in the absence of an overall development framework. This has caused some critiques to suggest that the merger will mean development priorities are directed towards trade and diplomatic concerns. Others suggest that the merger presents an opportunity to clarify the role of development, diplomacy and trade in Canadian foreign policy.

Based on a longer NSI report by Anni-Claudine Bülles and Shannon Kindornay – *Beyond Aid: A Plan for Canada's International Cooperation* – this policy brief examines Canada's approach to policy coherence for development. It makes the case that the current framework guiding foreign aid efforts – namely improving aid effectiveness and accountability – is insufficient as an overarching framework for guiding Canada's approach to development.

Canada does not have an official development policy framework to guide its engagement with the developing world. Over the past decade, the Canadian government's various policy announcements emphasized its commitment to increase aid effectiveness by, inter alia, reducing the number of countries that it engages with and the number of areas in which it works, as well as committing to greater results and accountability. While the government has an aid effectiveness action plan, statements regarding new development initiatives and programming have tended to be ad hoc in nature, made as part of ministerial speeches or announced in press releases. Announcements of new policies and initiatives tend to be fragmented, since they are not derived from an overarching plan that has been formulated to provide long-term guidance and coherence. This means that new policy directions are not taken in the context of an official development policy framework that guides government departments in their engagement with the developing world.

This policy gap has implications for Canada's policy coherence for development (PCD) and the effectiveness of Canadian aid, regardless of institutional structures. It creates the potential for non-aid policies to undermine Canada's development efforts. Non-aid policies, such as trade, investment, and migration, can (and almost always do) have a greater developmental impact than aid.

The absence of an overarching development policy framework creates uncertainty for how the Canadian government engages with domestic and international development partners, both in terms of the nature of that engagement and policy and programming priorities. It also suggests that the government lacks the ability, or at least the willingness, to formulate a coherent vision and framework for its development efforts.

This policy brief makes the case that the current framework guiding foreign aid efforts—namely improving aid effectiveness and accountability—is insufficient as an overarching framework for guiding Canada's approach to development. This is because the focus on aid effectiveness captures only a small part of Canada's engagement with the developing world. A broader vision that includes aid and non-aid policies is needed for Canada to achieve better PCD and be an effective international development actor.

Canada's Approach to Development: Aid Effectiveness

Canadian legislation—the Official Development Assistance Accountability Act (ODAAA)— which articulates key principles for the delivery of Canadian aid, says that Canadian aid must focus on poverty reduction, take into consideration the perspectives of the poor, and align with international human rights standards. The act requires that all departments report back to Parliament on aid spending, making aid spending more accountable and transparent (OECD 2012, 9). CIDA claims that its work already meets the requirements of the act but it has yet to develop mechanisms to evaluate the act's implementation or translate the components of the act into its core practices. Rather than the ODAAA, what dominates Canada's approach to development is the theme of aid effectiveness.

Key shifts in Canada's foreign aid priorities have been justified by the international aid effectiveness agenda. While aid effectiveness should be an underlying rationale and a goal for Canadian aid, it does not provide a substantive basis for establishing objectives and priorities and for selecting partners. Canada's foreign aid program has been characterized by frequent changes to countries of focus and priority themes.

Like many donors, Canada has limited its bilateral relations to a number of "countries of focus," which the agency claims will maximize the value and impact of Canadian aid. Shifts in priority countries have occurred with successive governments and sometimes in the absence of an adequate rationale for cutting the number of focus countries. In addition, between 1995 and 2009, CIDA's priority themes changed six times. In 2009, CIDA's most recent change in priorities was framed as part of CIDA's new approach to aid effectiveness. These new priorities were articulated through a press release, rather than the publication of a coherent policy framework.

In line with CIDA's aid effectiveness agenda, the Canadian government has also announced a number of changes to how the agency engages with civil society and private sector partners. It established new funding guidelines for Canadian civil society organizations (CSOs) in 2010-2011 based on a competitive process whereby CSOs are invited to submit proposals. However, calls for proposals have not been announced on a consistent basis and delays have left many Canadian CSOs facing serious funding gaps.

In terms of the private sector, CIDA announced a number of partnerships based

on the rationale that greater partnership with the private sector will improve aid effectiveness. The lack of transparency on how and who CIDA engages with, as well as clear policy and processes for selecting partners, has been a major target of criticism.

Although aid effectiveness may help to do things right—to improve efficiency—it does not tell policy-makers if they are doing the right things. Without an overarching framework to guide Canada's development efforts, aid effectiveness tends to lack substance, meaning that anything can be said to improve effectiveness, especially in a context where a clear indication of how priorities, policies, and programs interact is missing.

Policy Coherence for Development in Canada

While Canada does not have a development policy framework, some examples of horizontal coherence across government departments exist. Historically, Canada has framed its PCD efforts in terms of the whole-of-government approach (WGA). The WGA—a form of intended coherence—usually focuses primarily on coordinating departments in a specific country context and toward a specific end. In the Canadian context, the WGA includes three dimensions: foreign policy, the promotion of peace and security, and sustainable development. While the WGA may lead to greater coherence, it should not be seen as a substitute for the need of an overarching development framework.

The OECD-DAC has recognized Canada's progress on PCD, but points out that Canada has made little progress on articulating a clear overarching development framework and only some progress on policy coordination mechanisms and monitoring, analysis, and reporting systems. A development framework would help to guide future actions towards promoting PCD.

Canada faces a number of challenges in improving PCD, which include institutional and political incoherence and intended and unintended incoherence resulting from conflicting domestic objectives and international development goals. From a formal standpoint, the power to improve policy coherence lies within central government institutions (the Office of the Prime Minister, Privy Council Office, and Cabinet) and different departments and agencies, which have diverse resources, decision-making functions, and levels of capacity.

In the past, the complex institutional structure of the government did little to facilitate coherence and coordination, with CIDA's minister reporting directly to Parliament and not to the minister of foreign affairs. The OECD-DAC pointed out that while CIDA was responsible for facilitating PCD, it did not have a strong enough mandate or the necessary leverage and capacity to achieve better coherence (OECD 2012, 38).

Policies on development are not resilient to changing political priorities in Canada. As priorities shift, potential exists for policy incoherence, especially in a context where departments with varying mandates work to implement new government priorities in the absence of a coherent cross-government policy framework. The creation of a clear development framework is one way to mitigate the influence of changing political interests in Canada's approach to development.

Moving Beyond Aid

In the absence of an overarching development framework, the 2013 amalgamation of CIDA with DFAIT does not guarantee greater PCD though the government has emphasized that it will mean more coordinated activities. Some

critics suggest that the merger will lead to the prioritization of national policy objectives – such as those related to trade and investment – that do not necessarily support development objectives. While many critics agree that Canada's approach to and institutions responsible for development need to change, it will take a number of years before DFATD is fully functioning. Success in achieving greater PCD remains to be seen.

Yet, Canada does not have to start from scratch to improve PCD. Canada's experience with the WGA may serve as a starting point to establish a development framework and facilitate coherence across departments. However, it should not be seen as a substitute for PCD, which moves beyond the newly formed DFATD and the Department of National Defence in its application. PCD is about the systematic assessment of how all non-aid policies such as those relating to migration, agriculture and finance, impact development outcomes. At this point, Canada has no formalized means for conducting such an assessment.

An official development framework would provide a mechanism through which aid and non-aid policies can be discussed and PCD be promoted. On the aid side, an overarching development framework would include a rationale and vision for Canada's aid and engagement with the developing world and a context for policy development, thematic priorities and institutional partnerships, while offering guidelines for government officials and development partners. On the non-aid side, the framework would provide a starting point to improve PCD by acknowledging the impact of non-

aid policies. It would also outline the roles of various departments, coordination mechanisms and lines of accountability. A collaborative approach to the production of the framework is also critical, not only to ensure buy-in across the government but also to begin the process of developing in-house development expertise across departments.

PCD is a complex issue and a number of challenges remain. For Canada to improve PCD it must address institutional and political incoherence. Experience from other donor countries suggests that for PCD to be successful, it requires a high level of political commitment across government, which poses a challenge in the Canadian context. As Adam Chapnick points out, the development assistance portfolio has never been a priority for any government over the past two decades (Chapnick 2012, 307–315).

Nevertheless, the Canadian government's recent announcement, the changing international environment, and Canada's changing role in it may mean that the time is ripe for a new approach. An overarching development framework has the potential to promote internal and horizontal coherence and provide the government and the public with a clear indication of Canada's approach to development, its partnerships, and its contributions. As the government moves forward with DFADT, questions relating to PCD are likely to feature prominently.

References

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