

CIDA's Strengthen Aid Effectiveness: New Approaches to Canada's International Assistance (June 2001)

Issues for Consultation

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CIDA is renewing itself. The Agency is working to strengthen the effectiveness of Canadian aid with a more programmatic approach, one that is strategically focused, more knowledge-based and more policy oriented. During the past eight months, CIDA partners have had a unique opportunity to consider and comment on CIDA's reflections on these strategies¹. A more formal public consultation has now been launched for the fall of 2001, with a comprehensive paper suggesting new approaches for Canada's international assistance program.² What has been achieved in these intervening months? What issues are outstanding for the public consultation?

CCIC members strongly support a renewal of Canadian aid policy and practice. The *Aid Effectiveness* paper reflects many issues and directions that have also been proposed by the NGO community and other close observers of Canadian aid. Many of the issues raised in the paper are fundamental to achieving the eradication of poverty, which is the goal of CCIC's **in common** campaign. Strategies to improve aid effectiveness, along with the Minister's recent focus on social development priorities, strengthens the case for substantial re-investment in Canadian aid that will be required to effectively meet the CIDA's objectives for social development and the proposed new approaches.

The *Aid Effectiveness* paper suggests positive new directions and approaches:

- It identifies poverty as an overarching goal for Canadian international cooperation and policy coherence.
- It seeks to situate CIDA programs within priorities that have been defined and are directed by counterparts in the South.

¹ See for example CCIC's *Commentary* on an October draft of the Aid Effectiveness paper on CCIC's Development Policy web page, www.web.ca/ccic-ccci. Members, such as Inter Pares, have also made written contributions to this process (*An Honourable Commitment: Policy Coherence in Canada's Relations with the Global South*). A Roundtable was held in February 2001 with senior management of CIDA and CCIC members to discuss issues raised in the CCIC *Commentary*. A report from this Roundtable can also be found on CCIC's web site. See also a paper by Ian Smillie, *Reinventing CIDA: Strengthening Canada's International Assistance Program?* on behalf of the IDEA Group of Canadian NGOs.

² CIDA's *Strengthen Aid Effectiveness: New Approaches to Canada's International Assistance* is available on CIDA's web site at www.acdi-cida.gc.ca/aideffectiveness.

- It recognizes the importance of integrated programmatic approaches, with stronger donor coordination to reduce administrative burdens on developing country partners.
- It recognizes the burdensome process requirements that have multiplied over time within CIDA and is seeking to streamline these bureaucratic procedures.
- It calls for CIDA to play a catalytic role in policy discussions across government departments.
- It emphasizes the importance of broad policy and program networks, focusing on CIDA as a “knowledge-based organization”.

However, during the past eight months, CCIC members have also identified critical weaknesses in the elaboration of CIDA’s strategic approaches, which in our view will weaken and perhaps undermine the achievement of our shared values and interest in effective development cooperation with people living in poverty. These weaknesses, for the most part, have not been adequately addressed in the *Aid Effectiveness* paper that is now available for public consultation.

1. Affirming Poverty Eradication as the Sole Purpose for Canadian ODA

The *Aid Effectiveness* paper explicitly re-confirms the overarching 1995 mandate for Canadian ODA.³ But it also strongly affirms the centrality of poverty reduction to development cooperation for CIDA and other donors (pages 10 & 38). Many of the approaches suggested in the paper respond to the complexities of achieving this goal. At the same time, poverty reduction is a modest goal for CIDA, understating Canada’s public commitments at UN Conferences to work on a specific agenda for the eradication of poverty, such as the 1995 World Summit for Social Development or the Cairo International Conference on Population and Development.

The CIDA paper, however, also makes explicit an additional rationale for aid, that is “Canada’s enlightened self-interests” that may deflect Canadian aid from the poorest countries and people. CCIC members have witnessed growing poverty, inequality deteriorating human rights and democratic governance in many parts of the developing world during the past decade. World Bank structural adjustment policies, long supported by the donor community, have been engines of *marginalization* and increased poverty. A critique of these policies and the responsibilities of donors for “mistaken” strategies in the past receive little attention in the *Aid Effectiveness* paper. In CCIC’s view strategies for poverty eradication should define Canada’s “enlightened self-interests” in our relations with developing countries.

³ As established in *Canada in the World*, “to support sustainable development in order to reduce poverty and contribute to a more secure, equitable, and prosperous world”.

In places, the paper recognizes the depth of poverty, its multidimensional nature and CIDA contribution to achieving the International Development Targets (IDTs) through its action plans for social priorities, but fails to elaborate a strategic policy framework for achieving its goal of poverty reduction.⁴ Such a framework would relate CIDA's new approaches to objectives for poverty reduction and would set out clear programmatic and bureaucratic lines of accountability to these objectives.

Relating to Section I, “The growing importance of international cooperation” (pages 2 – 7),

CCIC recommends that the government affirm the centrality of poverty eradication as the sole strategic goal for Canadian aid and a primary responsibility in Canada's relations with developing countries.

2. Whose ‘consensus’? Whose development model?

The *Aid Effectiveness* paper locates CIDA's principles and approaches for effective development within a comprehensive development model that “enjoys wide acceptance among international organizations – international financial institutions (IFIs) and the UN -- and bilateral donors, as well as the developing world” (page 13). These principles and approaches are defined in an influential OECD Development Assistance Committee (DAC) paper, *Shaping the 21st Century* and in the World Bank's Comprehensive Development Framework (CDF), in which neither developing countries nor other development actors could make any real contribution.

While the *Aid Effectiveness* paper acknowledges the failures of the earlier version of the “Washington Consensus”, it fails to assess how much has really changed for the poorest developing countries. Detailed analysis by the UK NGO-supported Bretton Woods Project illustrates the lack of progress for the IMF, which has done little to reassess its macroeconomic strategy in light of its newly stated commitment to poverty reduction. The implications of globalization and continued IFI demands for structural adjustment and reform for people living in poverty are hotly contested terrain. Globally, Northern and *particularly southern civil society*

⁴ CCIC advanced some ideas for a poverty framework in our 1999 CCIC policy paper on *Renewing Canadian Aid Policy and Practice* for ending global poverty. Structuring aid to target poverty includes:

- support for development of **“human capital”** through education/ health services;
- going **where the poor are**, where poverty is concentrated, (in the rural economy, in agriculture and food security and informal urban sectors).
- getting at **gender dimensions** of inequality
- focusing on **redistribution** of productive assets (credit and land) in support of livelihoods for the poor; and
- strengthening the **voice and rights** of the poor in civil society.

organizations are deeply skeptical about aid and the latter acutely resent its use as a tool to advance the economic, political and diplomatic interests of the North.

As Dr. Stiglitz, former Chief Economist for the World Bank, noted in his address to CIDA's 2001 International Cooperation Days, much of what is needed for strategies to fight poverty is beyond the core competencies of the IFIs. It is critical to bring a multiplicity of views, including those of bilateral agencies acting independent of the IFIs, to promote democratic development and ultimately an authentic and broader consensus.

The *Aid Effectiveness* paper relies on Bank / IMF-initiated Poverty Reduction Strategy Papers (PRSPs) as the expression of "clear locally owned national development strategies" (pages 32 & 13).⁵ While questioning the PRSP, CCIC and its membership strongly support aid programs that are directed by authentically-owned and broadly-participatory country poverty strategies that identify

- who are the poor and what conditions and policies affect their lives;
- what policy tools are necessary to effectively tackle poverty; and
- what roles need to be played by governments, civil society, private sector actors, and donors.

Strengthening the participation, voice and rights of those living in poverty is one of the most important dimensions of effective strategies to overcome poverty. Development is not a technical fix. It is deeply rooted in a politics that engages people, particularly the poor and the powerless, in negotiating with each other, with their governments, and with the world community for policies and rights that advance all aspects of their livelihoods.

But to date, this has not been the experience of civil society engaged in the development of PRSPs. Reports from civil society participants in Bolivia, Nicaragua or Ghana, document rather the absence of an authentic participatory consultation for these strategies.⁶ Moreover, these

⁵ A draft *Bilateral Programming Plan for Honduras 2001 – 2006* for example identifies Honduras's PRSP as the sole expression of development strategies "owned" in Honduras to which CIDA will relate its program, despite serious Honduran civil society concerns about the process to date in developing both the Interim PRSP and the full PRSP required by the Bank and the Fund for eligibility for HIPC debt relief.

⁶ See for example, Alain Whaites, "PRSPs: Good News for the Poor?", World Vision International, 2000; "Making PRSPs Work: The Role of Poverty Assessments", OXFAM International, April 2001; Catholic Relief Services, "The Jubilee 2000 Forum in Bolivia: The Role of the Bolivian Church, CRS, and the US Church in Supporting Civil Society's Shaping of the Bolivian Poverty Reduction Strategy", October 2000; Globalization Challenge Initiative, "The IMF and World Bank Backed Poverty Reduction Strategy Papers – Comments from Southern Civil Society", May 2000; and Charles Abugre, "Transformation at Last, or a New Instrument for Domination, An Analysis of the IMF and World Bank Poverty Reduction Strategy (PRS) Initiative", ISODEC (Ghana), 2000.

same governments are still negotiating in secret with the IMF and are compelled to accept macro-economic policies that severely constrain their ability to meet the needs of the poorest people for basic social services, such as those set out for CIDA's social development priorities and the IDTs.

Relating to Section III, "How CIDA is responding" [sub-section (b) "New programming approaches"], (pages 16 – 17):

CCIC recommends that CIDA establish clear process benchmarks for generating bilateral Country Programming Priorities and Plans in core programming countries, which are transparent and accountable to the stated policies of the Agency. CCIC strongly support aid programs that are directed by authentically-owned and broadly-participatory country poverty strategies, for which a PRSP may, or may not, be relevant in a given country.

These benchmarks minimally should identify how these Plans will take account of the interests and the participation of legitimate and representative development actors who are affected by poverty and/or who are working to overcome conditions that sustain poverty in that country.

3. Realizing Southern Ownership in Canadian Aid Practice

CCIC members strongly endorse the *Aid Effectiveness* paper's acceptance of the principle that authentic recipient-led development strategies and programs are the foundation for coordinated, effective and sustainable donor interventions. Canadian NGOs have a rich experience with the positive contributions as well as the creative tensions of long term partnerships based on shared values in southern-led programming, heavily supported by CIDA over the past 30 years. Southern ownership requires the shift of power, resources, decision-making and accountability to the South, to enable those who are poor and marginalized to take control of their own development. While the *Aid Effectiveness* paper recognizes the challenges for donors in realizing this principle in their practice (pages 16-17), further reflection is urgently needed on the implications of southern directed programming for realizing CIDA policies, in the day-to-day practice of the Agency, if this principle is to mean anything more than rhetoric.

New approaches by donors, such as Sector Wide Approaches (SWAs), are rife with donor/recipient "undertakings", largely directed to recipients alone to implement. Increased conditionalities for aid, whether oriented to macro-economic policy or at ministerial levels of government, whatever their rationale, are largely beyond the institutional capacities of poor countries to comply. With the exception of untying aid, the *Aid Effectiveness* paper fails to identify other CIDA initiatives that might directly contribute to strengthened ownership.

Ultimately donors must work to increase the capacities for citizens and their organizations in developing countries to hold all development actors, including external donors, accountable for development policies and initiatives.

Relating to section III, “How CIDA is responding” (pages 14 – 20):

CCIC recommends that CIDA support greater southern ownership by examining and changing its development practice through

- **reviewing the extent and purposes of Canadian technical assistance, leading to a strengthening of southern expertise and citizen-led accountability in developing countries;**
- **strengthening local NGOs and citizens’ movements to participate and hold their governments and institutions accountable for programs to reduce poverty;**
- **making CIDA’s contracting and reporting processes consistent with recipient led development, local knowledge and participation in decision-making;**
- **accepting locally-determined timeframes for realizing program objectives;**
- **accepting that reasonable, but often unpredictable, risk is a necessary part of international cooperation; and**
- **implementing significant untying of Canadian aid.**

4. Strengthening the Role of Responsive Programming for Effective Citizen-to-Citizen Development Cooperation

Programs to reduce poverty will not be effective in the absence of strong roles and ownership by community and social movements representing the poor. It cannot be done without civil society. In a few places, the *Aid Effectiveness* paper recognizes the importance of civil society organizations as development innovators, program deliverers, policy analysts and advocates (pages 9 and 31).

An initiative by CIDA’s Canadian Partnership Branch, resulting in a recent Civil Society Issues Paper, goes further in understanding civil society as key agents for democratization.⁷ It notes the wide diversity of organizations that bring together citizens’ interests for achieving productive livelihoods and sustainable communities, for human rights and especially the rights of children and women, for conflict resolution and peacebuilding, for cultural survival and rights of indigenous peoples, and for accountable corporations. The role of citizens in a rights approach

⁷ Canadian Partnership Branch (CIDA), *Civil Society and Development Cooperation: An Issues Paper*, April 2001, available on the Development Policy page of CCIC’s web site (www.web.net/ccic-ccci).

to development have not been integrated into the *Aid Effectiveness* paper, despite significant dialogue with CIDA on the importance of considering civil society roles in all aspects of development cooperation.⁸ This remains a key weakness of the paper.

Canadian civil society organizations have been significant development innovators in all of these areas, but particularly asserting gender equality, protecting human rights, building long term development partnerships, promoting peacebuilding, and developing micro-finance for the informal economy.⁹ NGOs were pioneers in participatory methodologies and a rights approach to empowering poor people and improving governance, long before they became stated policy and bilateral program areas for CIDA. Such innovation would have been impossible without the sustained support and program flexibility of Canadian Partnership Branch (CPB). Civil society partnerships sustained by the responsive program of CPB have always been consistent with the mandate and priorities for Canadian ODA, but have never been constrained by particular bilateral country program sector priorities. For the past 30 years, CPB's responsive program, unique among the donors, has provided institutional funding for a programmatic scale that created the space for significant numbers of Canadian civil society innovators.¹⁰

The *Aid Effectiveness* paper proposes to change fundamentally this relationship for CPB responsive programming. In the future, responsive programming in "countries which have developed genuinely national strategies – such as a PRSP – [must]...fit within overall national development schemes". It would "no longer be appropriate to support responsive initiatives in a developing country if they fell outside the locally owned development strategy [emphasis added]" (page 32). CIDA will determine its own institutional priorities for a particular core country (of which there will be 15 to 20) in relation to these "national development schemes". This directive if fully implemented will undermine decades of Canadian civil society partnerships in the core developing countries, stifle innovation, and potentially put at risk developing country civil society partners who may have legitimate challenges to their government's "locally owned national development strategies".

As noted earlier, in defining priorities for both CIDA and Canadian civil society, NGOs strongly support an alignment with authentic locally determined strategies and programs for reducing poverty. But such strategies cannot be reduced to a national roadmap, within which CIDA

⁸ See for example the report from the February 2001 CCIC/CIDA Roundtable, referenced in footnote 1.

⁹ See CCIC's January 2001 *Commentary* (footnote #1) for a detailed discussion of the contributions of civil society in development cooperation. See also the *Appendix* to this *Commentary* which gives specific examples of Canadian NGO programming experience that is highly consistent with the principles and goals that are driving CIDA's renewal for aid effectiveness. The *Appendix* is a separate document on CCIC's Development Policy web page.

¹⁰ NGO bilateral funding since the mid 1980s, through the Country Focus mechanism and now the bilateral responsive mechanism, on the other hand, has always been guided by the priorities established in CIDA's bilateral Country Program Framework.

confines all program relationships to a narrow set of sector priorities. In the poorest and most aid dependent countries, even where donors are satisfied that government poverty strategies have some democratic legitimacy (such as Uganda), command over the allocation of development resources is still highly contested and fraught with potential conflict and human rights violations. Independent roles for civil society actors are critical to the democratic process and to avenues for accountability to citizens' organizations and poor communities that are marginalized for political or other reasons. These community and national organizations look to partnerships with northern civil society for both solidarity and sources of funds. The new CIDA approach will erode the capacity of Canadian NGOs to accompany and support the initiatives of community and national organizations in precarious circumstances.

While not without room for improvement, Canadian NGOs, churches and unions have been leaders in responding to the challenge of moving from a donor/recipient model to one based on transparent reciprocal dialogue and support for partner priorities.¹¹ Often Canadian NGOs are responding to local needs that are below 'the radar' of national strategies, but are providing support to strengthen local communities where the poor live and work. Canadian NGOs, as a result of the diversity of their engagements in a particular country, are a window and listening post for the concerns of local civil society. This knowledge is the result of long-standing participatory partnerships that increasingly link civil society organizations across sectors and influence local policy making. Diversity of experience, rooted in community experience, is critically important for the collective knowledge of civil society, learning and its potential for innovation.

Canadian Partnership Branch was an "early innovator" among donors in moving towards program funding of its primary civil society partners in Canada. While Canadian NGOs raise considerable funds (approximately \$500 million) a year from private Canadian sources, CPB is a valued and essential partner. Unlike Europe or the United States, there are no large private foundations with mandates that permit international funding for development purposes. Program funding by CPB, while administratively far from ideal, permits longer term planning on the part of the most significant NGOs to sustain partnerships and programs that span both sectors (agriculture, health etc.) and across countries (for learning and exchange). To require these program-funding agreements to align themselves to CIDA's specific country priorities will distort their program relationships with partners, not it seems in order to meet development needs in the South, but to satisfy a bureaucratic need for a consistent country profile for all Canadian-funded program in that country.

CIDA's *Aid Effectiveness* paper argues the case for this alignment of responsive programming in terms of strategic approaches to development cooperation and "the principles of real partnership and local ownership" (page 31). But who determines the quality of partnership and

¹¹ CCIC's *Appendix* to its January *Commentary* describe several current examples. See the Development Policy page of CCIC's web site, www.web.ca/ccic-ccci.

local ownership? We have pointed to assumptions in CIDA's paper about PRSPs that Canadian civil society partners in the South suggest are highly misleading. Canadian civil society experience with the process for determining country program strategies has been characterized in the past by highly unsatisfactory consultations and priorities that seldom address important civil society concerns and programming relationships in those countries. We are skeptical that these interests will be taken into account in the future. Whether with respect to apartheid in South Africa or the return of refugees during the civil war in El Salvador, program funded NGOs have had the flexibility to support initiatives that could never have been identified as priorities in official country program frameworks and related government-to-government agreements. Is CIDA now prepared to jettison this important flexibility that is the result of more than 30 years of trust in the capacities of Canadian NGOs to be on the critical edge of social justice and human rights in its development work?

Relating to section IV, "Maximizing development effectiveness" [sub-section (e) "The role of responsive programming"], (pages 30 – 32):

CCIC is proposing alternative language for the final four paragraphs of this sub-section (see Appendix One) in which the importance of democratic process for aid effectiveness is recognized and strengthened.

CCIC recommends that the *Aid Effectiveness* paper recognize the uniqueness of CIDA's 30-year partnership with Canadian civil society and the latter's potential contribution to the new approaches and strategic focus for the Agency by agreeing to

- **rigorous include civil society in developing countries and in Canada in identifying priorities for country program frameworks, to which NGOs seeking responsive funding from a bilateral Branch would adhere;**
- **respect the essential contribution to locally-determined poverty reduction and the potential for innovation and learning on the part of Canadian civil society, through Canadian Partnership Branch's responsive programming windows, guided by the overall mandate and priorities for Canadian ODA, as distinct from specific CIDA country program plans and priorities in CIDA's core countries.**

5. Engaging Canadians as Global Citizens

CCIC members are deeply disappointed that the *Aid Effectiveness* paper still fails to address the urgent need for a comprehensive program to engage Canadians in international cooperation efforts. We are convinced that we share an imperative with CIDA to systematically involve

Canadians in our programs and policy debates. Our programs and policies will ultimately fail without this knowledge and engagement. CIDA's long-term strategic directions must reflect this imperative in both its communications programs and in consistent support for public education that is sustained over many years in major Canadian public education institutions and in citizen initiatives in their communities. This gap in the *Aid Effectiveness* paper is particularly short-sighted as we look for public support to significantly increase the funding for Canadian ODA to enable CIDA to achieve its goals, and in particular the social development priorities.

Recognizing its absence from the *Aid Effectiveness* paper,

CCIC recommends that CIDA develop a comprehensive operational framework with significant resources, both human and financial, for implementing its existing public engagement strategy.

6. Strengthening Policy Capacities for Poverty Eradication

CCIC members have repeatedly sought a strong catalytic role for CIDA and other Canadian aid actors in Canadian foreign policy. We are pleased that the *Aid Effectiveness* paper explicitly raises the importance of policy coherence with poverty reduction as a central goal (page 38). We also welcome the strengthening of the Agency's own policy capacities to contribute to government trade and environment policy formation as they affect developing countries. A clear mandate for CIDA with the goal of poverty eradication as suggested above, as the definition of Canada's "enlightened self-interests" in our relations with developing countries, will strengthen CIDA's legitimacy to shape these Canadian policies. Given the potential tensions with other lead Ministries in government, it will be vital for CIDA to work with and strengthen policy roles of Canadian civil society organizations to counterbalance narrowly conceived national interests in Canadian foreign policy.

Relating to Section V "Beyond ODA: Mobilizing a broader response" (pages 38 – 41):

CCIC recommends that CIDA work with and strengthen policy roles of Canadian civil society organizations.

Appendix One

Revised Text for the Last Four Paragraphs and “For Discussion” parts of section (e) “The role of responsive programming” (pages 31 – 32):

Bilateral aid agencies and partner organizations have been moving towards more strategic approaches towards development cooperation. Both are now being challenged to live up to the principles of real partnership and local ownership and to tailor their efforts to poverty reduction strategies developed by developing country partners. This has implications for CIDA's responsive programming. These past two decades have demonstrated that strategies and actions to reduce poverty can be hotly contested by both state and non-state actors, in a very dynamic political context.

First, it will be essential to ensure that poverty reduction strategies do indeed reflect a broad consensus within developing countries. Responsive programming can be a very effective lever in promoting democratization through the participation of community groups, labour unions and other elements of civil society, including in, but not exclusive to, national dialogues necessary to develop these strategies. This is especially the case in countries where the capacity to develop national government poverty strategies is weak and where government is unrepresentative and unheeding of the needs of the poor. The responsive programs can play a critical role in helping to define the needs of the poorest, in working for change within a society and for ensuring that Canadian aid reaches those most in need.

Second, in the future, local ownership means that responsive initiatives with civil society counterparts in countries that have developed genuine national poverty strategies (possibly a PRSP) have important roles. Local civil society actors will be not only monitoring government and donor poverty strategies and implementation plans, but also supporting innovative and participatory grassroots programming that may over time challenge the priorities and approaches of governments and donors.

The challenges of local ownership apply equally to Canadian civil society organizations, as they do to CIDA, as the former improve and build on decades of local partnerships. Their contribution should increasingly reflect policy roles and support for locally determined development priorities by a range of partner organizations in developing countries, including in CIDA's core countries for bilateral programming. The responsive mechanisms in CIDA over the past 30 years, in particular the programs of Canadian Partnership Branch, have been consistent with CIDA's overall mandate and program priorities. Those funded through bilateral resources contribute to CIDA's country strategies. CIDA has been a leader among official donors in encouraging Canadian partnerships for civil society engagement in the South. They have often supported innovation for social justice and human rights in Canada's development work.

For discussion

CIDA should use its responsive programs to help promote development innovation and democratic civic engagement in developing countries that are consistent with broad, genuinely participatory approaches to the development of locally owned development strategies.

In countries where governance is weak and unrepresentative and where there is no clear locally-owned poverty reduction strategy, CIDA should channel its bilateral programs –

with a strong focus on policy dialogue -- in relation to these strategies. Responsive programming, developed in partnership with local organizations, in bilateral programs should be supported if they conform to these poverty reduction strategies and accord with the role assigned to CIDA within a coordinated donor effort, but not if they fall outside this framework.

Responsive programming from Partnership Branch will be guided by the overall mandate and programming priorities for Canadian ODA, by authentic partnership relations, but not by the particular priorities of CIDA's bilateral country program plans and priorities for its core countries.