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What Next for Canada's International Development Assistance?

by Darren Schemmer
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The year 2016 is an excellent time to reconsider how Canada can best contribute to international development. The change of government at home in 2015 coincides with three important agreements were reached under the auspices of the United Nations in that same year:

- the 2030 Agenda for Sustainable Development;
- the Paris Agreement within the Framework Convention on Climate Change; and
- the Addis Ababa Action Agenda on Financing for Development.

The ground for these agreements was well prepared, so, rather than containing surprises, each recognized trends in global thinking and set them as the new baselines for action.

The 2030 Agenda for Sustainable Development expands upon the Millennium Development Goals (MDGs) agreed to in 2000. The MDGs inspired a more collective and rigorous approach to international development work than in the past. The MDG targets were largely met at a global level (individual countries had widely different achievement rates) and this success inspired the global community to continue this approach and identify 17 new Sustainable Development Goals (SDGs) and their related targets.

One important change is that the SDGs are universal with targets for every country – a very strong statement of ‘one world’ recognizing the universal nature of the challenges and the effort required. For example, both Canada and Cambodia are tasked to "progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average," to "end all forms of discrimination against all women and girls everywhere" and to "double the global rate of improvement in energy efficiency" by 2030.

Another important change is that the scope of the goals has expanded. The MDGs emphasized the basic social development building blocks. The SDGs include robust social, economic and environmental goals and explicitly recognize that they are “integrated and indivisible.”



Wikipedia



Like the SDGs, the Paris Agreement is also a landmark for its recognition of climate change as a universal challenge that requires action by all countries through nationally determined contributions.

The Paris Agreement itself is silent on the question of climate financing, but the decision that passed the agreement "strongly urges Developed Country Parties to scale up their level of financial support." Notably, a longstanding request to ensure that financial support to address climate change, or any other environmental concern, be additional to official development assistance (ODA) is absent, an implicit recognition, again like the SDGs, that traditional economic and social development objectives cannot be met unless this major environmental challenge is addressed.

The Addis Ababa Action Agenda on Financing for Development confirms the primacy of mobilizing domestic public and private resources for development. International development cooperation comes third among the action areas. Most of the world's economic growth has been taking place in Asia and Africa, therefore the availability of domestic resources in most developing countries is higher than it has ever been. The agenda calls for policy frameworks to be established to mobilize domestic resources and to use external sources of financing more effectively. This is not simply taxation policy, but broader policies such as equal economic rights for women and men or improved data collection.

Canada's federal government has touched on these themes in its own thinking and seeks to elaborate upon them. The Speech from the Throne in December 2015 states that "the Government will focus its development assistance on helping the world's poorest and most vulnerable." The Prime Minister's mandate letter to the Minister of International Development tasks her explicitly with "supporting the implementation of the 2030 Agenda for Sustainable Development," "providing assistance to countries that are vulnerable to the destabilizing effects of climate change, including through climate finance" and working "with the Minister of Finance on development financing issues." The Prime Minister, in a meeting with Canadian civil society organizations working in international development stated that it is time to "connect the dots" between Canada's international development work and work that needs to be done at home.

For Canada to act effectively, it is important to define what 'international development assistance' covers. The vast majority is official development assistance (ODA) which according to the Organization for Economic Cooperation and Development (OECD) is "administered with the promotion of the economic development and welfare of developing countries as its main objective" and "is concessional in character." A small portion of Canada's international development assistance is either for activities with developed countries or is not concessional in nature. This paper focuses on ODA.

Most Canadians immediately think of ODA as humanitarian assistance. In fact, most ODA is for development – sustained, long-term action to reduce poverty. Such work makes far fewer headlines than humanitarian work, but there has now been enough time to see the dramatic results – the unprecedented improvements in human health, literacy, freedom and economic prosperity over the past 50 years. The federal government in its speeches recognizes that humanitarian assistance and development assistance are two distinct components of ODA.

For policy-making purposes in the current context it is important to break these two categories down further.



Most Canadians think of humanitarian assistance as a relatively short-term response to a natural disaster or violent conflict until the people affected can get back on their own two feet. This is still a basic component of humanitarian assistance and Canada must maintain the ability to support the humanitarian response of the international community on short notice as well as the ability to foresee and manage slower-moving disasters (e.g., locusts, drought). Many lessons have been learned from the large-scale disasters of the preceding decade and are being applied to improve humanitarian response.

However, the largest component of humanitarian assistance today is delivered to people who are in fact long-term recipients, most often displaced by violent conflict or political impasse. There are approximately 65 million displaced people in the world in 2016. The world's largest refugee camp, Dabaab in northern Kenya, would count as Kenya's third largest city with a population of between 350,000 and half a million people. The camp was established over 20 years ago. The world's oldest refugee camps, for displaced Palestinians, have existed since 1949.

Rethinking how to address this component is underway, notably at the 2016 World Humanitarian Summit in Istanbul. Change will require more work on how diplomacy and development assistance can better prevent and resolve conflict. Global Affairs Canada, as a unified structure, is well positioned to make these linkages intellectually and in action. Canadians have often provided intellectual leadership in the humanitarian field, both in the government and voluntary sectors. A future policy framework should encourage this work and leadership to continue.

ODA for development has long been guided by unified principles. In the last 20 years there has been more attention to tailoring ODA to specific country circumstances as the post-colonial Cold War block of 'Third World' countries diversified. In considering a policy framework going forward, two broad categories of developing countries have emerged that merit consideration for distinct Canadian action: fragile states; and middle income countries.

The majority of the world's poor now live in middle income countries, a result of recent rapid economic growth. It is predicted that by about 2030 poverty in middle income countries will have been reduced so much that the previous pattern of the majority of the poorest living in the poorest countries will return. Until then, Canada needs a framework for ODA to assist the poorest in middle income countries and accelerate this transition.

Although direct budget support has been the preferred way to deliver ODA to these countries, in part because of their greater capacity to plan, manage and report on such flows, that may no longer be appropriate. Middle income countries have the potential to mobilize domestic resources to provide basic public goods. A better role for foreign donors may be to support local governments in domestic resource mobilization, planning capacity, public consultation, system-wide management, public-private-voluntary sector mobilization and public accountability.

Geographically, the second component of development assistance is fragile states. Like middle income countries, each of these countries is unique and individual programs to address the poorest need to be tailored to specific circumstances. Nonetheless, fragile states have in common a greater dependence on the international community to fund public goods and services, a lesser capacity to prioritize, plan, manage and account for resources and results, lower baselines for indicators of human development and a much longer timeframe to reach global averages. They usually are also vulnerable to existing environmental degradation and



future climate change. Many are in or are emerging from violent conflict. Development assistance to these countries will involve bigger budgets and longer term commitments.

The choice of sectors to assist will vary from country to country. Traditional sectors such as health, education or private sector development are worth continuing in appropriate country contexts. One sector where Canada had been relatively inactive for a long time has risen to the top of the priority list for most developing countries: infrastructure. This sector was once a major component of Canadian ODA ranging from feasibility studies (e.g., 3 Gorges Dam in China) to construction (e.g., Caribbean Airports Project) to equipment supply (e.g., locomotives to Bangladesh Railways). Canada's contributions to multilateral development banks which then on-lend for infrastructure projects are no longer seen as a sufficient response by a number of key partner countries which want access specifically to Canadian experience and expertise. Going forward Canada will have to consider what role its ODA can play to help countries plan, build, maintain and benefit from infrastructure.

As well, the three crosscutting themes in Canada's current policy framework – gender equality, environment and governance – need to be reconsidered as sectors in their own right as well as being fundamental considerations for all programming in all sectors. Limitations on direct programming in these areas has reduced Canada's potential effectiveness. The centrality of all three themes for successful and sustainable development has already been identified in the International Assistance Review consultation documents.

The words 'capacity building' put many Canadians to sleep, yet the practice is fundamental to almost all of Canada's ODA programming. It is as associated with Canadian assistance as closely as turnkey projects are associated with Japan and let-me-tell-you-how-to-do-it projects are associated with former colonial powers. Capacity building can be difficult to measure. Its results are often not evident in the short term and can be hard to attribute directly. Despite this, we know that the transfer of money can lead to dependency while the transfer of knowledge fuels development, in Canada or internationally. The capacity-building approach is also the most likely to produce improvements in the three key themes/sectors. It is worth explicitly describing the capacity-building approach in Canada's new policy framework.

Capacity building does not happen without people. While it is important that Canada's ODA remains untied and that Canada helps countries to find the most suitable advice and knowledge wherever it may be found, it is also important to recognize that many countries and organizations specifically want Canadian advice and knowledge. Canada is fortunate to have multiple levels of government, a multi-sectoral private sector and a vibrant civil society from which to draw.

International development assistance has been a major component of Canada's influence in the post-colonial world. Many countries, when they hear that 'Canada is back' will be looking forward to the results of the International Assistance Review and to more cooperation with Canadians.

► **About the Author**

Darren Schemmer, B. Ed., MBA, joined the Canadian Foreign Service in 1989. He served abroad in Tegucigalpa, Washington, Cairo, and Accra, where he was High Commissioner of Canada to Ghana. At headquarters he served most recently as Assistant Deputy Minister for Partnerships. Now based in Vancouver, Mr. Schemmer leads Executive Insight Consulting.



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