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Reinventing CIDA – One Year Later

A Policy Update Paper

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Last May, CDFAI published *Reinventing CIDA*, a report recommending more independence for the Canadian International Development Agency, by establishing a crown corporation with its own act and mandate. It also called for consolidation of the smorgasbord of priorities, emphasis on incentives and competition and a separate responsibility budget for humanitarian assistance. None of these recommendations have been accepted. Canada continues to underperform as a foreign aid donor. A World Bank study ranked Canada 29 out of 38 aid donors.¹ Last fall, in *Re-imagining Foreign Aid*, the Walter and Duncan Gordon Foundation concluded:

if Canada is to improve the overall performance of its foreign aid program, it must resolve the problems posed by a diffusion of authority and responsibility, the lack of an agreed aid mandate, limited public understanding and fickle financial support.²

Media reports throughout the past year, however, have weakened the reputation of CIDA, making clear that it dances to the tune set by the Prime Minister's Office. Bev Oda, CIDA's minister, has been in the spotlight and as a recent article in the Toronto Star opined:

Bev Oda is a bad boss, an inept minister and a mendacious parliamentarian. But getting rid of her — as government critics are rightly demanding — won't cure what ails Canada's foreign aid program...Canadian International Development Agency (CIDA)...is bloated, inefficient and secretive. It has gone through eight ministers in the past 15 years. It has drifted so far from its original purpose of alleviating global poverty that outsiders don't know what its mission is.

The latest controversy arose when "not" was inserted into a CIDA document recommending funding for Kairos (a faith-based NGO, supported by CIDA for the past 30 years). In March, the non-confidence vote that triggered the May 2nd federal election prevented the parliamentary committee from adopting the report citing Oda as in contempt of Parliament. But for the election, she would have been the first minister in Canadian history to be found in contempt for lying to MPs.³

The Bev Oda scandal will not endear CIDA to its detractors—including a prime minister and Conservative government who view the agency as a nuisance staffed by granola-eating hippies and lazy NGOs feeding off the system.⁴

CIDA has made an effort to untie parts of the aid budget so funding could go to the organizations delivering the best impact, instead of being monopolized by the Canadian organizations with the most influence. However, CIDA still has programs that are tied to Canadian organizations. CIDA's Partners for Development Program "will fund the most meritorious proposals put forward by Canadian organizations to deliver development results on the ground." Why not open the program to all organizations, regardless of nationality? Attempting to untie aid in the face of vested interests is "like drawing a knife through a bowl

¹ Knack, Stephen, F. Halsey Rogers and Nicholas Eubank. (May 2010). *Aid Quality and Donor Rankings—Policy Research Working Paper 5290*. Development Research Group-The World Bank. Washington

² <http://www.gordonfn.org/resfiles/Johnston.pdf> Other recent reports with similar recommendations are *Open Canada: A Global Positioning Strategy for a Networked Age*, <http://www.onlinecic.org/opencanada> and a fifteen point plan to fix CIDA <http://www.mcleodgroup.ca/topics/development/CIDA/index.html>

³ She ordered one of her staff members to insert "not" and her electronic signature, but originally claimed she didn't know who inserted it.

⁴ Embassy Magazine: *Another Nail in CIDA's Coffin?*, February 2011,

of marbles.”⁵ Additionally, where CIDA has cut funding to Canadian organizations, there has been negative backlash in the media.

The Canadian Council for International Cooperation (CCIC) had its budget proposal rejected in July. The resulting headline – “Another critical group feels Ottawa’s axe” – ignored the self-serving nature of the CCIC position. CCIC is an umbrella group for Canadian foreign aid organizations. CCIC funding from CIDA supports the hosting of roundtables where they “dialogue” with the minister and demand more money.⁶ CIDA decided CCIC’s emphasis on self-interested lobbying did not meet their aid effectiveness criteria and that money would be better spent for on-the-ground development.

The Canadian Teachers’ Federation project for sending Canadian teachers abroad was cut earlier this spring. The headline was “CIDA pulls plug on 50-year tradition of Canadian teachers volunteering abroad.” The media swallows whole the protests of Canadian vested interests defending their privileged position at the public trough to cover their own overhead and operating costs. Canadian teachers are not better suited to deliver education than teachers from another country. It is in Canadian interests that CIDA fund a program that gets the best bang for the buck, regardless of the teachers’ nationality.

The CDFAI report recommended a more narrow focus on priorities. The apocryphal priorities story is that Joe Clark, Foreign Minister in Mulroney’s 1984 government, was begged by the department to select priorities amongst the competing issues, that resources do not permit trying to solve every problem, everywhere. He replied “Chase all the rabbits, all the time”. CIDA lists three “priority themes”: food security, children and youth, and sustainable economic growth. On the webpage, discussing their “priority themes”, they also list the Canadian G8 initiative focusing on maternal, newborn and child health; three cross-cutting themes: environmental sustainability, equality between men and women and governance; and a link to their “key development challenges”: governance, health, education, environmental sustainability, private sector development, and equality between men and women.⁷ There is no focus here – CIDA is “chasing all the rabbits all the time”.

Unfortunately, CIDA is still all over the map without a separate budget for humanitarian assistance, at the beck and call of flavour-of-the-month priority setting and pursuing the same-old discredited approaches instead of embracing incentives and competition. One example is Afghanistan – the top recipient of bilateral Canadian aid – Canada spent well over a billion dollars for programming in Afghanistan over ten years.⁸ Of 180 countries, Transparency International ranks Afghanistan as quintessentially corrupt – surpassed only by Somalia and Myanmar.⁹ Canada has several themes in Afghanistan, including the provision of up to 950 trainers for Afghan security forces.¹⁰ In the most recent review of the Afghanistan program, CIDA euphemistically allows that it “is being managed within a context of high operational risks, which impose significant challenges and constraints.”¹¹ The prognosis for a positive rate of return for all our blood and treasure is, unfortunately, very poor.

⁵ J Ivison: <http://network.nationalpost.com/np/blogs/fullcomment/archive/2009/05/20/john-ivison-being-poor-doesn-t-cut-it-any-more.aspx> March 20, 2009

⁶ <http://www.cbc.ca/news/canada/story/2010/07/23/f-vp-stewart.html>

⁷ <http://acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-1015144121-PWW>

⁸ <http://www.afghanistan.gc.ca/canada-afghanistan/approach-proche/development-developpement.aspx?lang=en>

⁹ http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results

¹⁰ <http://www.afghanistan.gc.ca/canada-afghanistan/2011-2014.aspx?lang=eng>

¹¹ <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/NIC-65152224-QQK>

CDFAI's "Reinventing CIDA" report recommended a communications strategy to engage people who could help make change happen. To raise public awareness, education and knowledge, and youth engagement, CIDA has earmarked \$23 million for their New Global Citizens Program "to engage and mobilize Canadians as global citizens to participate in international development initiatives."¹² There are approximately 125 projects listed under their "Raising Canadian Public Awareness of Development", most of which are funded by their Development Information Program or the Public Engagement Fund.¹³ CIDA posts "Stories from the Field" and "Partner Story" anecdotes on their website, containing information of what is happening in various projects around the world. Awareness of what is happening in the world undoubtedly affects Canadian's attitudes towards developing countries. Historically, polling suggests Canadians support development assistance. In the six weeks following the earthquake in Haiti, Canadians donated \$130 million.¹⁴ All this effort would have more impact if CIDA could provide compelling examples of their successes in terms of outcomes and concrete results.

The CDFAI report recommended that CIDA invest more in innovative approaches that highlight competition, such as Advanced Market Commitment (AMC). An AMC is "a legally-binding agreement guaranteeing funds to subsidize the purchase, at a given price, of an as yet unavailable vaccine against a specific disease causing high morbidity. This provides the incentive to the pharmaceutical industry to develop vaccines against diseases prevalent only in developing countries, countering the concern that developing countries will not be able to pay the vaccine prices required to offset the high cost of R&D. The Government has committed \$225 million over five years to Grand Challenges Canada. But CIDA is left out in the cold. IDRC and CIHR oversee delivery, and the funds are external to the CIDA budget.

The CDFAI report recommended that CIDA lead a campaign to bring down costs of formal remittances (money sent back home by migrants), to increase the amount reaching the intended beneficiaries. Remittances to developing countries in 2011 are estimated to be well over US\$300 billion, more than double global official development assistance. The World Bank developed principles,¹⁵ following up the G8 commitment in 2009, to reduce the cost of sending remittances 5 percentage points in 5 years ("5x5"). There is no evidence that CIDA assigns any priority to the idea.

The CDFAI report concluded that the government could simultaneously reconcile competing priorities and satisfy the three quarters of Canadians who support an altruistic approach to development assistance by establishing a clear set of priorities; nimble machinery deliver assistance; and more flexible approaches of aid delivery. The CDFAI report argued the government should:

- Announce a limited number of key priorities for development assistance for the next three years, along with the criteria to determine allocations;
- Establish a separate budget and responsibility centre for humanitarian assistance;
- Transform CIDA into a Crown Corporation with its own act;
- Empower the new CIDA with the autonomy, authority, and flexibility to allocate funding among several methods that emphasize incentives and competition.

Canadians would support these recommendations for an effective CIDA and the election of a majority government provides an opportunity for a new beginning.

¹²http://www.globalphilanthropy.ca/index.php/blog/comments/cida_presentation_and_material_on_partnership_with_canadians_branch_pwcb-_a/

¹³ <http://www.acdi-cida.gc.ca/cidaweb/cpo.nsf/vWebSEn?OpenView&RestrictToCategory=099820>

¹⁴ http://www.wdgc.ca/sites/default/files/publications/Johnston_2010_ModernizingCdnForeignAidAndDevelopment.pdf

¹⁵ http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/Transparency_and_CP_in_Payment_and_Remittance_Systems.pdf

ABOUT THE AUTHOR

After obtaining a B.A. in economics and political science from McGill University, Montreal, Quebec, and a Ph.D. in economics from Brown University, Providence, Rhode Island, Barry joined the Treasury Board of Canada in 1971, and became a director of the Treasury Board Secretariat in 1974, where he supervised projects ranging from food inspection to the Mackenzie Valley Pipeline. In 1978, Barry became an associate professor at the School of Public Administration at the University of Victoria, British Columbia for two years.

He returned to the federal civil service in 1980, holding a number of positions: assistant deputy minister, programs, with the Ministry of State for Social Development, later serving as the ministry's deputy secretary, transfers; a joint position as senior adviser with the Department of Energy, Mines and Resources, and the Department of Indian and Northern Affairs; and assistant deputy minister of the Department of Employment and Immigration, where Barry directed studies, and formulated and steered legislation through the parliamentary process.

In 1992, Barry moved into the international sphere of government, becoming the Department of Foreign Affairs and International Trade's assistant deputy minister, economic policy. While in this position, he took a leading role in contributing to Canada's participation in global economic summits, including the G7 and G8, as the Foreign Affairs Sous-Sherpa. In 1994, he assumed responsibility for trade policy, including challenging, multi-faceted tasks conducting international trade and investment negotiations, while ensuring that nationwide stakeholders were considered. This experience contributed to his reputation as a leading expert in international trade processes and decision making. Barry has also served as a member of the Organisation for Economic Co-operation and Development's Executive Committee and as the High Commissioner of Canada to Singapore from 1996 to 2000.

Barry is an adjunct professor at the University of Victoria, where he served as the director for the Globalization and Governance program and associate director of the Centre for Global Studies. He was also an editor of the journal *Global Governance* between 2003 and 2009. He began working with CIGI in 2003, joining as a senior fellow in 2009. Barry is currently co-directing a joint initiative between CIGI and the International Federation of Red Cross and Red Crescent Societies to explore and recommend future directions for international development, beyond the 2015 United Nations Millennium Development Goals. He is a regular contributor to CIGI's commentary on the global economy. Barry has also conducted research on the Canadian International Development Agency and the institutional underpinnings, informal processes and functioning of global economic networks, such as the G20.

Barry Carin resides in Victoria, British Columbia and enjoys writing on the power of humour as a management tool in his spare time.

Canadian Defence & Foreign Affairs Institute

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CDFAI was created to address the ongoing discrepancy between what Canadians need to know about Canadian international activities and what they do know. Historically, Canadians tend to think of foreign policy – if they think of it at all – as a matter of trade and markets. They are unaware of the importance of Canada engaging diplomatically, militarily, and with international aid in the ongoing struggle to maintain a world that is friendly to the free flow of goods, services, people and ideas across borders and the spread of human rights. They are largely unaware of the connection between a prosperous and free Canada and a world of globalization and liberal internationalism.

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