

# **A New National Project for Canadian Development Cooperation**

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## PREFACE

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This paper is one of a series of four reports prepared for the Walter and Duncan Gordon Foundation in 2010. They result from a Foundation-directed project to help “re-imagine” the way in which Canada delivers foreign aid and development.

Criticism of Canadian foreign aid, in general, and the Canadian International Development Agency (CIDA), in particular, is not new. But the current crisis of confidence in the effectiveness of Canada’s aid and development efforts appears to have reached a high water mark.

The Foundation shares a concern voiced by many others; Canada’s reputation on the world stage is at risk if we don’t institute a fundamental transformation to our existing aid and development programs. This series of papers attempts to identify some of the challenges, opportunities and options that must be considered to effect the kind of modernization that is required.

The other papers in this series include: (i) *Future Directions for Canadian Foreign Aid and Development: Summary of a roundtable discussion* (ii) *Re-imagining Canadian Development Cooperation: A comparative examination of Norway and the UK* by Nilima Gulrajani and (iii) *Modernizing Canadian Foreign Aid and Development: Challenges old and new* by Patrick Johnston. All papers can be downloaded from the Foundation’s website at [www.gordonfn.org](http://www.gordonfn.org).

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## ABSTRACT

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This paper outlines reforms to Canadian international development cooperation in light of a set of recent global drivers of change which are reshaping the development agenda internationally. Three primary drivers of change are identified: (1) Financial volatility and economic globalisation; (2) Climate change; and (3) Insecurity, conflict, and fragility. To respond to these challenges, the paper proposes a six-point plan to reform our development cooperation built upon: shared Canadian values and cross-partisan support, cross-government engagement on development, an embrace of multilateralism, and sufficient political leadership and public engagement to undertake this new national approach to development cooperation.

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# A NEW NATIONAL PROJECT FOR CANADIAN DEVELOPMENT COOPERATION

## INTRODUCTION

The world community faces a time of new global challenges to development. Different global economic, social, and political processes are changing the way we think about development. These drivers of change require new analysis to inform the international development agenda and approaches to development cooperation. Consequently, Canada's development cooperation needs to adapt to these drivers of change. This time of change calls for a new national project for Canadian Development Cooperation to reshape Canada's approach to development and reclaim former leadership on the international stage. This paper will examine the requirements of such a project and explore options for reform to Canada's development cooperation.

The world is becoming more interconnected with each passing year. As a result, global challenges arise in a different fashion than they have previously. The transnational flow of ideas, goods, capital, disease, and people in this globalised era implies that events in the developing world will have impact in developed countries. Canada is no exception to this rule. Indeed, what goes on in the rest of the world matters for Canada. The increasing importance of the developing world to Canada's economic, political, and security objectives is undeniable.

**Table 1 - Canadian Trade to the Developing World (2004–2009)**

	2004	2005	2006	2007	2008	2009
<b>Total Exports</b>	429,005.80	450,210.00	453,951.00	463,126.70	489,856.80	369,762.20
Exports to Non-OECD/Non-EEC Countries	27,496.20	29,208.50	33,226.80	39,072.10	47,417.70	40,705.10
Percentage of Total Exports	6.41%	6.49%	7.32%	8.44%	9.68%	11.01%
<b>Total Imports</b>	363,157.80	387,837.80	404,345.50	415,228.70	442,987.90	374,370.00
Imports from Non-OECD/Non-EEC Countries	44,274.40	54,455.90	61,636.00	65,939.00	76,439.50	63,741.60
Percentage of Total Imports	12.19%	14.04%	15.24%	15.88%	17.26%	17.03%
<b>Total Trade</b>	792,163.60	838,047.80	858,296.50	878,355.40	932,844.70	744,132.20
Trade with Non-OECD/Non-EEC Countries	71,770.60	83,664.40	94,862.80	105,011.10	123,857.20	104,446.70
Percentage of Total Trade	9.06%	9.98%	11.05%	11.96%	13.28%	14.04%

Source: Statistics Canada 2010

Table 1 above illustrates how in a short period of time, the share of Canada's trade with the developing world has increased by more than half. This increased inter-reliance in the trade arena is mirrored in many others. Indeed, in 2009, Canada had the second highest net migration rate of all the G8 countries (OECD 2009b). For this reason, global inequalities matter. Continuing high levels of human poverty in the global south present a challenge not only to developing but also to developed countries. Canada's future success is intertwined with the global south. This is nowhere more evident than when it comes to global efforts to combat poverty: helping fight poverty helps Canadian prosperity and security. This increasing inter-reliance requires Canada to reconsider its international engagement—particularly the nature of its development cooperation.

Canada has a proud record of internationalism. An innovative middle power on the global stage since the middle of the Twentieth Century, Canada has played a leading role in framing the global agenda around issues like peacekeeping, environmental protection, human security, support for civil society, and humanitarian relief. At the same time, Canada has been an active donor of development assistance. From the Colombo plan through the formation of the Canadian International Development Agency in 1968 and continuing to the present, Canada's track record as a donor has been one marked by success and failures, ebbs and flows. Perceived as a leader at times by other donors, Canada has also experienced periods of decline and disarray in its development cooperation (Morrison, 1998). The quantity of Canadian aid has not recovered from the deep cuts experienced in the 1990s. Recent efforts to reshape aid policy seem more focused on efforts to shore up Canadian security, foreign policy, and economic interests than meeting commitments to combat poverty (Brown, 2007, 2008). Despite the creation of a legislated mandate for Canadian aid under the Official Development Assistance Accountability (ODAA) Act of 2009, the centrality of poverty reduction in Canada's development assistance appears to be flagging. To recover some of Canada's former lustre as an international leader on aid, reflection upon a new approach to Canada's engagement with the global south is required. Reform of this nature is timely, given Canada's key role in hosting the G8 and G20 meetings in 2010. Indeed, significant recent attention has been paid to the future of Canada's aid, with multiple reports issued on the subject in the past several months (Carin & Smith, 2010; CIC, 2010).

In parallel to the time of reflection on Canadian development cooperation, 2010 is a critical point in time for international development for other reasons. Indeed, the global community is about to mark the two thirds point of the United Nations' Millennium Development Goals (MDG). This set of global objectives and indicators expected to be achieved by 2015 are intended to rally donors and recipients alike to laudable aims of combating poverty, inequality, and promoting development. Critics have been quick to point to the shortcomings of the MDGs and how they have been misinterpreted and poorly implemented (Clemens, Kenny and Moss, 2007; Vandemoortele, 2009). UN reporting shows us that a great amount of success has been achieved; yet there is still much to be done if we are to make further progress before 2015 (United Nations, 2009). The ability for many Sub-Saharan African countries and other countries experiencing conflict and fragility to meet their MDG targets is deemed to be especially low (Easterly, 2009). As a result, the world will gather in Fall 2010 at the United Nations to devise new strategies and commitments in order to make better progress towards achieving the MDGs before their expected endpoint in five years time. It remains unclear what the outcome of new mobilization by the international community on the MDGs will look like. It may be as simple as an injection of new funding to meet previous commitments. On the other hand, the global community could decide to alter the overall targets and timelines for the MDGs more drastically. Whatever the outcome, these discussions will take place at time when the global development agenda is changing into something sharply different than it was ten years previous.

## DRIVERS OF CHANGE

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The international development agenda is in a period of great change. New global challenges and emerging international norms call for new analysis of development challenges and their corresponding solutions. This new analysis leads to new priorities and requires that Canada rethink its development engagement by embarking on a new national project of development cooperation. This project must see Canada reach previously agreed to international commitments for aid quantity and quality in the name of poverty reduction. At the same time, this new approach to development cooperation must embrace new analysis and approaches to development finance so as to cope with a variety of recent drivers of change to which Canada has been slow to respond.

Drivers of change in this context are processes of political and social change that have direct impact on the future of development, and hence on the framing of development cooperation. Some recent global drivers of change include factors like transnational crime, drug trafficking, disease, migration, and terrorism. Three primary drivers of change in recent years include: (1) financial volatility and continuing economic globalisation; (2) climate change; and (3) the changing nature of insecurity, conflict, and fragility in the developing world. Each of these drivers is described in more detail in the section that follows:

1. **Financial volatility and economic globalisation:** The recent global financial crisis and its impact on economic growth in both the developed and developing worlds is indicative of how increased economic interconnectedness subjects all states to increased financial volatility when economic crisis or recession hits. The recent global economic downturn has had direct but distinct consequences for North and South, and highlights the significant implications of economic globalisation on the prospects of development. This sort of change driver calls into question some of the fundamentals of the global capitalist system and requires new thinking on how to promote greater stability, predictability, and resilience within the international economic system. Evidence shows that developing countries have been affected by the crisis with declining investment, trade, remittances, and reduced economic growth (te Velde et al., 2009). Following upon the sharp spike in commodity prices in 2007–2008, countries that rely on commodity exports to the industrialised world are also affected by the financial crisis—a sharp drop in commodity prices has injected increased volatility into these economies and had a negative impact on overall growth (Wiggins, Keats and Vigneri, 2009). Indeed, the 20 countries Canada has recently selected to focus its foreign aid are equally, if not more, vulnerable than the rest of the developing world to price volatility and other effects of the financial crisis (North-South Institute, 2010). Overall, the financial crisis has worsened already entrenched structural disadvantages of economies across the developing world.

2. **Climate change:** International environmental degradation has long been a concern for the global community. The effects of climate change have more recently been accorded significant attention as a major global threat. Countries in both North and South have already begun to experience the deleterious effects of climate change, and face an uncertain future if little is done to try and mitigate the impact of these environmental changes. For instance, countries such as Bangladesh or the Maldives are particularly vulnerable due to the fact that so much of their terrain is situated in low-lying regions likely to be inundated as a result of rising sea levels. Closer to home, the Canadian arctic is facing significant changes to traditional livelihoods and culture as a result of changing temperature and ice patterns (IPCC, 2007). As a driver of change, climate change has not only environmental consequences, but also implications for economics, culture, and society. As a result, the global development agenda needs to change to account for this process and to assist all societies globally to address this ongoing global threat. A threat of this nature is more evidence of the increasingly global context in which development must be considered.
  
3. **Insecurity, conflict, and fragility:** The changing nature of insecurity and conflict in the developing world over the past twenty years has led to a closer linkage of the global development assistance and security agendas. Many more countries in the developing world experience endemic conflict and insecurity, and donor states are no longer able to remain disengaged entirely during periods of insecurity. The conflicts in Sudan, Somalia, and the Democratic Republic of Congo are examples of such prolonged insecurity. Aid has not been an entirely innocent bystander in periods of conflict. Indeed, direct links between aid practices and the Rwandan genocide show us that it is important to better understand aid's ability to inadvertently contribute to conflict and instability (Uvin, 1999; Andersen, 2000). Furthermore, Western military intervention in states of critical geopolitical concern necessitate that development cooperation operates in tandem with both defence and diplomatic priorities (Woods, 2005). This has been especially evident within both Iraq and Afghanistan over the past decade. Indeed, more than 10% of all DAC bilateral ODA in 2007-2008 was dedicated to these two countries alone (OECD, 2009a). The inability to separate security and development concerns in many contexts requires a new approach to development that understands the security impact of development cooperation, can

target insecurity by promoting stability and peace, better understands the relationship between poverty and insecurity, and ensures that the security aims of donors and recipients do not overpower their development assistance objectives.

These drivers call for new analysis to underpin Canadian development cooperation. At the centre of that analysis is the principle that Canada shares direct interests in reducing poverty globally through appropriate means of countering these drivers of change. Canadian development cooperation needs to consider these global social processes at the heart of its relationship to the global South. The intersection of each of these drivers of change with poverty is at the core of the evolving development agenda, and implies significant shared interests between donor and recipient, developed and developing states. These shared interests call for a strong moral engagement on development issues globally, and to achieve this Canada must significantly reform its development cooperation.

## A NEW NATIONAL PROJECT FOR CANADIAN DEVELOPMENT COOPERATION

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To reform Canadian development cooperation to meet the challenges of the emerging global development agenda and the drivers of change discussed above, a new 'National Project' for Development cooperation is needed. This entails efforts to bring Canadian development cooperation in line with the most innovative donor states and will require a significant evolution in Canadian thinking about our engagement with the developing world. What might this look like? We contend that such a project requires a recommitment of Canada to its leadership on international partnership and entails the following six features:

1. It is driven by values: **shared Canadian values** supported by a broad cross-section of society and which cross divides of political partisanship.
2. It requires a strong **cross-government engagement on development** which sets objectives for development at the whole-of-government level.
3. Canada cannot act alone and must engage with the global community and **embrace multilateralism** as a key modality of its evolving development cooperation.
4. More conventional **Canadian bilateral and multilateral aid channels** are still relevant and are vital instruments at the core of this national project.

5. Other **key policy reforms** are necessary here and need to be embraced through whole of government approaches: trade, migration, taxation, subsidies.
6. None of this can be achieved without stronger **political will and public engagement/support**.

In this section we will address each of these features in turn:

**1. Shared Canadian Values:** At the core of a new national project for Canadian development cooperation is a set of shared values that can be supported by a broad constituency in society. More importantly, these values must generate cross-partisan political support from all major parties in the Canadian political system if this project is to be a success. The enumeration of these values is likely to be a difficult process, but there are some starting points around which evidence already exists of a consensus in Canadian society: 1) the reduction of social inequality and promotion of inclusion; (2) the protection of democratic freedom and human rights; and (3) belief in transparency and accountability. These values are in keeping with Canada's history and society and should generate widespread support among the Canadian public. It is critical that the values underpinning Canada's development cooperation can rely on political support from all major political parties regardless of their place on the political spectrum. Indeed, some of these values are already reflected in some of the principles set out in the ODA Accountability Act of 2008 passed by a cross-party support. Cross-party support of this sort has emerged in other donor states in recent years. For instance, in the most recent Swedish parliamentary elections, all the major parties voiced support for meeting and exceeding 0.7% aid commitments. Similarly, the 2010 election campaign in the United Kingdom demonstrated significant cross-partisan support for aid levels and other development issues, with all three major parties voicing strong support for continued commitment to aid leadership underpinned by shared British values, including legislating the 0.7% aid commitment (Evans, 2010). The political will to further these values should build upon strong public support in recent years for development cooperation. Research has shown that the Canadian public is generally supportive of long-term development assistance (83% in 2003) and when they are informed about the true levels of Canada's aid generosity, they tend to support increased aid (Smillie, 2003; Environics Research Group, 2004; Noël, Thérien and Dallaire, 2004). Still, this support has sometimes been described as "a mile wide and an

inch deep” because Canadians frequently place foreign aid at the top of the list when polled about potential areas for government funding cutbacks (Environics Research Group, 2004). Thus, in the absence of strong cross-partisan political will aligned behind common values, the majority of the Canadian public is unlikely to demand significant reforms to Canada’s development cooperation. This makes achievement of cross-partisan political support an even more essential feature of the national project proposed here.

**2. Whole-of-Government Thinking:** A new project for Canadian development cooperation entails making Canada’s engagement with the global South a product of whole-of-government, linked up thinking and implementation. This implies much more than simply using the aid agency to shore up foreign policy interests, national defence concerns, or trade relationships. With a truly linked-up whole-of-government approach to development cooperation development *is* a primary foreign policy interest. This calls for a revisiting of how decisions are taken on Canadian development cooperation that goes beyond recent experience in adopting “Three-D” approaches in Afghanistan. These previous efforts to integrate diplomacy, defence, and development have tended to subvert long-term aid issues to other foreign policy objectives (Brown, 2008). This whole-of-government thinking needs to extend beyond ensuring that development cooperation is strengthened and complemented by foreign and defence policy to the inclusion of other parts of the Canadian government responsible for issues of trade, environment, immigration, agriculture, and more. Some progress has been made in this regard, for instance 12 government departments and agencies were implicated in the initial report to Parliament on the ODA Accountability Act in 2009.<sup>1</sup> Still, more needs to be done. Discussion of moving towards a “One Canada” or 1C approach in Afghanistan is also a positive sign (Davis, 2010); however, ensuring the place for development in such a model is essential. This is fundamentally a question of policy coherence—one which Canada has done very little to address in recent years, despite agreeing to do so to meet our obligations under the Paris Declaration. Such linked-up thinking of the entire government on development issues and cooperation requires innovation that has yet to appear; however, models do exist in other donor states for just such an approach. The Swedish *Policy for Global Development* is one example where a donor state has legislated a whole-of-

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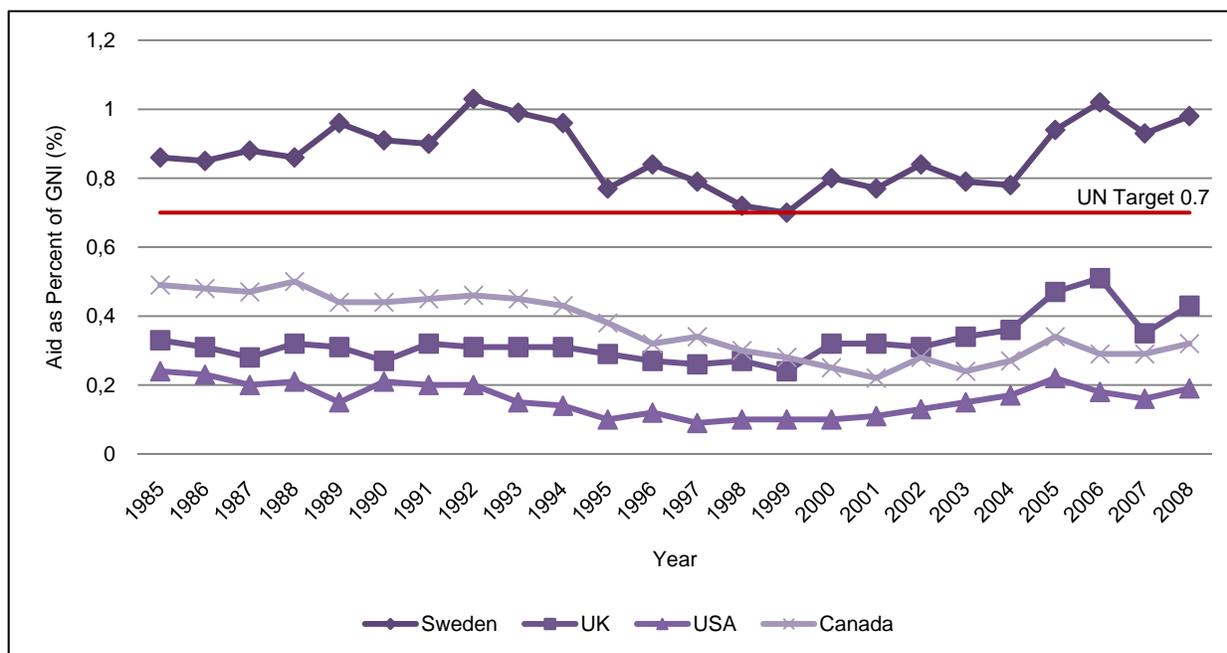
<sup>1</sup> The participating departments and agencies included: Canadian International Development Agency, Department of Finance Canada, Foreign Affairs and International Trade Canada, International Development Research Centre, Citizenship and Immigration Canada, Royal Canadian Mounted Police, Department of National Defence, Health Canada, Environment Canada, Labour Canada, Industry Canada, and Parks Canada.

government approach to development that incorporates not only foreign policy and aid considerations, but which specifies action to be taken in areas as varied as education, agriculture, fisheries, environment, and more (Sweden, 2003). Such approaches are needed if Canadian development cooperation is to be better equipped to adapt and respond to the emerging changes in the international development agenda.

**3. Embracing International Institutions and Multilateralism:** Stronger engagement with international and multilateral institutions is needed in the emerging development agenda. The global nature of some recent drivers of change frequently require global or regional solutions. One only needs to think of climate change or the global financial crisis to understand how a donor country hoping to effect significant development change cannot act in isolation to do so. Unfortunately, between 1997/98 and 2007/08 the multilateral share of Canadian ODA shrunk by more than 19% (OECD, 2009a). Thus, despite the increased reliance of CIDA to use multilateral agencies for the disbursement and implementation of Canadian bilateral ODA, Canada's overall commitment to multilateralism has been waning. Canada cannot go it alone on these global issues and needs to be a strong supporter of global consensus around international institutions as the most appropriate means of engaging on these new development challenges. This entails more than the conventional multilateral aid programs that Canada already supports, and requires openness to exploring new multilateral or global aid modalities targeting these global threats to development. Multilateral approaches also enable Canada to share both risk and reward with others in the global community. For instance, by operating through multilateral channels in challenging environments of conflict or fragility, Canada can achieve more value and efficiency with its limited aid funds. Multilateral aid is inherently more effective because it reduces the burden of managing donor administrative requests for the recipient. This support of multilateralism is at the core of Canada's earlier international reputation and also underpins much of the aid effectiveness agenda which has so shaped aid policies in recent years.

**4. Existing Aid Program:** A new project for Canadian development cooperation must build upon the long experience of the current aid program. Both bilateral and multilateral aid channels must continue to be used as a key tool for mediating Canada's engagement with the global south. Continued Canadian support for civil society and work complementary to the increasing role of private philanthropies in aid is an important

component here. Still, Canadian aid has been criticised in recent years for being over-prioritised and lacking strategic vision (Black and Tiessen, 2007; Brown, 2007, 2008). To counter some of these criticisms and make positive change to the aid program, three factors need to be considered:

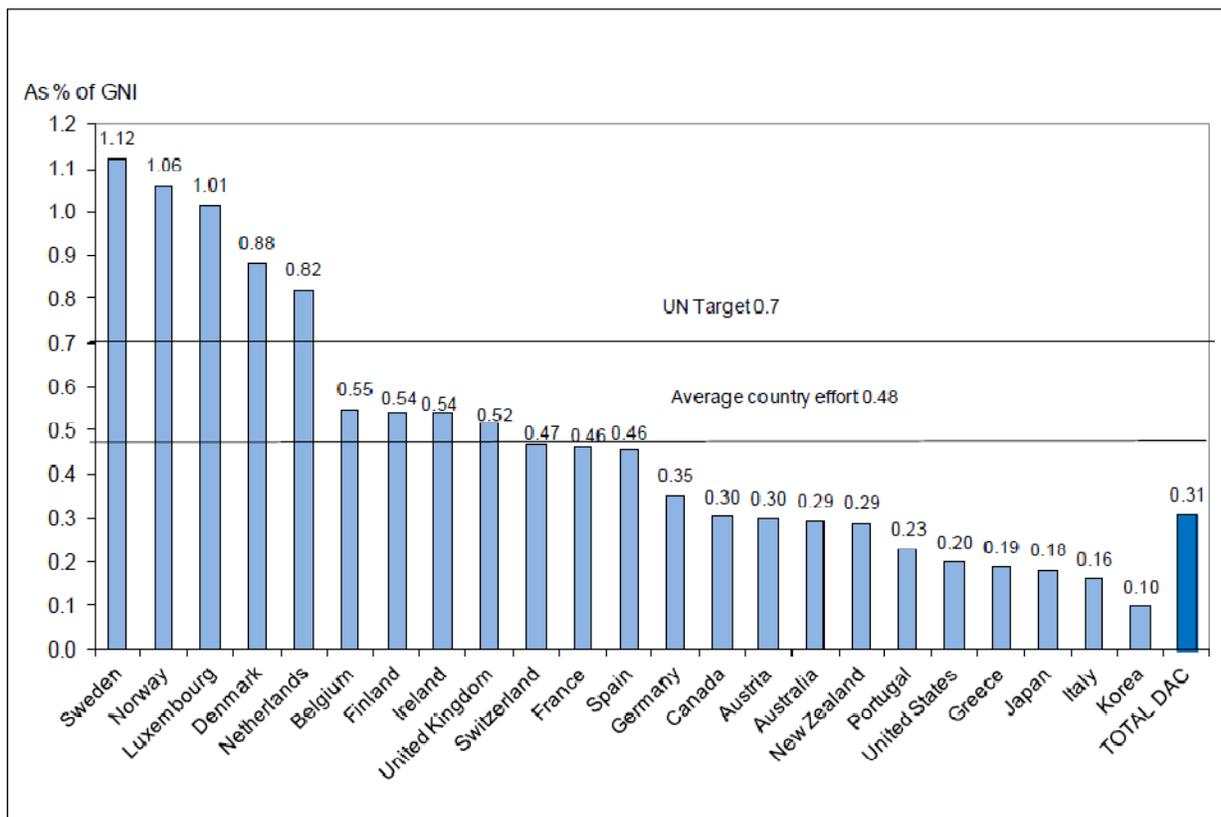


Source: Roodman 2005; OECD 2009a

Figure 1: Net ODA as Percentage of GNI (1985–2008)

- a. **Supporting international norms and consensus:** Canada must pay greater attention to the global norms on effective aid. In this context, DAC guidelines and international consensus on aid matter. The Paris Declaration, the Accra Agenda for Action, the MDGs, and the international objective of providing aid as 0.7% of GNI need to be made more central to Canadian aid. By ensuring that Canadian aid contributes to and attempts to meet these internationally agreed upon criteria for ‘good’ aid, the aid program can become a more effective tool for addressing the emerging global challenges to development and Canada can regain some of its former international reputation as being a constructive and positive donor. By meeting its previous commitments, Canada can demonstrate that it is making a concerted effort to combat poverty. The question of aid levels here is important. Canada has in recent years seen its aid levels fall far below historical highs.

Indeed, Canadian aid commitments have followed a downwards trajectory since the mid 1980s. Figure 1 above shows this sharp drop in Canadian ODA as a % of GNI. Figure 2 below reveals the most recent ODA levels from the OECD DAC, showing that, despite fluctuating aid levels in recent years, Canada is still far below the DAC average. Even those aid critics questioning the content of ODA still affirm the importance of meeting the 0.7% aid threshold (Severino, Ray and Edwards, 2009). Gradually increasing aid to the 0.7% level and beyond is one key means of showing that Canada is serious about poverty reduction. With countries like the United Kingdom making strong attempts to move beyond the 0.7% level, and others like Sweden, Norway, and Luxembourg already exceeding 1%, Canada should attempt to re-join these like-minded donors in matching their generosity. Past calls by NGOs, academics, faith groups, and even parliamentary committees to meet the 0.7% goal have not been heeded. What would appear needed is a government with the political will to legislate and meet this target in an environment of cross-partisan support of other parties.



Source: OECD 2009a

Figure 2: Net ODA as Percentage of GNI (2009)

- b. **Focus reflective of the new global development agenda:** Recent efforts to refocus Canadian aid through new aid priorities and lists of 'focus countries' has been contentious. Shifting Canadian attention from Sub-Saharan Africa to a more America-centric view, these focus exercises have largely been intended to subvert aid to Canada's broader diplomatic and trade agendas. In the future, Canada still needs to be able to determine where and what to spend on, but future aid allocation and prioritisation decisions should be sure to take into account the drivers of change in part five above. One significant shift is thus a refocusing of aid on conflict-prone and fragile states. Indeed, in 2007/2008 three of the top four recipients of Canadian aid fell into this category (Afghanistan, Haiti, and Iraq) (OECD, 2009a). Despite the fact that several such countries already feature on the current Canadian list of focus countries, future aid allocation decisions will need to do a better job of incorporating these considerations in a more strategic fashion to complement our overriding foreign policy interests in global peace and stability, as well as protecting Canadian national security. The lack of a current CIDA policy for engaging in areas of conflict and fragile states does not help Canada to engage on these issues effectively, leading instead to an ad hoc approach to managing conflict and development in each country.
- c. **Exploring alternative aid modalities:** Canada should explore a number of newly emerging aid modalities as a means of addressing emerging global drivers of change and for making aid more effective. A variety of such options exist. For instance, some have suggested that donors move towards some form of a pay on performance system, where recipient countries receive incentives to achieve aid targets only through payment upon delivery (Birdsall and Savedoff, 2010). Though contentious, this approach would appear to address some of the underlying concerns Canadians have about the accountability and transparency of aid. Other alternative modalities might include channelling more aid through global funds targeted at specific development challenges. Funds of this sort have been developed for things like HIV/AIDS, TB, vaccines, and others. These global channels are also likely to be at the core of future aid contributions to combat climate change (Severino, Ray et al., 2009). Going beyond conventional multilateral donor channels, these global funds would appear to be a more effective way to target and

distribute resources for fighting global public threats in the best interest of Canada and the developing world. By exploring alternative modalities of aid delivery, the sharp increases in aid that would follow from Canada meeting its 0.7% commitment would be more easily born by the existing donor agency structures in Canada, and Canadian aid would be better placed to address some of the more global and regional threats to development that call for solutions beyond the conventional bilateral program model.

**5. Policy Coherence:** Other policy reforms are a key component of this new project for Canadian development cooperation. Resulting from the whole-of-government approach discussed above, Canada's engagement with the developing world must expand beyond aid, to include all aspects of Canadian government policy that have an impact on development in the global South. The extent of policy coherence at present is rather limited; however, the potential for policy coherence is significant. Changes to Canadian domestic policy in a wide array of areas would make positive contributions to poverty reduction. This paper will address only a few such areas here:

- a. **Climate Change:** Canada has developed an international reputation as an obstructionist and laggard on international climate change commitments. With the second highest per capita levels of Carbon Dioxide emissions of all the G8 countries (UN Statistics Division, 2010), Canada has done little to actively improve its greenhouse gas emissions over the past 20 years. This must change if Canada's development cooperation is to legitimately be able to assist the developing world in adapting to climate change and meet relevant international commitments. Canada's domestic policies, programmes, and commitments must be aligned behind international climate change norms to support the global public environmental goods rather than continuing to turn a blind eye in an effort to protect our commodity extraction industries. Canada cannot credibly assist others and participate in international efforts to counter climate change until our own house is in order. This requires coherent policy between ministries of environment, industry, natural resources, and others.

- b. **Trade:** Canada must do more to open our markets to Low-Income Countries. This will enable such countries to more effectively generate economic growth through trade. In particular, Canada should work to lower remaining trade barriers and work to reduce subsidies on key commodities that will enable more imports of goods from the developing world. Canada should also work to reform multilateral trade arrangements so that they better enable low-income countries to access the increased benefits of trade. Seen as a key complement to aid, working to support increased trade opportunities for the most impoverished nations of the global South is a key means through which Canada can effect development through policy coherence. It makes little sense to promote economic development and trade within countries which receive Canada's aid, but then deny them the ability to affordably trade into our market.
- c. **Taxation:** There has been significant international discussion in recent years of alternative means of funding development finance. One such mechanism is the idea of taxation on certain luxury and other international financial transactions. Whether implementing small taxes on capital flows, the banking sector, air travel, or other areas, these new taxes or levies are deemed to be an innovative means of funding efforts to combat poverty at the global level through the support of global public goods. Collective action in support of the so-called "Robin Hood" tax has been active in Europe in 2009–2010, and the campaign has recently expanded to Canada.<sup>2</sup> Canada should work to encourage the adoption of this or similar mechanisms at the global level and ensure that our domestic taxation policy corresponds to such innovations.
- d. **Migration and Remittance:** With nearly 20% of its population foreign-born in 2006, Canada has the highest foreign-born population in the G8 and one of the highest net migration rates among the same group (OECD, 2009b). As a result, it is necessary to ensure that Canadian immigration policy can work to encourage and facilitate both permanent and temporary migration to serve Canadian economic interests and support the flow of remittances back to developing countries of origin. By accepting migrant labour and immigrants that meet Canadian labour requirements and at the same time increasing levels of remittance to the

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<sup>2</sup> See <http://www.robinhoodtax.ca> for more information on this campaign.

developing world, Canada's immigration policies could better complement our aid, trade, and other policies to promote poverty reduction. With the levels of remittance from Canada estimated to range from \$10–15 billion annually, migration policies which enable remittance and ease its flow can be a strong tool through which Canada supports economic growth in the developing world. Policies to reduce the transaction costs of remittance or to encourage increased levels of remittance might be appropriate avenues to explore for Canada to better take advantage of this aspect of its relationship to the Global South.

**6. Political and public engagement:** We have proposed a national project for Canadian development cooperation based on shared values, multilateralism, meeting international commitments, innovations in our aid programs, and increased policy coherence. This might seem to be a tall order, but it is one that can be achieved with adequate public support, political will, and active collaboration between existing entities within the Canadian government. How do we foresee managing this sort of change process at the government level? Five key points must be considered:

- a. Encourage and **leverage public support for reform** of Canada's development cooperation by building on already active networks and instances of collective action on development issues within the Canadian public. Significant public support has been aligned around these issues in recent years with the 'Make Poverty History' campaign and the present 'Robin-Hood Tax Campaign' standing as prime examples of public engagement on aid and development issues. Such coalitions of organisations and networks encouraging reforms have recently experienced significant success in the United States<sup>3</sup> and with adequate support and room for political opportunity here in Canada, the potential for broad-based public support of a new national project for development cooperation is possible.
- b. Strong government leadership for this project under one **focal point for development** is critical. Without a powerful ability to coordinate and ensure policy reforms, the approach outlined above will not be possible. This focal point might be a new agency/department within the Canadian government that goes beyond CIDA's provision of bilateral aid or the Department of Finance's transfer

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<sup>3</sup> See, for example: <http://www.modernizingforeignassistance.org>

of funds to the IFIs to managing the entirety of Canada's engagement with the developing world. Tasked with reshaping our development cooperation, such a body would require the ability to task and monitor other departments work on development issues with the support of the most senior levels of political power. Without an empowered focal point on development, a national project of this nature becomes an exercise in paying lip service to development without the capacity to deliver.

- c. This focal point does not exist in present Canadian **donor agency structures**, and the existing structures of CIDA will need to be revised to make the donor agency subservient to this new department or agency. There are numerous models for donor agencies that range from integration into the Ministry of Foreign Affairs in some countries (Norway, Denmark) to a more senior-level department of development (the United Kingdom). For Canada's aid agency to better engage as just one component of the larger context of development cooperation as outlined above, some institutional restructuring is necessary. Options for how such structural change are being discussed in the Gulrajani paper, and therefore will not be expanded on here.
- d. Greater **interdepartmental coordination** is necessary to achieve policy coherence in the best interest of Canada and of poverty reduction in the developing world. The focal point for development would need to manage this process, but buy-in from all relevant government departments and agencies is a must if this is to occur.
- e. To ensure that Canada meets and continues to meet internationally agreed to aid targets, the Canadian government, with the cross-partisan support of the opposition parties should **legislate the 0.7% of GNI aid target**. Only by placing into law this requirement for the level of aid, would successive governments ensure they maintain Canada as a leader on development cooperation, rather than a laggard. The ODA Accountability Act generated such cross-party support, but failed to mandate Canada to meet this level of aid. With the resources dedicated to poverty reduction and an effective doubling of Canadian aid, Canada's place as a leading donor would be confirmed.

Canadian development cooperation is at a crossroads. Our recent performance as a donor country and contributor to the international debate on development has not been strong or constructive. In this context, three options exist for the future of Canada's development cooperation:

- 1. End aid in its present form:** The malaise domestically with Canada's aid program seems ever-present. CIDA is consistently criticised for its shortcomings, lack of vision, and the recent politicisation of aid decisions has done little to generate support for the institution. One approach to be considered for the future of Canadian development cooperation is thus the idea of gradually phasing out the existing institutions and beginning anew with a reduced mandate for aid. Whether this reflects some form of the 'Dead Aid' proposals floated by Moyo and her supporters, it remains to be seen (2009). This extreme option would, however, fundamentally alter Canada's development cooperation and leave our credibility as a supporter of development on the international stage foundering precariously.
- 2. Status quo:** Canada's reputation as a donor and on development issues has suffered of late. Preoccupied with the minutia of focusing our aid efforts and constantly re-prioritising our aid programs, Canada has since the 1990s maintained a status quo of development cooperation at low levels of generosity. Even with reforms to the institutional structures of CIDA or other aid institutions within the Canadian government, this status quo will not achieve better quality aid without a transformation of fundamental approaches to development. This option is not tenable if Canada harbours any desire to promote development for the long term and be a more constructive partner to the developing world.
- 3. Commit to reform:** Embrace a national project for Canadian development cooperation. This project, around which politicians and public alike can unite to return Canada to a new position of leadership and innovation on development cooperation and aid, requires engaging politics and public support to make new commitments based on a strong moral foundation and innovative analysis of emerging threats to development. The world continues to change and the nature of

development is changing in tandem. Canada has the opportunity to reform its development cooperation to meet these changes by relying on innovation and the unity of the nation around our shared values. This project is, first, about engaging politics and the public to rally support for reclaiming Canada's role as a leader on development, and second, about managing the change that will be required to make Canadian development cooperation respond to the new realities of development moving forward. By reshaping Canadian development cooperation to reflect shared values, multilateralism, international commitments, innovation in our aid program, and increased policy coherence, Canada can become the leader it once was on aid and development globally.

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