

## 2014 GENERAL ASSEMBLY REFERRAL

### **CANADA'S INTERNATIONAL AID PROGRAM**

(International Affairs Committee, A&P 2014, p. 281-87, 22)

#### **TIMES OF CHANGE FOR CANADIAN INTERNATIONAL AID**

Justice requires concern for the poor of the world. It seeks the best way to create well-being in every society. It is concerned about employment, education and health, as well as rights and responsibilities. (Living Faith 8.4.4)

The Millennium Declaration was supported by all United Nations member states in 2000. The Declaration outlined a commitment to peace, human rights, environmental sustainability and poverty eradication (among others). From the Declaration, eight goals (called the Millennium Development Goals or MDGs) were established and given a 15 year timeline which concludes in 2015. The MDGs are a global initiative to improve the health and well-being of millions of people. Some progress has been made in meeting these goals.<sup>1</sup> Yet the United Nations predicts that 2.6 billion people will be living on less than \$2 USD in 2015 when the MDG timeline concludes (Tomlinson 2012, 124).

Guided by the biblical imperatives to care for the poor, The Presbyterian Church in Canada has long supported international development. Living Faith states: "God's justice is seen when we deal fairly with each other and strive to change the customs and practices that oppress and enslave others" (Living Faith, 9.4.2). Poverty is a form of enslavement and aid can help loosen these bonds.

The prophet Amos admonished the nations, including the Israelites, for oppressing the poor. In Amos' time the kingdoms of Judah and Israel enjoyed prosperity. The nations incorrectly interpreted their wealth and luxury as a sign of God's favour. Israel, however, was neglecting God's concern for the poor. Grace offers the privilege of salvation, but that grace comes with the responsibility to love and care for our neighbour and to uphold justice; justice and righteousness are preconditions for worship (Gowan 1996, 394).

In Matthew 25 Jesus teaches that those who will inherit the kingdom when the Son of Man comes will be those who cared for strangers, those who were hungry, thirsty, naked, sick and imprisoned. "Truly I tell you, just as you did it to one of the least of these who are members of my family, you did it to me" (Matthew 25:37). Jesus speaks to us, promising that we meet him, the King, in serving "the least of these". Those who inherit the kingdom, though, are not aware that in serving a neighbour in need, they have met Jesus. Moreover, those who have not responded to the poor are judged for their inaction. The people called to judgment in Matthew 25 are "the nations". "Too often what has been glossed over in Matthew 25:31-46 is the prospect of an eschatological judgment (judgment at the end of time) for nations, not people or congregations, for not caring for the needy" (Simpson 2011). In the end, we will be held to account on our record of caring for the least among us.

#### **The global context of development and international aid**

Official development assistance (ODA) is defined by the Organization for Economic Co-operation and Development (OECD) as assistance that promotes economic development and welfare, is concessional in nature and is conducted through official agencies. Good aid can have a positive impact on development just as bad aid can have a detrimental impact.

Development is affected by local, national or international issues. The economic crisis in 2008 nearly led to the collapse of the global financial system, and severely affected many poor countries in the Global South. Many countries in the Global South remain dependent on a few natural resources. If the world price for the resource collapses because of a glut on the market, a country's development prospects will be set back.

Natural disasters, such as earthquakes or massive storms can, in a very brief period of time, erase progress that may have taken years. Conflicts, such as the ones in Afghanistan or the Democratic Republic of Congo have a devastating impact on development. Civilians suffer disproportionately in conflicts. Infrastructure such as bridges, power facilities, water supplies are damaged or destroyed. Government services, such as hospitals or schools may cease to function. Climate change is threatening development prospects in many poor countries. Unpredictable rainfall patterns or droughts devastate local food systems and lead to widespread hunger. The HIV and AIDS pandemic has led to millions of deaths. Scarce resources are diverted to deal with the pandemic.

Inequality within and between countries is increasing. A particularly stark statistic is that the 85 wealthiest people in the world have \$1.6 trillion USD; the same amount of wealth as the poorest 3.5 billion people (Oxfam 2014). Inequality poses a major threat to economic stability and global security, according to the World Economic Forum (World Economic Forum 2013).

There is a crucial link between human rights and development. Democracy and citizen participation cannot flourish where human rights are systematically violated.

These factors, and others, all have an impact on development and whether the fruits of development are shared in an equitable way.

### **General Assembly statements about Canadian aid**

Over the past sixty years General Assemblies have adopted numerous statements and recommendations about Canadian aid. Some statements address specific crises, such as the African famine in the 1980s (A&P 1985, p. 346–47), and the HIV and AIDS pandemic (A&P 1997, p. 336–37 and A&P 2004, p. 443–46). Other statements address government policies regarding the purpose of aid. The 1992 General Assembly affirmed that humanitarian principles, rather than political or economic interests, should guide decisions about aid (A&P 1992, p. 335–37). One of the Millennium Development Goals encourages donor countries (like Canada) to increase aid levels, measured as a percentage of their gross national income, to .7%; Canada's is .31%. General Assemblies in 1985, 1992, 2002, 2005 and 2006 have encouraged successive Canadian governments to increase Canadian aid to reach .7%.

Canada has yet to make this commitment and does not have a plan to meet it. The Presbyterian Church in Canada has been a consistent advocate for international aid policies and programs that focus on assisting the world's poorest people and contribute to human flourishing. The creation of Presbyterian World Service & Development is both a theological and a practical response by General Assembly to the pressing needs in the world.

### **Canadian Official Development Assistance (ODA)**

Through taxes, the Government of Canada, on behalf of citizens, participates in international development by funding multilateral bodies (United Nations organizations), developing bilateral programs (government to government) with countries in the Global South and providing funding to churches and development agencies.

ODA programs in Canada must satisfy three conditions set out by the Official Development Assistance Accountability Act (ODAAA), federal legislation that became law in 2008. The ODA Accountability Act stipulates that ODA must: contribute to poverty reduction; take into account the perspectives of the poor; and be consistent with international human rights standards. The government must provide annual reports to Parliament on ODA; 14 departments currently allocate Canada's ODA.

In 2013, the Auditor General of Canada reviewed Canadian ODA to multilateral organizations (such as the United Nations Development Program). This accounts for approximately \$3 billion of the \$5.2 billion ODA spent in 2010–2011.<sup>2</sup> One goal was to evaluate compliance with the Official Development Assistance Accountability Act. A key finding of this report states:

Official Development Assistance that the federal government provides to multilateral organizations has a central focus on poverty reduction. However, the spending proposals and other reviews we examined did not identify how the assistance met two of the three key conditions for the provision of ODA—taking into account the perspectives of the poor, and being consistent with international human rights standards. Decision makers do not have all the information they would need to determine that the conditions in the Act are respected. (Office of the Auditor General 2013, 1)

The Auditor General made three recommendations related to funding, oversight and reporting on ODA. A key recommendation was that the reports to Parliament needed to explain how the ODA Accountability Act criteria were used in deciding which programs to fund or not to fund. The audited departments (CIDA, Department of Foreign Affairs and International Trade and Finance Canada) agreed with these recommendations.

In March 2014, the Department of Foreign Affairs, Trade and Development released guidance notes on two of three criteria from the ODAAA to guide the department in assessing funding proposals. On the criteria that proposals be

consistent with international human rights standards, the document from the department advises that program proposals minimally should avoid undermining human rights in the country or community but also acknowledges that an aid proposal could go further in advancing human rights.

On the ODAAA criteria that aid take into account the perspectives of the poor, the guidance notes from the department state that programs should put the needs, concerns and priorities of the poor front and centre and that these perspectives should be sought by engaging with beneficiaries (Reilly-King, 2014).

**Recommendation No. 1** (adopted, p. 22)

That the Moderator of the 140th General Assembly write to the Minister of International Development affirming the initiative to apply two out of three criteria in the Official Development Assistance Accountability Act and inquire when advisory notes on the third criteria (poverty reduction) will be available.

**ODA spending reductions**

Canada's ODA was dramatically cut in the 1990s. Then, governments increased aid so that it doubled (in volume) between 2000 and 2012, reaching \$5.51 billion in 2011–2012. This is about .31% of Canada's gross national income, far below the .7% recommended as part of the Millennium Development Goals, to which Canada did not commit.<sup>3</sup> Canada is ranked sixth highest of 34 Organization for Economic Cooperation and Development (OECD) countries for total aid volume. As a percentage of GNI, Canada ranked fourteenth in 2012. In its report on Canada's ODA, the OECD recommended that Canada set a timetable for reaching the .7% of its GNI on aid (OECD Development Assistance Committee 2012).

Denmark, Luxemburg, Norway, Sweden and The Netherlands have exceeded .7% of their GNI on international aid. In 2013, Britain became the first G8 country to set its aid budget at .7% of GNI (Anyangwe 2013).

In the 2012–2013 federal budget, aid was cut by almost 8% over three years. The 2012–2013 aid budget was then further reduced by \$370 million. Included in this amount was \$290 million in unspent aid money that was returned to the Treasury Board. This meant that the actual reduction in ODA was significantly higher than the previously announced cuts. It is not clear why \$290 million was not spent nor why this amount was cut from future budgets. The February 2014 budget announced that no further cuts were planned at present.

The 2012 OECD Development Assistance Committee review of Canadian aid recommended that Canada set a timeline for increasing ODA to .7% of GNI (OECD Development Assistance Committee 2012).

**Recommendation No. 2** (adopted, p. 22)

That the Moderator write to the Minister of International Development inquiring about the government's plans to increase Official Development Assistance as a percent of GNI over the next three years.

Increasing Canada's aid beyond the current .31% of GNI would be welcome. Equally important is the predictability of aid (transparent, regular, detailed, timely information on aid volumes and allocation). Development requires a long term investment to achieve lasting change and organizations and governments require sustained funding to achieve these aims. Predictability in aid commitments is essential so that recipient countries, multilateral organizations and development agencies are better able to plan their programs and set their budgets with some certainty.

**Maternal, Newborn, Child Health Initiative (Muskoka Initiative)**

In 2009, the Government of Canada announced a new program known as the Maternal, Newborn and Child Health Initiative. This laudable initiative however did not come with additional funds but at the expense of Canada's previously committed priorities to address poverty. In the context of the ODA cap at 2010–2011 numbers, this effectively means that "effort to make progress on maternal and child health comes effectively at the expense of a broader commitment toward poverty reduction, and thus the systemic underpinnings from which both maternal and child-health failures arise and on which sustainable progress needs to be built" (Black 2012, 261). In effect, the Muskoka Initiative targets the symptoms of poverty at the expense of addressing the underlying systemic issues.

## **Untying Aid**

Tied aid means that a percentage of the goods or services in an aid program have to be spent in the donor's country. Since 2001, Canada has supported the principle of untying aid. Many studies have demonstrated that untied aid is more consistent with value for money, more cost effective and more in line with the partnership elements of the Paris Declaration on Aid Effectiveness (McGill 2012, 33).

In 2004, 43% of Canada's bilateral aid was tied. This dropped to 9% in 2008 and by 2013 all bilateral aid was to be untied. This includes food aid which can now be purchased as close as possible to where it is needed (Gulrajani, 2012, p. 62). Canadian churches, through the Canadian Foodgrains Bank, played an important role in advocating to untie Canadian food aid.

## **Priority Countries**

The Government of Canada has reduced the number of its country to country (bilateral) development partnerships in the past few years from 77 to 43, out of which 20 are "countries of focus". The "countries of focus" receive 80% of bilateral aid. Seven of these 20 countries are sub-Saharan Africa countries. Sub-Saharan Africa as a region is the furthest from achieving the Millennium Development Goals. Malawi, one of the poorest countries in the world was dropped and no longer receives Canadian bilateral aid. Several middle-income developing countries such as Columbia and Peru have been added to the list of countries receiving bilateral aid.

## **Amalgamation of CIDA and the Department of Foreign Affairs and International Trade**

On June 26, 2013, the Canadian International Development Agency (CIDA) was officially amalgamated into the Department of Foreign Affairs and International Trade. The new department is called the Department of Foreign Affairs, International Trade and Development. This will result in significant organizational changes. The rationale for the amalgamation is to strengthen coherence across foreign affairs, trade and development.<sup>4</sup>

Under the ODA Accountability Act, three criteria must be met; reduce poverty; take into account the perspectives of the poor; be consistent with international human rights standards. One of the recommendations in the OECD's 2012 DAC Peer Review, called for Canada to "put in place an overarching development co-operation vision that is owned by and guides the whole of the Canadian government for at least the next five to ten years" (OECD Development Assistance Committee 2012, 10). Canada's ODA priorities should be responsive to the priorities of poor countries. Whether a government's international development agency is part of a department or is a stand-alone department is less important than a government's commitment to reduce poverty and to advance human rights. The two examples below illustrate this point.

In the 1990s Denmark integrated its government aid agency into its foreign affairs department. In subsequent years Denmark's aid as a percentage of GNI substantially increased and is now .85% (Ingram and Bhushan 2013). The profile of aid in Denmark has also increased. In contrast to the approach in Denmark, Britain established the Department for International Development as an independent department in an effort to strengthen Britain's development policies and programs. Britain recently announced a commitment to increase its aid to .7% of its GNI signalling that aid is a priority. These two countries took different organizational approaches in order to strengthen their respective aid programs.

As a member of the OECD's Development Assistance Committee (DAC), Canada subscribes to the principles of the Paris Declaration (2005). They are:

1. **Ownership:** Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption;
2. **Alignment:** Donor countries align behind these objectives and use local systems;
3. **Harmonization:** Donor countries co-ordinate, simplify procedures and share information to avoid duplication;
4. **Results:** Developing countries and donors shift focus to development results; and
5. **Mutual accountability:** Donors and partners are accountable for development results.<sup>5</sup>

The Accra Agenda for Action (2008) builds on the Paris Declaration, emphasizing the importance of inclusive partnerships. Countries in the Global South, donors, foundations and civil society are all considered full participants. Aid should contribute to strengthening the capacity of a country to chart and manage its own future.

What ultimately matters is whether Canada's ODA is consistent with the ODAAA and with the principles in the Paris Declaration and the Accra Agenda for Action.

### **The Private Sector and Development**

The government is inviting Canadian corporations to play a more active role in international development. Advancing innovation, creating wealth, income and jobs and mobilizing domestic resources are important ways that the private sector can contribute to economic development.

Canadian corporations invest \$711 billion in countries around the world. 90% is in high income countries. About 2% is invested in the Global South; less than .5% is invested in Africa and less than .2% in the poorest countries in the world.<sup>6</sup> Brazil, China and India account for much of the Canadian investment in "developing countries". Each of these rapidly expanding economies actually invests more in Canada than Canada invests in each of them.

Foreign investment by Canadian corporations may contribute to economic development, but there is unlikely to be a rush by corporations to invest in the poorest countries in the world. Canadian investment will not replace the need for development aid in areas such as HIV and AIDS programs, human rights training, literacy or support to small scale producers.

Trade can also contribute to economic development. Imports from the poorest countries in the world to Canada were about \$5 billion or 1% of Canada's total imports.

In recent years, Canada has introduced the Least Developed Country (LDC) Market Access Initiative. It extends duty-free and quota-free access to Canada's markets from 48 least developed countries. Supply managed agricultural products in Canada, namely dairy, eggs, poultry are not included in the Market Access Initiative. Textiles and clothing products have recently been included, increasing export opportunities for LDCs to Canada. While these initiatives are welcome, more needs to be done to ensure that those who grow or make the products that are exported to Canada, do so in safe working conditions and receive a fair wage.

In a major speech to the Economic Club of Canada, on November 23, 2012, the former Minister for CIDA, Julian Fantino outlined "the role private companies particularly in the mining sector can play in helping CIDA achieve its development objectives". Mr. Fantino continued, "we will be doing more of this in the future" (Mackrael 2012).

In a speech to the Board of Trade of Metropolitan Montreal in December 2013, the Hon. Christian Paradis, Minister of International Development, stated that "we already dedicate considerable sums to various projects that open up markets in developing countries". Minister Paradis went on to say that: "my priority is now to increase private companies' participation in international development" (Paradis 2013).

Support to economic development has been part of Canadian aid for years. Under CIDA 22% of its disbursements were for sustainable economic growth in a variety of sectors.<sup>7</sup> Furthermore churches and NGOs have long supported economic activities in agriculture, animal husbandry, credit unions and small businesses.

In the same speech to the Board of Trade of Metropolitan Montreal, Minister Paradis stated that Canada's Global Markets Action Plan is "based on the concept of economic diplomacy and points to the need to co-ordinate efforts in matters of trade, diplomacy and development as each of these contributes to Canada's prosperity" (Paradis 2013).

The Government of Canada has a legitimate responsibility to advance Canadian political and economic priorities but programs and funds to promote Canadian prosperity will not necessarily lead to a reduction in poverty in the Global South.

The report from the OECD's DAC Peer Review of Canada (2012), observed that "Canada needs to ensure that development objectives and partner country ownership are paramount in the activities and programs it supports." As the OECD's DAC has advised other DAC members, "there should be no confusion between development objectives and the promotion of commercial interests" (OECD Development Assistance Committee 2012).

#### **Recommendation No. 3** (adopted, p. 22)

That the Moderator write to the Minister of International Development inquiring what policies are in place to ensure that the participation of Canadian corporations in Canada's aid program will be consistent with the Official Development Assistance Accountability Act.

## **Conclusion**

This is a time of change in Canadian aid. The Government of Canada has untied all bilateral aid. This is a welcome decision and long overdue. Canada has received international peer recognition for its leadership with its Maternal, Newborn and Child Health Initiative. The government is providing clear reports on how ODA allocations comply with the criteria in the ODA Accountability Act, but does not explain how the criteria were used in deciding which programs to fund.

At .31%, Canadian aid as a percentage of GNI lags behind the recommendation from the OECD's Development Assistance Committee that donor countries commit to increasing aid to .7% of GNI. This may fall further in the next few years. Reaching the .7% will not happen overnight, but a plan to reach this target by annual increases would provide much needed predictability (important for recipient countries and organizations) and would not harm Canada's international reputation.

The government wants to involve Canadian corporations in development programs. What this will mean in practice is not clear nor is it clear how the government will ensure that Canadian commercial interests do not trump efforts in reducing poverty, taking into account the perspectives of the poor and advancing human rights.

The 2012 OECD DAC Peer Review of Canada's aid program notes that Canada lacks a "clear, top level statement that sets out its vision for development co-operation that guides the government for at least five to ten years".

Assuming the government responds to this call from the Peer Review, it is hoped that there will be consultation in Parliament and that the government will encourage input from faith communities, development agencies, research institutions and universities. Significant expertise in Canadian society has been developed in Canada since CIDA was established in 1968.

The 1992 General Assembly adopted a report from the International Affairs Committee which observed that humanitarian assistance, not political or economic interests must guide rationale for development.

The question is: Are the world's poorest people still the Canadian priority? If so, which is really the more appropriate yardstick for Canadian overseas development aid: imposed structural economic theories or a Third World government's serious attempt to ensure the poorest of its society are able to meet their basic needs? And which is really the most appropriate way to offer Canadian overseas development: bypassing repressive Third World governments and injecting cash directly into private enterprise without addressing the great inequalities between its top and bottom levels of society, hoping that some crumbs will fall down to feed the poor; by supporting church and development groups with direct aid; or by continuing Canada's somewhat independent approach that works with Third World governments on humanitarian projects that explicitly target the needs of its poor by providing water and enabling literacy? (A&P 1992, p. 336).

More than twenty years later, the devastating impacts of poverty still oppress millions of people and many donor countries are reducing their aid commitments. Guided by biblical imperatives to care for the poor, releasing the bonds of oppression, and resisting systems that entrench conflict, inequality and poverty the church's voice is to be a call to equality, love, justice and mercy. Surely this includes advocating for policies and programs to reduce poverty, advance human rights and care for God's creation.

### **Recommendation No. 4** (adopted, p. 22)

That the Moderator write to the Ministers of Foreign Affairs, Trade and Development recommending that the Parliamentary Standing Committee on Foreign Affairs hold public hearings on the future of Canadian aid; and that this letter would also be directed to the Critics in the Opposition Parties.

### **Recommendation No. 5** (adopted, p. 22)

That courts of the church and individuals meet with local Members of Parliament to dialogue on Canada's aid program.

The International Affairs Committee, in consultation with PWS&D, will prepare background notes for use by the church.