



## Guess what? We give more than .7% already

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BY THE OTTAWA CITIZEN MARCH 3, 2007

According to the results of a recent Canadian Defence and Foreign Affairs Institute poll, Canadians have an outdated and contradictory sense of how Canada should engage developing countries.

For example, even though informal financial flows outstrip Official Development Assistance (ODA), a majority of Canadians still think of aid as government transfers. The World Bank estimates that in 2005, global remittances exceeded \$200 billion U.S. Together with ODA, the total amount of money as a percentage of our GNP that moves to developing countries is higher than the touted 0.7-per-cent development assistance benchmark used to rank OECD countries.

That total is greater than the aid budgets of the Scandinavian countries that typically hold first rank in foreign aid measurements, but which also lack the demographic diversity that makes diaspora remittances possible.

Perhaps it's time we had a better understanding of how private financing fuels both conflict and peacebuilding in developing countries.

A majority of Canadians believe that Canada has a moral obligation to help the poorest of the poor. However, that claim to universality is challenged by a belief that Canada should focus on fewer countries, while tying our carrots to basic performance measures.

Such choices come with tradeoffs. Focusing our aid on fewer countries means having a better sense of how our aid is used. A Senate Committee report on the mission to Afghanistan recommended that CIDA hand over \$25 million to the military apparently because our forces are better positioned to deliver aid. Last month, another Senate report challenged CIDA to make good on its efforts to help stabilize sub-Saharan Africa, arguing that our aid is spread too thinly without demonstrable results.

These recommendations come at a time when Canada's key allies, including Britain and U.S., have significantly increased their budgets in support of failed and fragile states and are shifting much of their diplomatic assets into troubled regions. What we are witnessing is a dramatic change in which aid agencies such as CIDA and diplomatic assets such as the Stabilization and Reconstruction Task Force (START) are part of a foreign policy that aims to be more focused, forward looking and strategic.

This transformation speaks to three issues. First, through much of the post-Cold War era, Canada

staked its international reputation on "soft power" ideas such as human security and the responsibility to protect agendas. Such ideas while useful for public diplomacy and multilateralism have proved incapable of turning around fragile states. Working with far fewer countries, using operational tools such as START and extending our defence capabilities means that precision, focus and a sense of purpose are essential.

With a concentration on operational engagements, the Canadian government will be expected to demonstrate strategic effectiveness, develop corrective measures where necessary and above all, show the Canadian public that long-term investment -- public and private -- is the key to a more stable international environment.

The second issue is the interesting question of where to concentrate our efforts. Developing countries may be relevant to Canadian foreign policy for a number of reasons; from cultural, linguistic and historical linkages to the presence of vibrant diaspora communities and networks to economic ties to strategic considerations to concerns of national security. To this end, the Senate report on Africa recommended that a redoubling of effort is necessary if Africa is to be brought back from the brink.

In research that we conducted, all but one of the most fragile states are to be found in sub-Saharan Africa. By the same token, the Western Hemisphere is becoming increasingly important to Canada as measured by private sector interests, spillback violence, transnational crime and tourism. For example, Canada has repeatedly taken a lead role in international efforts to intervene in Haiti and has made Jamaica the second-largest recipient of its development assistance in the region. In brief, it is altogether easier to say that we should concentrate our aid as well as our diplomatic and defence efforts than it is to spell out where and why we should do so. Africa and the Western Hemisphere justify our full engagement but for somewhat different and equally plausible reasons.

The third issue is that Canada should focus on strengthening governance, anti-corruption and market efficiency in countries that are making real efforts to address these problems. In fact, the answer is rarely so simple.

The really poor performers are so, in part, because of donor neglect. They are the "aid orphans" who typically underperform in relation to the "aid darlings." To ignore the orphans is to only worsen their situation. To tackle the problem of fragile states is to understand that aid may have a stabilizing result when the country has the capacity to direct aid toward good governance. Conditional aid that fails to take the absorptive capacity of a state into account rarely induces desired changes.

Although aid can have an indirect effect on patterns of governance, without strong domestic leadership, the effect is relatively weak.

Canada must select eligible countries through careful analysis with specific attention given to both the most fragile of states that are at risk of failure and those whose improved performance demands continued international support.

Ultimately, any engagement whose strategy and measures of success are not clearly defined, or one in which the specific Canadian contribution is not explicitly clear and measurable, will be difficult to justify to voters.

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