



Canadian Catholic Organization for Development and Peace

August 30, 2001

The Honorable Maria Minna
Minister for International Cooperation
Canadian International Development Agency
200 Promenade du Portage
Hull (Quebec)
K1A 0G4

Dear Minister,

I am pleased to have this opportunity to convey the comments of the Canadian Catholic Organization for development and peace on *Strengthening Aid Effectiveness*, the policy statement issued for public consultation by the Canadian International Development Agency (CIDA). Our organization is a member of several international development networks, including the Canadian Council for International Cooperation (CCIC) and the *Association québécoise des organismes de coopération internationale* (AQOCI), as well as a Canadian Coalition of Churches for Justice, KAIROS. We agree with the viewpoints that these organizations will be communicating to you separately.

At the same time, we feel that it is important for us to express our own point of view as the official agency for international solidarity of the Catholic Church in Canada, in the light of our specific values as an organization and of our involvement in CIDSE (International Cooperation for Development and Solidarity) and Caritas Internationalis. As you are no doubt aware, the organizations affiliated with CIDSE and Caritas Internationalis base their commitment on a *preferential option for the poor*. Inspired by the values of the Gospel, this option in favour of the poor means that we consistently seek to adopt the point of view of the oppressed and marginalized when it comes to analyzing and deciding on issues that affect them. We feel that it is entirely relevant that such a point of view be voiced in the current debate.

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Preliminary comments

Let me begin by congratulating your government and CIDA for stating clearly that poverty reduction must be at the heart of international aid efforts. As an organization that has always placed the point of view of the poor at the centre of its action, we are pleased to see you confirm that the Canadian international cooperation effort should be aimed first and foremost at the disadvantaged populations of developing countries.

Furthermore, we can only applaud the expression of the Canadian government's concern that aid be made as effective as possible, in the interest of the people the aid is intended to assist and in the name of responsible management of the funds entrusted to it by the citizens of Canada.

In responding to CIDA's consultation document on the effectiveness of Canada's international assistance program, we at DEVELOPMENT AND PEACE cannot limit our comments to the narrow framework of the issues formally raised in CIDA's document. As the Canadian Catholic Church's official international development agency, we would like to address four broad issues:

- the systematic under-funding of Canada's international aid programs over the last years;
- the strengthening of democratic institutions in the countries of the South as an essential dimension of their future development, and the role of Canadian NGOs as a driving force in this respect;
- policy coherence and the fight against poverty; and
- aid to countries in crisis.

1. Funding for development assistance

1.1 Under-funding of Canadian international cooperation programs

Strengthening Aid Effectiveness recognizes that CIDA has had "to deal with substantial budget cuts throughout the 1990s". Canada's aid budget has been cut in real terms by over 37% since the beginning of the 1990s. This represents a solidarity deficit of several billions of dollars compared to the amounts that should have been invested in the South. As the graph in Appendix A shows, Canada's official development aid dropped from 0.5 % of GDP in 1986/1987 to 0.29 % in 1999/2000.

We understand that CIDA is in an awkward position to comment on the severe budget cuts imposed on it by the government since the early 1990s. However, the Agency must in all honesty recognize that the precarious state of its financial resources has ended up affecting its effectiveness. It is hardly surprising that, for the last ten years, CIDA has been doing "less with less".

As a result of the budget-cutting decisions of the Canadian government, the people of a number of countries in the South have been faced with even deeper poverty, basic education services have been cut, the health of women has declined, epidemics have been fought less vigourously, and more children have died.

Clearly, the primary cause of aid ineffectiveness lies not in the fact that it is spread too thin, but that there is not enough of it. Yet, as David Dollar, the lead author of the World Bank's well-known report on effective aid (*Assessing Aid: What works, what doesn't, and why*) has pointed out:

"It is ironic and tragic that the volume of aid is declining just as the environment for effective aid is improving. By increasing financial assistance to poor countries with good policies and decent institutions, we could help hundreds of millions of the poorest people in the world to improve their lives, and those of their children."

We invite all Canadian ministers, and particularly the Prime Minister, to take the full measure of the United Nation's Millenium Declaration, ratified by Canada, in which the heads of State and government declared: *"We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level ... As leaders we have a duty therefore to all the world's people, especially the most vulnerable ..."*

With the approach of the United Nations international conference on the financing of development in Monterrey in March 2002, and the next G-8 Summit in Kananaskis in June 2002, we can only hope that Canada will make the necessary change of course to assume its global solidarity responsibilities. We also call upon the government to untie Canadian foreign aid, given that it has been credibly calculated that tying foreign aid to the purchase of Canadian goods and services reduces its effectiveness by about 25 %.

1.2 Debt forgiveness for developing countries

DEVELOPMENT AND PEACE has been one of the most active participants in the Canadian Ecumenical Jubilee Initiative to have the debt of the world's poorest countries canceled. Our participation included a campaign which gathered the signatures of over 470,000 Canadian Catholics on a petition asking Prime Minister Chrétien to exercise leadership on this issue in international forums.

The indebtedness of developing countries is the most obvious expression of their poverty, and there can be no effective strategy to overcome underdevelopment without a coherent set of debt forgiveness measures. We have repeated time and time again that the indebtedness of the South condemns millions of people to lives of destitution.

- In Ethiopia, where more than 100,000 children die every year from easily preventable diseases, the cost of servicing the external debt is four times the amount the government spends on health care.
- In Tanzania, where 40% of the population dies before the age of 35, debt payments are six times the country's health care budget.
- Throughout Africa, where one out of every two children does not go to school, governments pay their creditors in the North four times more than they spend on the education and health of their citizens.

In other words, the debt load of the heavily indebted poor countries (HIPC) is such that they have to use their meager financial resources to make payments on their debts and can no longer spend that money to meet the basic needs of their populations. It is our hope that more money will be made available quickly for the international financial institutions' initiative to assist the HIPCs.

According to estimates made by CIDSE and Caritas Internationalis, only the complete cancellation of the multilateral debt of the HIPCs will enable them to meet the poverty reduction targets set by the OECD's Development Assistance Committee. We therefore believe that CIDA's efforts to make its aid more effective must necessarily include a strategy to secure greater flexibility on the part of the IMF and the World Bank. Needless to say, the money to forgive the debt of the HIPCs must come from new appropriations, and not from existing budgets, which are already insufficient.

You will find attached a copy of *From Debt to Poverty Eradication*, a report prepared by the CIDSE-Caritas Internationalis Working Group on Debt and Structural Adjustment. The report contains a number of recommendations on how to improve the Poverty Reduction Strategy Paper (PRSP) drafting process for the poorest countries. In view of these recommendations, DEVELOPMENT AND PEACE would like the Government of Canada to publicly state what positions it will defend at the March 2002 United Nations on the financing of international aid.

2. Support for democratization as an essential ingredient of aid effectiveness

With the financial support of CIDA and Canadian Catholics, DEVELOPMENT AND PEACE is in the process of implementing a three-year program of support for democratization and the strengthening of civil society in the 26 countries where we are present in partnerships with local groups and organizations. The program provides for a wide range of actions designed to strengthen local groups such as unions, cooperatives, women's and human rights groups, community radios, development and micro credit organizations that are involved in a process of local and/or national development.

Aid that strengthens the many institutions of civil society is recognized as being highly effective because it empowers the people who are directly affected. According to economist David Dollar the presence of a dynamic civil society contributes powerfully to the improvement of public services, and actions that strengthen civil society are in fact the only valid approach in highly destabilized countries of the South.

Canada has only to rely on its own experience in this respect. Our public policies have been constantly improved through the presence of a dynamic civil society. This can also occur in developing countries to the extent that support in that direction is forthcoming. Such an approach is all the more necessary in countries where the governments show little or no regard for democracy, and where Canada must do its part to ensure that the importance of the contribution of civil society is recognized, instead of clinging to programming frameworks whose legitimacy is open to question.

While the consultation document does mention that the OECD considers the mobilization of civil society to be one of the five most effective approaches to cooperation-for-development programming, CIDA seems unfortunately unable to draw the logical operational conclusions. The document states axiomatically that "*the private sector plays a fundamental role in development and poverty reduction*", but fails to make any such clear assertion as to the importance of the contribution of the organizations of civil society in Canada to the social and democratic development of developing countries. It gives the business community a sort of blank cheque, but seems to relegate the NGOs to the realm of "responsive" action that must constantly be justified within the parameters of country programming. We cannot accept this kind of approach.

We believe that in all cases, whether the country is disorganized or has a clear national strategy, actions to strengthen democracy and civil society are indispensable. The considerable support we receive year after year from Canadians is a clear indication that our opinion is widely shared.

DEVELOPMENT AND PEACE is asking you, Madame Minister, for reassurance on this fundamental point, especially since the action proposal in the section on the "Role of responsive programming" seems to put into question the solid partnership that has been established between CIDA and the organizations of Canadian civil society in the implementation of Canada's international cooperation program.

3. Policy coherence and poverty

In the last section of the consultation document on effective aid, CIDA rightly emphasizes the importance of policy coherence by recommending that Canada review the impacts of its policies on the countries of the South in order to make them more coherent from a development perspective.

As an organization whose mission is to raise the awareness of the general public in Canada on the need for international solidarity and which carries out a public education campaign every year on a theme relating to a particular aspect of development, we are very sensitive to the importance of this recommendation and endorse it wholeheartedly.

To give an example, as part of the NGO Working Group on the Export Development Corporation (EDC), DEVELOPMENT AND PEACE participated in a lobbying campaign to promote responsible investment abroad. Specifically, it called on the EDC to enforce its own environmental review policies and to be more transparent regarding the investment projects it supports abroad. Over 143,000 Canadian Catholics signed a petition making this demand, and we are pleased to see that the EDC has begun taking corrective measures.

We recommend that CIDA be given a formally-recognized coordination role that would prevent other policies of the Government of Canada, particularly in the area of trade, from undermining Canada's international development efforts. CIDA's mandate in this regard should cover both the public and the private sectors.

4. Aid to countries in crisis

As an organization whose preferential option for the poor is central to its action, DEVELOPMENT AND PEACE would like to express its concern over the fate of the countries that are in total disarray due to civil war, armed conflict or the corruption or incompetence of their leaders.

Now that the World Bank's *Assessing Aid* study has demonstrated that aid spent in the well governed countries in the South is far more effective at reducing poverty, the temptation is great for international development agencies to abandon the most destabilized countries to their fate. Our apprehensions are only heightened when CIDA laments that its efforts are already too geographically dispersed.

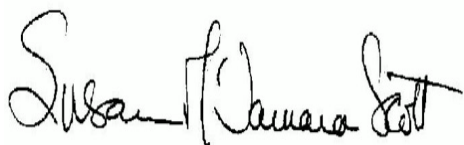
It is DEVELOPMENT AND PEACE'S view that CIDA must make a moral choice over an economic choice. Countries at the mercy of civil war or bad government must not be left to their own devices. In this kind of situation, the parallel organizational networks like the Churches can very often play a fundamental role in alleviating the poverty of the population.

DEVELOPMENT AND PEACE also hopes that Canada will continue to promote the agenda of human security at the United Nations. International practices need to be adopted to make the security of individuals a collective priority. The primacy of this principle is the basis of our collective right to intervene in countries where people are subject to genocide or gross violations of their rights. The same principle must be allowed to empower the International Criminal Court to put an end to the culture of impunity.

As a member of Caritas Internationalis, the Catholic world confederation for charitable action, DEVELOPMENT AND PEACE would be pleased to take part in CIDA's examination of the issue of aid to the most destabilized countries.

In conclusion, I would like to reiterate our support for the Government of Canada's objective of making poverty reduction central to its international cooperation efforts.

Yours truly,

A handwritten signature in black ink, appearing to read "Susan McNamara Scott". The signature is written in a cursive style with a large initial 'S' and a distinct 'Scott' at the end.

Susan McNamara Scott
Chair of the National Council

Encl.: "From debt poverty eradication" - CIDSE – Caritas Internationalis