



CAIDP/RPCDI

Canadian Association of International Development Professionals
Regroupement des professionnels canadiens en développement international

Submission to:

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International Assistance Review**

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INTRODUCTION

The Canadian Association of International Development Professionals (CAIDP) is a national member based association. CAIDP's members include over 180 private sector companies, individual consultants, educational institutions and non-profit organizations (NGOs) providing services to the international development market. In addition, CAIDP has over 1,200 subscribers to an online information exchange known as the CAIDP HUB.

CAIDP's members are active throughout the world and in all of the policy issue areas being considered by Global Affairs Canada in the International Assistance Review (IAR). CAIDP, as an organization, does not take a position on thematic or geographic policy priorities of the Government in power. However, CAIDP is keenly interested in the quality of development investments, specifically helping international assistance become more accountable, effective and transparent. For this reason, CAIDP's submission focuses only on one section of the IAR consultation document—Delivering Results.

Our feedback is organized around the discussion points in the IAR consultation document. We have focused on providing comments on the questions posed as well as providing recommendations for overcoming some of the biggest obstacles that will face Global Affairs in implementing its ideas.

CAIDP is pleased to have the opportunity to actively participate in Global Affairs' IAR process. We registered our members to attend the consultation on May 13, following which CAIDP formed a committee to review the issues and documents produced by Global Affairs and draft a response on behalf of our members. This document was vetted by the Board of Directors and posted on our website as a discussion draft for member comments. This final document integrates the comments received and reflects the concerns and ideas of our membership.

We have encouraged our members to engage throughout the IAR process. Members have participated in consultations in Ottawa, Montreal, Halifax and Calgary. We have also encouraged our members to provide feedback directly to Global Affairs on the policy issues presented including good practices and effective partnerships.

CAIDP believes that the IAR process being undertaken by Global Affairs is an important step in enhancing the efficiency and effectiveness of international assistance as well as making it more dynamic and innovative. We strongly support the efforts of Global Affairs in developing clear priorities and new ways forward and offer the following comments to assist with this process.

QUESTION 1: WHAT CONCRETE STEPS COULD CANADA TAKE TO MAKE ITS INTERNATIONAL ASSISTANCE DELIVERY APPROACHES AND MECHANISMS MORE EFFICIENT, EFFECTIVE AND INNOVATIVE?

Issue 1: The choice of aid delivery mechanism has structural impacts on efficiency, effectiveness and innovation capacity. The current model appears over-weighted toward multilateral programming. A re-balancing between delivery models is needed if Global Affairs is to implement its innovation agenda.

Global Affairs Canada manages but does not deliver Canada's international assistance. It uses three methods to finance and contract its programming: grant financing through multilateral agencies and occasionally NGOs, contribution financing mainly through NGOs and occasionally the private sector, and contract financing through the private sector and occasionally through NGOs. Each contracting type has pros and cons, however, the balance between the routes has become increasingly out of alignment.

Mechanism 1: Grant Financing – Multilateral Institutions (uncompetitive)

Recommendation #1 - Assess the effectiveness of multilateral programming – A rigorous review should be undertaken to assess the various multilateral programming routes and determine which are effective and efficient and can deliver on Canada's priorities. A similar review is currently underway by the Department for International Development which is assessing 38 individual multilateral organizations and their contributions to the UK's development objectives and organizational strengths. With multilaterals handling more than half of the international assistance envelope, these initiatives must be contributing to the objectives of Global Affairs and decisions on renewals or new programming should be done based on evidence of performance - not on momentum or expediency of the approval process. Multilaterals should be expected to demonstrate measurable outcomes from the resources invested. In addition, the balance of utilization of the current mechanisms is not capitalizing on the contribution that the private sector, NGOs and academe can make in the design and delivery of international assistance. In some cases, sending funds directly to multilaterals will be the best option; in others, a bilateral approach managed by Global Affairs will be the most effective mechanism for design and delivery. An assessment will provide evidence of which multilateral routes are most appropriate.

Recommendation #2 - Rebalance programming between multilateral and bilateral channels - CAIDP is a strong supporter of untying aid and competitive processes for awarding contribution agreements and contracts, and inter-alia a level playing field for those competing. The current emphasis on use of non-competitive processes—i.e., grants through multilateral institutions—does not necessarily provide the best value for money or the most innovative ideas. It also provides limited opportunities for Canada to set the agenda for its use of international assistance.

Rationale

The vast majority of funding in recent years has been through grants to multilateral institutions. In FY 2014-15, 57% of all international assistance funds went through multilaterals including global initiatives as well as country level projects ("multi-bis"). Beyond Global Issues

(Multilateral) Branch funding, the proportion of Geographic Branch spending at the country and regional levels going to multilaterals is 42%.

Using multilateral institutions for implementation has a number of positive aspects. For example, it allows Canada to participate in large initiatives and projects that are tackling broad development issues such as the Global Fund to Fight AIDS, Tuberculosis and Malaria. A more rapid approval process is possible with most grants to multilateral institutions and this allows projects to be operational faster. Some multilaterals have specific tools that can be adapted to a country setting to allow more rapid results or to scale up previous pilots.

On the other hand, there are concerns with such a high proportion of funding going through multilaterals. While Canada is a supplier of funding, in multilateral contexts Canada has little influence over its use or effectiveness and usually has no independent right of audit or evaluation. In most initiatives the assistance no longer has a Canadian brand and the Canadian value added is unclear.

There is limited evidence that multilaterals are more efficient or effective implementers across the board — some have good track records in specific areas, others have poorer track records but continue to receive funding. Multilaterals in many cases are not able to respond quickly to a changing context or to change course if interventions are not producing results. In the 2012 Auditor General Report, questions were raised about how the assistance through multilateral organizations met two of the key conditions for Official Development Assistance (ODA)—namely taking into account the perspectives of the poor, and being consistent with international human rights standards.¹

Mechanism 2: Contribution Financing – Unsolicited Proposals (uncompetitive)

Recommendation #3 - Increase the transparency of program priorities and information –

To increase the quality and relevance of unsolicited proposals will require that the information on programs and budgets be made available, and a process established whereby proponents can engage with the programs to discuss potential initiatives. Neither currently exists. Country level, regional and global priorities, and the associated general financial information, should be transparent and freely available to the public. This includes the anticipated and real results as they emerge, and lessons (including project evaluations).

Rationale

Global Affairs accepts unsolicited applications for projects and initiatives in specific regions and countries from NGOs, private sector firms or other institutions. This route allows groups to submit initiatives that they have designed including scaling up of existing programs that have proven successful. The proposal process provides the highest degree of flexibility for the proponent.

One of the main criteria for unsolicited proposals is that they must conform to Canada's international development priorities established for a region or country. The requirement is sound except for the fact that Canada no longer provides its country and regional strategies to the public—or even to partner country governments. The short write-up on the Global Affairs website provides little information on whether an innovation proposed would qualify. Furthermore, there is no indication of the funding profile of the Country Program, so proponents

¹ Office of the Auditor General of Canada. 2013. *Report of the Auditor General of Canada – Spring 2013*.

do not know if there is “room” to accommodate another proposal even if it is fully aligned. In essence, proponents have to hope that the time they are investing to develop the proposal will not be wasted because they did not “guess right”.

Full designs are required which means that preparing the proposals is time consuming and expensive. The unsolicited proposal application form has been modified a number of times in recent years. The current template raises questions as to why certain sections are given prominence while others that are more critical to clearly outlining the project are severely restricted by word limits. It is difficult within the template to effectively convey the innovation of a proposal.

It is also not clear or consistent to what extent Global Affairs staff are permitted to provide feedback on whether or not the proposed project aligns with the priorities or needs some adjustments. Submitted proposals are simply rejected or start their way through the system for approval. The lack of transparency in priorities and available funding, and lack of partnership in the development of the projects, has meant that fewer groups are interested in developing detailed proposals for Canada.

Mechanism 3: Contribution Financing – Calls for Proposals (competitive)

Recommendation #4 - Design a Staged Calls for Proposals process – The burden on bidders resulting from the current full proposal process does not produce good value for money. It also does not necessarily produce the most innovative and potentially effective ideas. A two stage process with concept papers for pre-selection or pre-qualification, and then a second stage for more detailed designs, would generate better quality ideas with less burden on proponents. A similar two-stage process with an “Expression of Interest” step would also improve the efficiency of RFPs and unsolicited proposals.

Rationale

Under Calls for Proposals, Global Affairs sets the broad results it wants to see achieved and invites interested parties to submit proposals that will contribute to the achievement of those results. In recent years there has been over \$750 million worth of Calls for Proposals covering various topics and countries. CAIDP sees increased use of Calls as a very positive step by Global Affairs — providing opportunities for civil society organizations (CSOs), the private sector and academic institutions to develop ideas and programming that can test new and innovative ideas. By funding several initiatives around a specific area, Global Affairs is able to test a variety of models for achieving specific development results. Some groups have been able to use smaller projects to leverage on-going funding for initiatives within a country from other funding sources to allow greater results.

At the same time, CAIDP sees some important flaws in the Calls for Proposals mechanism. Those bidding have to make a large investment to prepare the extensive proposals required, including a detailed project design with partners. This is often in response to a relatively small funding envelope. For example, a recent Call for Proposals under a Women’s Economic Empowerment program saw more than 100 proposals competing for CAD 45M in funding with only a handful of proposals likely being approved. This approach puts a significant burden on the limited design resources across development partners.

In addition, Calls for Proposals often require proponents to make financial and/or in-kind contributions to the project. Both the design and contribution needs to be covered by the group's other revenues or overhead. This is not sustainable and provides significant advantage to the handful of organizations that have a large public fundraising base, squeezing out smaller NGOs, academic institutions and the private sector. This issue was illustrated with the 2015 closure of the Canadian Hunger Foundation—a smaller NGO that had been operating for 50 years. CHF closed partially due to its inability to raise the counterpart funding required for its contribution agreements with Global Affairs. While a return to core funding for some Canadian NGOs could help mitigate this burden, it would also provide them with an advantage that would not be available to the other NGOs, private sector and other development actors.

Additionally, the requirements for full project designs may suppress the desire to be innovative by the proponents since they would have to spend extra time trying to develop new concepts and approaches versus recycling existing models. In addition, being innovative may be riskier in terms of winning the competitions than sticking to areas that Global Affairs normally funds and understands.

Global Affairs faces a large task in terms of reviewing lengthy and detailed proposals. This has meant long delays for the evaluation and awarding of contracts—making the initiatives less timely and as a consequence probably less relevant or effective. Specifically, a number of Calls issued in early 2015 have not yet been concluded. This has been made more complex by a lack of technical expertise within Global Affairs to review proposals and to provide staff with guidance during the process.

From a programming point of view, Calls for Proposals also have implications for Global Affairs. While they may generate some interesting initiatives, Global Affairs has limited influence over the designs received beyond a general agreement on results. A Program that has asked for a number of smaller projects may face challenges to build synergies across a portfolio or have a range of projects targeting the same client group within a country resulting in overlap. For larger Calls for Proposals, the management of a portfolio of initiatives can be daunting.

Mechanism 4: Contracts Financing - Primarily through Requests for Proposals (competitive)

Recommendation #5 - Increase the use of RFPs – The current lack of RFPs needs to be rethought if Global Affairs wants to have more control over its programming and develop ideas and approaches with country partners for pursuing innovations. By extension, increased use of the RFP mechanism will require that Global Affairs staff have greater access to technical resources. The RFP process itself will need to be streamlined, with the possible reintroduction of techniques such as the “design and deliver” process used in the past, or the introduction of an “Expression of Interest” stage to reduce the burden of preparing and reviewing full bids.

Rationale

The final category is competitive projects usually issued via formal Requests for Proposals (RFPs). RFPs provide an opportunity for Global Affairs to design its own programming and tender the implementation to a partner. This is the only route where Global Affairs can have direct influence on the programming design and implementation. It is also the only time that Global Affairs directly works with developing country partners in identifying their needs and

addressing their problems, which provides a wealth of knowledge, information and partnerships for the Department.

Unlike sole sourcing and Calls for Proposals, the use of RFPs has been declining for many years. Only slightly over \$120 million of project programming has been put out to tender in the last two years.² Again, all three categories of development professionals are bidding — CSOs, private sector and academe.

RFPs allow Global Affairs to design an initiative based specifically on its requirements, anticipated results and desired counterparts. This allows a more hands-on testing of innovative approaches. It also provides an opportunity for Global Affairs programming to reflect local needs and priorities — being demand driven not necessarily supply driven by an organization with a specific model.

International bidding by Global Affairs means that the best expertise should be available for implementation. This increases the pool of potential implementers including private sector, CSOs and academe world-wide. Global Affairs staff spend less time reviewing RFPs than Calls for Proposals since far fewer bids are received and they are responding to a standard design. For example, a typical RFP process for a large project generally receives 2-7 bids for a \$15-20M project whereas the Call for Proposal example noted above generated more than 100 proposals for \$45M in funding.

Despite the attributes mentioned above, it is CAIDP's opinion that the RFP mechanism has challenges in the current Global Affairs operating context. The amalgamation of trade, development and diplomacy has resulted in the number of technical experts within Global Affairs decreasing and their roles now having to service all three streams within Global Affairs. This has meant that project officers do not have the specialist technical backup to design and implement Global Affairs-led programming. In a recent CAIDP Conference, Global Affairs' Grants and Contribution Management division indicated that one of the primary reasons why RFPs were no longer used very often was the lack of technical experts within the agency.

The consequence of this is that Global Affairs loses its primary mechanisms to influence the design and implementation of its own programming. Staff may have innovative ideas but, without sectoral expertise, it is difficult to operationalize them.

Issue 2: Disincentives exist within the Global Affairs' system that limit the interest in and use of all mechanisms by Canadian partners and limit the access of Global Affairs to the best technical specialists.

Recommendation #6 - Rationalize the contracting regime and remove disincentives –

While Global Affairs clearly must be accountable for public funds, some changes made recently were done hastily and without recognition of the consequences on its potential supply chain (Canadian and non-Canadian) or the ability of Global Affairs to take more innovative approaches. The result has been a contracting system that has become increasingly risk averse, exclusive and cumbersome. This has impacted negatively on partners' interest in working with Global Affairs.

² Note that this figure does not include the seventeen RFPs that have been issued for Field Support Units to assist Global Affairs in the field.

Rationale

At a recent IAR consultation, a number of groups indicated that there was a need to have incentives to work with Global Affairs on innovation—although those incentives were not defined. CAIDP believes that Canadian partners do not need incentives to innovate. They are innovating with other funders outside of Canada. What needs to happen is to have the disincentives (outlined below) of working with Global Affairs removed in order to attract back Canadian and international talent.

A series of incremental decisions made over the last five years has made the contracting environment not only complex but dysfunctional. This has negatively impacted and reduced Global Affairs' supply chain resulting in fewer implementing partners—including NGOs, private sector and academic institutions—interested in Global Affairs-funded initiatives. CAIDP has been in discussions with Global Affairs over the last several years about these issues. As yet, they remain unresolved. Two examples are cited here but many others exist.

- **Overhead policy needs to be reviewed** - At the same time as increasing the proportion of Calls for Proposals, which will result in contribution agreements (CAs), Global Affairs has been changing policies that have an impact on implementers of CAs.³ Global Affairs is currently reviewing its overhead policy and considering decreasing the level of overhead allowed, while at the same time adding in a requirement for a partner contribution for both Calls for Proposals and unsolicited proposals. This is happening as other policies by Global Affairs are substantially increasing the overhead costs of NGOs, private sector and academic institutions under CAs. As mentioned above, the full design of projects is being demanded in the proposals—this is something that needs to be recognized in determining an appropriate overhead rate. Global Affairs has furthermore changed what qualifies as in-kind contributions that are required within the CAs, as well as moved some direct costs that were previously reimbursable into overhead. This affects both NGOs and the private sector, although the private sector firms are more disadvantaged since they do not have independent sources of finance to meet cost-share requirements. Costs associated with duty of care and security are an increasing problem for implementers given the number of conflict areas globally—but this is no longer included by Global Affairs as a reimbursable project cost. These factors are acting as a deterrent to many groups when considering whether to bid on Calls for Proposals.
- **Performance securities are stifling competition** - Contracting changes have also lessened the potential pool of bidders for the few RFPs that are being issued. One of the largest obstacles is the new performance security requirement. The long-standing holdback process has been replaced by a system where the winning bidder (regardless of what kind of organization it is) has to put in place an Irrevocable Standby Letter of Credit (ISLOC), issued by a Canadian financial institution based on a percentage of the project value for the full period of the contract plus six months. No such products exist in the Canadian financial marketplace unless the organization provides collateral for 100% of the value of the ISLOC for the entire term. Export Development Corporation has indicated to CAIDP that they have no products available to assist bidders to meet these requirements. The costs of such guarantees must be included in the evaluated bid price under fees.

³ These issues affect both Calls for Proposals and unsolicited proposals.

This has meant that only a small pool of Canadian NGOs—primarily Canadian offices of international NGOs—and a few private sector firms can meet the requirements. Few non-Canadian bidders would be able to establish a relationship with a Canadian bank. This Global Affairs policy has meant that the bidding playing field is no longer level, and up to 2% of the development budget of a project is being used to secure the new performance guarantee. This requirement does not support either development effectiveness or value for money.

The above are simply examples of contracting changes that have been made unilaterally in recent years by Global Affairs. Other changes have made the bidding processes more complex and time consuming. CAIDP has been engaging with Global Affairs on these and other areas of concern that have had the combined effect of increasing requirements and inflexibility, and that have made Global Affairs a less attractive partner for development. To date, few improvements have been seen.

Global Affairs needs to work with Treasury Board to recognize that the contracting approaches being implemented are having an impact on both innovation and on competition. They are limiting the pool of potential partners willing to work with Global Affairs. As CAIDP sees it, these are not simply contracting issues but programming ones. To make international assistance delivery more efficient and effective, there needs to be fair competition – a level playing field set up to promote effectiveness and innovation.

Canadians are globally competitive as evidenced by the continuous increase in the proportion of Canadians exporting international development services to clients outside of Canada—a pattern reflective of CAIDP membership. This was confirmed in a recent study by the Global Affairs’ Chief Economist’s office on the performance by Canadians at the International Financial Institutions (IFIs) between 2000 and 2014.⁴ While previous studies had indicated that Canadians were underperforming, this recent study concluded that Canadian procurement at IFIs as a percent of Canada’s Gross Domestic Product is strong and, as a percent of its exports to developing countries, Canada outperforms most of the G7. Consulting services account for the majority of total contracts awarded to Canadian companies—one of the highest rates among the G7. The conclusion was that Canadians are competitive internationally.

To attract both Canadian and international suppliers, Global Affairs needs to tackle these issues and remove the disincentives and obstacles currently in place, so the experience and creativity of Canadian and non-Canadian groups can be brought to bear in the design and delivery of an innovative, effective, uniquely Canadian international assistance. If changes are not made, Canadians and non-Canadian groups will increasingly move away from engaging with Global Affairs, thereby decreasing its access to the best technical specialists and ideas.

⁴ Hossein Rostami and Josh Toews. December 2015. Procurement Contracts at International Financial Institutions: Canada’s performance relative to other major economies. Global Affairs’ Office of the Chief Economist.

QUESTION 2: HOW CAN WE PROMOTE GREATER COHERENCE BETWEEN OUR DEVELOPMENT, TRADE AND DIPLOMACY EFFORTS?

Issue 3: Some of the programming undertaken by Global Affairs in recent years is starting to bring together the development and trade agendas. This is an effort that should be continued.

Recommendation #7 - Continue some of the Sustainable Economic Growth programming approaches that have produced synergies to date - The IAR consultation paper focus on clean economic growth and climate change represents an opportunity to clarify thinking around the links between trade and development agenda that should not be wasted.

Recommendation #8 - Continue to build synergies at the country level between trade and development staff and trade staff and the Canadian supply community –The collaboration has been increasing and providing some results.

Rationale

The initial handling of the amalgamation raised questions regarding whether Canadian commercial interests would override development. At the time, CAIDP took the position that having the private sector increase its role in the development process was positive but there needed to be clarity that development objectives and partner country ownership are paramount in the programs supported by Official Development Assistance.

Some interesting synergies have since emerged. On the developing country side, Global Affairs has undertaken a series of projects that have aimed at supporting sustainable economic growth (SEG) in partner countries. Some have looked at improving the business enabling environment within partner countries and have produced improvements in areas such as the time to register a business and legal protection through commercial courts. Many developing countries do not have favourable business environments, and reforms have improved conditions for both domestic and foreign firms—including Canadians and domestic small and medium enterprises—as well as encouraging entry and expansion of firms and investments. These initiatives have sometimes had a greater positive impact on female entrepreneurs and on their ability to operate and grow.

SEG programming has also successfully worked with micro, small and medium enterprises (MSMEs) to improve their performance, create jobs and allow women greater access to services and finance. As the MSMEs grow, some have potential for partnering and exporting products and services. Countries with free trade agreements with Canada are being supported to assist their SMEs to access Canadian markets and to ensure that the benefits accrue in both directions.

Outside of the focus on clean economic growth and climate change outlined in the IAR, it is currently unclear whether these types of broader-based initiatives will continue to be supported by Canada. They should be, however.

The development and trade staff at embassies are increasing their collaboration and this is providing important perspectives on how to maximize the indirect and direct impact of Canada's programming at the country level. The types of projects mentioned above are examples of the indirect influence that Canadian programming can have.

CAIDP has also been working with Global Affairs' International Financial Institutions (IFI) Group to see how the Trade Commissioner Service (TCS) could play a larger role in supporting Canadians in accessing the international development market. Discussions are taking place about how development and trade staff at embassies can join forces to exchange information on opportunities that can have a trade and development benefit. This is an area where other donor countries have much more integrated approaches that are effective at the country level and are seen to support both agendas.

QUESTION 3: HOW CAN CANADA FOSTER DEVELOPMENT INNOVATION?

Issue 4: Based on the experience of other bilateral donors, to be agile and innovative requires three things: an appetite for risk in the face of challenging circumstances; strong focus on results including a desire to know what is working and what is not; and technical expertise to drive the ideas and processes. In the last five years, each of these areas has proven more difficult for Global Affairs, and new solutions are needed if innovation is to be promoted.

Risk Aversion

Recommendation #9 - Reverse the trend toward increasing levels of risk aversion within Global Affairs – Many of the changes over the last five years to decision making, programming, contracting and processes have made the Department more risk averse. This needs to be reversed if innovation is to be promoted.

Rationale

Global Affairs is taking a broad approach to defining innovation that goes beyond technology and includes creating new approaches to issues such as financing, identifying better ways of delivering public services or overcoming scaling barriers. This broader approach is positive and provides a wider range of opportunities to test new models and scale existing ones.

However, Global Affairs in recent years has become more risk averse—something that will need to be reversed if it is to meet its innovation agenda. Risk averse behaviour compromises our ability to name and reach the big results we need to make a lasting difference. Risk aversion is seen in all aspects of the organization. Decision-making has become acutely hierarchical in certain settings, with limited transparency at times about why a decision is made or not made. This makes staff uncertain about how to put new ideas forward and managers more risk averse to put the “wrong” idea forward. Since the amalgamation, the old Terms and Conditions of CIDA have been revised and Treasury Board is questioning some of the new approaches that Global Affairs wants to undertake. This same trend of risk aversion is seen within contracting as noted above. Failure is not accepted within the organization.

Without a change in the appetite and acceptance of risk, it will be difficult to implement the new Global Affairs agenda of undertaking innovative approaches.

Monitoring and Evaluation systems

Recommendation #10 - Move to evidence-based decision making – To make evidence-based decisions requires systems within Global Affairs to capture and analyze the results

emerging from its programming—something that does not exist currently. A variety of routes could be considered to better do this. Global Affairs could develop databases of programming on what works, does not work, and where, as well as summarise lessons that can be accessed internally with portions made globally available. This could allow a better understanding of portfolios of initiatives for future decision making. Projects could be scored on the core evaluation criteria of efficiency, effectiveness, relevance and sustainability to begin to better identify those that have potential for replication. Methods to share knowledge with key stakeholders could be developed that would allow exchanges of information and experience across a sector, program or within a country. All evaluations, with management responses, could be publicly available so the community could learn from the experiences. There also needs to be honesty about failure and a readiness to learn quickly so that experiments can be discarded if they are not working or more quickly scaled up if they are.

Recommendation #11 - Undertake timely evaluations – The current process for sourcing evaluators does not allow the timely gathering of evidence. Global Affairs should consult with Public Services and Procurement (PSP) to see whether there can be more tailored access to the evaluation supply arrangements that allows a focus on the best development expertise to undertake the evaluations.

Rationale

Monitoring and evaluation systems need to be strengthened in order to better understand what is producing results, what is not, why and under what conditions. This includes having flexibility for mid-course corrections on initiatives to maximize results, as well as withdrawing from initiatives where Canada's chances for results are limited.

A key element of the Sustainable Development Goals (SDGs) is the need to better understand the results of investments and to integrate this information into decision-making. Programs and projects should no longer continue to be funded whether or not they can show evidence of effectiveness. Those that are producing results provide opportunities for scaling up—but these opportunities must be identified on a timely basis and longer-term programming put in place.

Canada was a leader in results based management (RBM) and continues to place an emphasis on integrating RBM into all of its programming. However, two sets of challenges are now evident.

First, the fragmentation of the results reporting and monitoring systems does not allow effective integration of results and lessons into programming and decision-making across the Department. Results reporting is done primarily on a project by project basis, with rollups at the Program level. No methods are in place for sharing results of evaluations across Programs, and only major corporate evaluations are published on the website. This means the same issue may be seen with a specific model being implemented in multiple countries but there is no formal method to detect this. Reporting that is done is often focused on outputs not outcomes, so the actual progress being made is difficult to understand. Attempts to monitor results horizontally on a portfolio approach have been limited and those that have been tried have faced obstacles.⁵ Few lessons are shared across programming. No systematic methods are in place to have dialogues with partners on lessons or effective models. Evidence is not available in a timely manner to judge whether an initiative is working or not.

⁵ See for example the formative evaluation of the Maternal, Newborn and Child Health (MNCH) Initiative at <http://www.international.gc.ca/department-ministere/evaluation/2016/MNCH-eval.aspx?lang=eng>

Second, changes in the approach to evaluations have made it more difficult to obtain independent assessments on a timely basis. For Geographic Programs, it takes over eight months to contract an evaluation. The processes for sourcing evaluators through Public Services and Procurement are cumbersome and not targeted at finding experts with both technical and development expertise.⁶ In addition, the overall evaluation approach has become inflexible especially by limiting the ability to adapt the evaluation methodology to the type of project or program being evaluated. As the use of the PSP Supply Arrangements for evaluation has demonstrated, evaluation expertise is not the same as international development understanding and the Department needs both.

All of these factors mean that there is less ability to identify, on a timely basis, where results are emerging, and to focus on the innovations that are successful. With more timely information, Global Affairs could be in a position to support successful innovative approaches through longer term engagements with partners that would allow a greater magnitude and scaling of ideas. Longer-term initiatives provide more continuity and predictability, but could still include off-ramps for ideas that do not work or are not producing results. Without evidence, these decisions cannot be effectively made.

Technical Expertise

Recommendation #12 - Strengthen technical support available – Global Affairs needs to have greater access to technical experts in order to better design and implement projects and programs. Rebuilding in-house technical capacity should be a priority. Sourcing outside expertise should be made easier to allow access to skills and expertise.

Rationale

As mentioned above, in-house technical expertise needs to be strengthened if Canada is to play a key role globally. Other donors have cadres of experts focusing on some of the new emerging areas. This is particularly important in defining and implementing innovative approaches and needs to be addressed if Global Affairs is to take a leadership role in certain areas.

To compensate for the lack of in-house expertise, Global Affairs needs outside support in the short term but this may prove difficult to access. The Supply Arrangements that have recently been put in place for technical expertise may no longer match the areas of focus identified in the IAR. This means that it may be difficult to source outside experts that have the right experience for the priorities pursued. The approach to the Supply Arrangements should be changed. The specifications for technical expertise need to be rethought. The efficiency and effectiveness of procurement process needs to be enhanced. Currently the process takes over a year to be put in place. As an example, the Monitoring Supply Arrangement RFP was issued in January 2013. Contracts were awarded in May 2014, and the annual refresh that allows new entrants to apply has not been issued.

⁶ For example, Global Affairs staff cannot search the list of potential evaluators using geographic criteria such as “experience in Ghana”. Instead, the only geographic criteria is the region of delivery in Canada.

QUESTION 4: WHICH ORGANIZATIONS, COMMUNITIES, COALITIONS OR PARTNERSHIPS SHOULD CANADA WORK WITH? HOW BEST CAN WE WORK WITH THEM TO DELIVER OUR INTERNATIONAL ASSISTANCE OBJECTIVES?

Issue 5: Global Affairs' 2015 International Development and Humanitarian Assistance Civil Society Partnership Policy is an important step toward constructive engagement between government and civil society. However, the IAR consultation document highlights the need to develop new forms of engagement with a range of groups that include but extend beyond CSOs. CAIDP strongly supports this approach but cautions that the partners should be chosen strategically and the relationships based on performance.

Recommendation #13 - Pick partners strategically – Global Affairs should develop strategies to tap a broad spectrum of groups in a strategic manner. Preconceived ideas of which partners can be most effective or innovative should not dictate programming going forward, and instead Global Affairs should strive to create a level playing field where all stakeholders can engage according to their comparative advantages. Global Affairs needs to broaden its understanding of the wider development community and seek a spectrum of partners that are producing effective development results. To foster innovation, Global Affairs also needs to ensure that there is flexibility to adapt to changing environments and emerging opportunities.

Rationale

A wide range of potential partnerships are possible but breadth is not necessarily effective. Instead, Global Affairs needs to confirm its priorities going forward and then strategically identify the groups and approaches that best fit. This process will face some challenges.

- **Canada has lost its knowledge of domestic actors** - The extent to which Global Affairs Canada understands its partnership base in Canada is not clear as no systems are in place to determine and assess the range of players. CIDA once had a database of over 3,500 organizations, private sector companies and individuals working in international development. This information has not been maintained and therefore it is difficult to know who the potential partners are, particularly when it comes to the private sector.
- **Canada has lost its knowledge of local actors** - One of the challenges facing Global Affairs is re-engaging with many country level partners around the world after years of fluctuation in Canada's priorities. This is particularly true of partner country actors who have had limited influence on programming in recent years and have sometimes felt disenfranchised by Canada. In part, this is a result of Global Affairs not designing its own programs and projects with country level partners. Country ownership remains important and will need to be rebuilt in some cases. This includes engaging with a range of local actors including the government, private sector and CSOs. The partnerships that are entered into, however, must have clear objectives and be outcome driven. To achieve the Sustainable Development Goals requires that programming be as effective as possible and this may require increased flexibility by Global Affairs.
- **A better understanding of the successful programming done by CSOs is needed** - The IAR highlights CSOs as key partners. CSOs certainly play a key role in the development process and it will be important for a wide range of CSOs to be engaged

including: community groups; non-governmental organizations; labor unions; indigenous groups; charitable organizations; faith-based organizations; professional associations; and foundations. Currently, 89% of the funding for FY 2014-15 under the Partnerships for Development Innovation Program is going to Canadian CSOs.⁷ The extent of funding being provided to CSOs should allow insights into which areas and groups are driving innovation and where there could be potential for scaling up. An assessment needs to be done to identify these patterns and how to capitalize on existing innovations that have real potential.

- **The development stream at Global Affairs is thought to be biased against the private sector** - The definition of the private sector needs to be more inclusive. Clearly, private sector companies have been playing a key role through investments in developing countries. The recent Global Compact Network Canada meetings in Toronto on the SDGs provided some insights into broader frameworks for collaboration that go beyond financing. The private sector is a source of resources and expertise, as noted in the IAR document. Better methods need to be developed to tap both.

It is CAIDP's view that effective engagement with the private sector hinges in large part on a change in attitude within the development stream of Global Affairs to accept the sector as a legitimate partner and implementer. Only 0.05% of the funding from Partnerships for Development Innovation Program goes to the private sector. Traditionally the Program has seen CSOs exclusively as its client base. Private sector actors are rarely seen by Global Affairs as innovators even though they have extensive experience globally with funding from other donors to work with governments, CSOs, academe and other private sector actors to develop sustainable and innovative solutions.

- **Partnerships need to be fostered that build local capacity and sustainability** - The complexity of the global landscape means there is a greater need to mobilize coalitions and consortiums to tackle problems. CAIDP members have developed and used a wide range of partnership arrangements with Canadian and local partners that have produced strong results. Long term partnerships have been developed that have allowed creative solutions to be found at the local level. In the process, the capacity of the local partners is built so they can take a leadership role and continue the initiatives. A key element is working to ensure that local partners play an increased role in setting priorities and implementation and that exit strategies are a clear part of all programming.

⁷ Note that 11% of the funding is going to other Canadian government departments.

QUESTION 5: HOW CAN WE ENGAGE A WIDER RANGE OF PARTNERS TO LEVERAGE THE RESOURCES AND EXPERTISE NECESSARY TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS?

Issue 6: Leveraging resources is important to achieving the SDGs. Once Global Affairs defines what it wants to do, it should develop strategies to identify where resources can be leveraged. As part of this process, Global Affairs should consider increasing the aid budget.

Recommendation #14 - Negotiate appropriate Terms and Conditions – To participate in innovative financing options, Global Affairs should have appropriate Terms and Conditions. Working in developing countries is not the same as working in Canada. The risks are different but so are the opportunities. Treasury Board and other Departments of Government need to recognize this and provide Global Affairs with a framework that is flexible and allows innovation.

Recommendation #15 - Increase the international assistance envelope – Canada’s profile as a partner has suffered in recent years with the perception that development is less of a priority. This has influenced Canada’s ability to leverage funding and policies and needs to be reversed.

Rationale

The work with multilaterals and other funders is a good example of how to leverage resources toward a common problem. The increasing number of funders—including foundations and new development banks—means that more opportunities will emerge for developing synergies between Global Affairs’ priorities and larger pools of funds to tackle problems. The question will be where Canada can provide the most value added to these global initiatives.

Initiatives such as Convergence and the planned Development Finance Initiative are both ones that CAIDP supports as a means to better share risk with the private sector. In fact, CAIDP partnered with the Canadian Chamber of Commerce on a study that highlighted the need for new financing mechanisms to stimulate involvement of the private sector.⁸ Other types of financing models such as development impact bonds have potential for mobilizing resources from a range of partners. The recent decision by Global Affairs to allow firms to count the funds they raise from other donors as part of their contribution under Calls for Proposals is a positive development.

Global Affairs needs to be open to these sorts of arrangements to leverage additional resources. However, Global Affairs faces challenges in its Terms and Conditions to effectively pursue some of these financing mechanisms. For example, using repayable grants is not currently allowed by Global Affairs or its implementing partners when funding the private sector.

Canada is battling a perception that it has retreated in recent years from meeting its development obligations. The 2012 OECD DAC Peer Review highlighted the shrinking development assistance budget since 2010 and called on Canada to reverse this trend. Many country partners have faced changes in programming budgets that have stopped planning processes and called into question Canada’s commitment to a partnership approach.

⁸ Canadian Chamber of Commerce. May 2014. *Turning it Around: How to Restore Canada’s Trade Success*. Cosponsored by CAIDP.

To leverage more funding from a wide range of partners may require a clear indication that Canada is willing to commit new funding to meet its new priorities. A clearly stated direction for the development budget over multiple years is required if we are to leverage funds and promote innovations.

Issue 7: Leveraging expertise is equally important. Once Global Affairs defines what it wants to do, it should then develop strategies to work with those who can contribute the technical and development skills needed to deliver effective international assistance on the ground. This includes finding methods to better engage youth.

Recommendation # 16 - Seek the best sources of expertise – Global Affairs needs to define the expertise it needs and find the best sources. International development is a global business and there are other funders looking for high level skills and expertise. Global Affairs will have to compete with these groups to source the expertise required. To ensure value, Global Affairs will likely need to use competitive processes.

Recommendation #17 - Develop methods to better engage youth – Global Affairs can play a leadership role in promoting youth programs internationally and developing a cadre of international professionals to bring new ideas and approaches to solving development issues.

Rationale

The ability to source the required expertise for implementing the new programming approaches will be critical.

Methods should be developed to source the best expertise

Global Affairs needs to find new ways of proactively building partnerships that leverage the skills, assets, technologies and resources of the public, private and non-profit sectors to deliver sustainable development impact. The IAR consultation document rightly highlights the need to “critically examine how it works with local and international CSOs, the private sector, local governments and other international assistance actors”.

Looking at FY 2014-15, as mentioned previously 58% of international assistance went through multilaterals.⁹ International and Canadian CSOs accounted for 27%, developing country governments 8% through Program Based Approaches, Canadian government implementers 5%, and the international and Canadian private sector 2%. It is not clear that this mix provides the best balance of expertise needed to foster innovation and good development.

A more critical look is needed at performance in order to select partners in each of these groups that can provide effective international assistance on the ground. Groups should not be entitled to funding but the funding should be based on performance.

⁹ Global Affairs Canada. *Statistical Report on International Assistance 2014-2015*.

More youth engagement is needed, in the south and in Canada

To achieve the SDGs will require better engagement of youth. The complex, inter-related nature of contemporary global challenges demands a new mindset. Global Affairs needs to consider how to engage youth both in developing countries and Canada.

In developing countries, the very high proportion of the population less than 30 years of age needs to be addressed in any future strategy. The IAR consultation document provides important initiatives in areas such as neo-natal care and girls' education. However, youth need to be gainfully employed and engaged in society so a youth dividend does not quickly turn into a violent liability. New approaches need to be developed that target youth and provide new opportunities. This could even include linking youthful innovators in south-south and north-south exchanges to foster fresh ideas and solutions.

Young international development professionals are a key for developing new ideas and approaches. However, many Canadian youth are finding that international development provides few job opportunities in Canada and are moving out of the sector. This situation has been exacerbated by some of the procurement approaches of Global Affairs, for example only requiring high levels of experience for evaluation contracts and leaving no space for junior consultants to learn. There needs to be attention to nurturing a new generation of professionals both outside and inside Global Affairs.

QUESTION 6: HOW CAN WE ENHANCE BROADER ENGAGEMENT OF CANADIANS IN OUR INTERNATIONAL ASSISTANCE EFFORTS?

Issue 8: Global Affairs needs to clarify what it wants to achieve by engaging Canadians and how it will measure success. Then, a strategy for engagement can be developed.

Recommendation #18 - Clarify the purpose of engagement and build a strategy around this – It is not clear from the IAR consultation document what results are expected from engaging Canadians. This must be determined before the who and how can be addressed.

Rationale

Overall, Canadian public attitude toward international assistance remains positive. A recent survey confirmed this with 94% of Canadians saying it is important to improve health, education and economic opportunity for the world's poorest, and 76% of Canadians agreeing we have a moral obligation to help expand health, education, and economic opportunity for the world's poorest.¹⁰ The study indicated that Canadians want the government to take a leadership role in global poverty reduction, with 62% of Canadians agreeing that Canada should be one of the leading countries in providing international development. Most Canadians regularly follow and talk about global political and social issues.

¹⁰ Engineers Without Borders Canada and Inter-Council Network. April 2015. *Canadian Perspectives on International Development*.

Given the support for international assistance, the questions then are:

- What does Global Affairs want to achieve through its engagement? It is not clear whether it is to have a greater informed electorate, more active participation in policy dialogue, increased participation in implementation, greater volunteering, greater remittances or other purposes. All of these are possible but have differing routes for implementation by Global Affairs as well as different Canadians involved.
- What does Global Affairs expect of engaged Canadians? There needs to be a clear strategy developed to reach defined objectives as well as a method to judge success. If Global Affairs is engaging Canadians because it wants them to take action, what actions does it want to see? How will it judge success? Does this have implications for how international assistance is delivered?
- What is the message that Global Affairs wants to convey to Canadians? International development assistance is complex and there are few places that Canadians can learn about the many successes achieved by 50 years of Canadian official development assistance and the reasons to stay engaged.

QUESTION 7: ARE THERE ADDITIONAL TOOLS OR MECHANISMS THAT CANADA SHOULD ADD TO ENABLE IT TO DELIVER INTERNATIONAL ASSISTANCE MORE INNOVATIVELY? HOW CAN CURRENT APPROACHES AND MECHANISMS BE STRENGTHENED?

Issue 9: Almost all the current tools and mechanisms in the international assistance box need to be sharpened, and applied to timely interventions that produce development results and new ideas to emerge.

Recommendation #19 - Global Affairs needs to take an integrated approach to fostering innovation – Currently the policies and practices within Global Affairs are out of synch with each other and with the idea of fostering innovation. They need to be better aligned to allow more effective development results to emerge.

Rationale

The range of emerging global problems dictates that new solutions need to be tried. Innovation requires the testing of new ideas and different methods. It needs more flexible funding and space for experimentation, iterative learning and acceptance of failure. It also needs a robust system to assess whether innovation is working and then methods to scale up those ideas that potentially could reach a broader range of beneficiaries.

Few of the current tools and methods within Global Affairs foster this kind of approach. Over the last decade, international assistance delivery has faced changes that have made it more risk averse, less nimble and less innovative. Many of the recommendations above are aimed at reversing these trends to allow more effective assistance approaches but, unfortunately, are also interconnected. Improving Global Affairs' procurement processes would increase impact, but contracting and procurement mechanisms need to be rebuilt (including the Terms and Conditions) to allow greater flexibility, shorter decision making cycles, and more transparent decision making. Faster and more transparent decision making on programming will allow more strategic interventions to be undertaken, but requires that managers are able to make more

decisions. Partnerships are critical but need to be based on performance not history. To do this requires a more robust monitoring and evaluation system that is currently not in place. Technical expertise within Global Affairs needs to be rebuilt including project management expertise. All of this will require funding.

How Global Affairs will begin to align these areas will dictate its success going forward.

CONCLUDING REMARKS

As shown above, the discussion questions presented in the IAR consultation document are complex and do not have simple answers. Instead, a wide range of variables will influence Global Affairs' ability to achieve its goals. This complexity means there is no single solution or approach but a composite of factors that need to come together to facilitate the new thinking and priorities.

CAIDP has built a strong working relationship with Global Affairs that has been aimed at tackling many of these issues. As an organization, we represent a broad spectrum of Canadians engaged in international assistance programming giving us a unique perspective. We welcome the opportunity to provide input to the IAR and look forward to working with the Department in continuing to promote excellence in Canadian international development assistance.