

**Re-imagining Canadian Development Cooperation:  
A comparative examination of Norway and the UK**

Nilima Gulrajani  
Assistant Professor  
London School of Economics and Political Science



commissioned by the Walter and Duncan Gordon Foundation



## PREFACE

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

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

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

The other papers in this series include: (i) *A New National Project for Canadian Development Cooperation* prepared by Liam Swiss with the assistance of Simon Maxwell (ii) *Modernizing Canadian Foreign Aid and Development: Challenges old and new* by Patrick Johnston and (iii) *Future Directions for Canadian Foreign Aid and Development: summary of a roundtable discussion*. All papers can be downloaded from the Foundation’s website at [www.gordonfn.org](http://www.gordonfn.org).

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## ABSTRACT

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This paper offers a detailed comparative study of Norwegian and UK aid architectures, with a view to informing discussions on reform and renewal within Canada's development programme. This is undertaken via a quantitative assessment of each country's standing on accepted measures of donor performance, as well as via a qualitative case study that traces and compares the processes and nature of organizational reforms undertaken in Norway and the UK. Based on this quantitative and qualitative analysis, lessons for Canada are presented along four key dimensions, namely strategy, governance, policy processes and organizational management.

**Nilima Gulrajani**<sup>1</sup>  
Assistant Professor  
London School of Economics and Political Science  
N.Gulrajani@lse.ac.uk

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## TABLE OF CONTENTS

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<b>INTRODUCTION</b>	1
<b>COMPARING PERFORMANCE IN NUMBERS</b>	5
FINANCIAL INPUTS	5
CHANNELS FOR DEVELOPMENT SPENDING	6
DE-CENTRALIZATION AND DE-CONCENTRATION	8
FRAGMENTATION	9
AID SELECTIVITY	10
TIED AID	11
MINISTERIAL TURNOVER	12
EMPLOYEE SATISFACTION	12
PUBLIC SUPPORT FOR AID	13
CIVIL SOCIETY PARTNERS	14
OVERALL RANKINGS	15
<b>TRIGGERS FOR RE-ORGANIZATION</b>	17
THE UNITED KINGDOM	17
NORWAY	20
<b>DIFFERENT PATHS TO PERFORMANCE</b>	23
<b>THE UNITED KINGDOM</b>	24
THE EARLY TREND-SETTING YEARS	24
BECOMING THE WORLD'S BEST DEVELOPMENT AGENCY	26
STANDARDIZATION AND CONSOLIDATION IN WHITEHALL	28
<b>NORWAY</b>	30
ADAPTING AND INTEGRATING FOR COUNTRY-LED DEVELOPMENT	30
DEVELOPMENT POLICY AS FOREIGN POLICY	32
EMERGING FISSURES	35
<b>LESSONS FOR CANADA</b>	39
STRATEGY FOR RENEWAL	39
GOVERNANCE STRUCTURES	43
DEVELOPMENT POLICY PROCESSES	47
MICRO-ORGANIZATIONAL BEHAVIOUR	52
<b>CONCLUSION</b>	57
<b>BIBLIOGRAPHY</b>	59



## LIST OF TABLES AND FIGURES

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### TABLES

---

Table 1 - Donor inputs to development, ODA net disbursement 2008	5
Table 2 - Channels for development spending	7
Table 3 - De-centralization in donor employment 2008/09	8
Table 4 - Project fragmentation 2008	10
Table 5 - Aid fragmentation 2008	10
Table 6 - Aid selectivity 2008	11
Table 7 - Share of tied aid 2008	12
Table 8 - Funding to civil society as a percentage of total civil society spending	14
Table 9 - Concentration of support for civil society	15
Table 10 - Summary of lessons for Canada's development cooperation	55

### FIGURES

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Figure 1: ODA as a percentage of Gross National Income (1980–2008)	6
Figure 2: Partner Country Fragmentation (1980–2008)	9

## ACRONYMS

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CIDA	Canadian International Development Agency
CPB	Canadian Partnership Branch
DFID	Department for International Development (UK)
DAC	Development Assistance Committee
GNI	Gross National Income
FCO	Foreign and Commonwealth Office (UK)
IAE	International Assistance Envelope
IDT	International Development Targets
IDC	International Development Committee (UK)
IDRC	International Development Research Centre
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs (Norway)
NGO	Non-governmental organization
NORAD	Norwegian Agency for Development Cooperation
NPM	New Public Management
ODA	Overseas Development Assistance
ODA-UK	Overseas Development Administration (UK)
OECD	Organization for Economic Cooperation and Development
QUANGO	Quasi-autonomous non-governmental organization
UK	United Kingdom

## INTRODUCTION

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A discernable unease has set in among internal and external observers of Canada's development programme of late. There is a palpable sense in which the development field has evolved to accommodate more actors, different priorities and new theories that have left Canada's role as a foreign aid donor increasingly outdated and ineffectual. Emerging donors like China and India, new development challenges like climate change and global security, the relative importance of private flows to emerging markets, the emergence of philanthro-capitalism as a social movement, new theories that question the role of aid in development—the last decade has brought tremendous changes to the operational environments of international development that require donor reform and renewal.

A number of ideas now exist for how to drive change within Canada's development programme in the face of such changes, with the challenge now to examine the underlying evidence base that supports competing recommendations.<sup>1</sup> Part of this task involves anchoring possible reform options to quantitative metrics and qualitative details of development management and organization gathered from countries other than Canada. It is hoped that in doing so this paper can create a common starting point for policy discussions and decisions regarding future pathways for Canadian development cooperation.

While change can involve many dimensions, it is the governance structures<sup>2</sup> for Canada's development cooperation that have recently come under scrutiny. Three options typically discussed for Canada are: (a) a strengthened development ministry with responsibility for both policy and implementation, (b) a development cooperation unit embedded within a ministry of foreign affairs and (c) an arms-length agency. While the arms length Crown Corporation structure has recently been championed as a way forward for Canada in many

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<sup>1</sup> There now exists a substantial selection of reports and publications with very specific recommendations for reform (Auditor General of Canada, 2009; Brown & Jackson, 2009; Canadian Council for International Cooperation, 2009; Canadian International Council, 2010; Carin & Smith, 2010; Goldfarb & Tapp, 2006; Government of Canada, 2007).

<sup>2</sup> A governance structure is defined as the formal institutional arrangements that unite state actors managing aid resources or involved in development policy. It is used synonymous with the term 'aid architecture' (International Development Association, 2007: 1).

quarters, it is important to recognize that no country in the world exclusively uses this structure to organize its development programme. Where arms length agencies exist, responsibility for policy will always be located within a government ministry. Agency functions are de-limited to implementation, possessing little, if any, inter-governmental policy power. They are deliberately locked out of the political sphere where strategic decisions regarding policy content get made.

In this light, this paper concentrates on options (a) and (b) via an in-depth examination of experiences in Norway and the United Kingdom (UK). The choice of Norway and the UK to make sense of Canadian dilemmas is an interesting one. Many researchers laud the UK as a good model for Canada. The independence of its Department for International Development (DFID), the seniority of its Ministers, and the country's strong financial and political commitment to development issues, are all cited as reasons to look across the Atlantic for solutions. By comparison, Norway is often less understood as a model of good donor performance, although its Scandinavian-style generosity and reputation for progressive internationalism are often cited positively. Norway, in fact, provides a governance structure for development that is highly divergent from the UK's, with both policy and implementation functions fully integrated within its Ministry of Foreign Affairs (MFA). This contrasts to the models provided by both the UK and Canada, where a ministry or agency that is *not* the ministry of foreign affairs is responsible for both development policy and administration. The perceived high performance of both the UK and Norway, notwithstanding highly divergent governance structures, suggests the need to look closer at each country's experience to understand the drivers of donor performance. The fact that both countries undertook dramatic re-organizations of their aid programme relatively recently, with DFID created in 1997 and the MFA taking over responsibilities for development in 2004, offers additional lessons for Canada as it ponders the value of organizational reform for improving its effectiveness as an aid-giving nation.

The paper suggests that neither case offers easy answers for squeezing out higher levels of performance from a development programme. There is much more than governance structure that cultivates donor performance. A more nuanced picture is painted of the Norwegian and UK cases, one that hopefully underlines the complexity of issues that need to be confronted when looking to either country as a model for Canada. Decisions about governance structures are ultimately subservient to strong expressions of political will and



vision, preferably bipartisan ones that can unite Canadians of different political persuasions. No reform will be effective without a propitious political context. In the absence of strong political leadership and vision, reform must always begin by considering how to create conducive political environments and relationships that will be the pillars of successful changes to Canada's development programme. Managerial governance reforms that seek to bypass political challenges of the day are as futile as they are costly. Assuming political questions are tackled, a governance structure like the UK's is recommended over Norway's. **A separate development ministry that is centrally embedded in government processes is the only institutional arrangement that can ensure development policy is both strong and coherent.** A separate ministry can accommodate a wide range of development policies and organizational functions, from those that strategically align with foreign policy concerns to those that are motivated by a global humanitarian imperative. In contradistinction, **a governance structure that merges development into the larger concerns of a foreign ministry can never sustainably and robustly champion development policies that may challenge nationalistic, commercial or geo-political motivations for giving aid.**

In order to advance these arguments, the paper is structured around four key questions. *First, how does Canada perform against Norway and the UK as a donor?* Section 2 presents comparative statistical data on variables relating to donor organization thought to contribute to improved poverty outcomes. The purpose of this section is to quantitatively assess the success of all three countries on measures commonly used to rank donor performance, even if robust causality has yet to be established between any of these indicators and improved outcomes for poverty reduction. In comparative perspective however, **the results confirm that Canada trails the Norway and the UK on many of the measures, although its performance on some indicators is better than expected,** especially when compared to other donor countries within the Development Assistance Committee (DAC). *Secondly, how did existing aid architectures emerge in the UK and Norway?* Section 3 proceeds to examine the triggers for reorganization in both the UK and Norway, highlighting the ways in which visions aligned with political interests in such a way that defined the course of organizational reform. *What did these governance structures achieve and what were their limitations?* Section 4 builds on the previous one by presenting the actual reforms undertaken and the different paths to performance walked by each country. In contrast to the earlier quantitative assessment of donor performance, this section

examines performance based on how key stakeholders in the transnational, state and civil society realms perceive the performance of their national development programme. It is assumed here that the perceptions of performance by key external stakeholders can proxy for the UK's and Norway's actual performance. The narrative that is presented is one where success has emerged via highly divergent trajectories in Norway and the UK, although in neither case has success kept new challenges at bay. *Finally, what lessons can be gleaned to inform organizational changes in Canada's development programme?* Section 5 ties together the case study material and searches for lessons for Canada within the Norwegian and UK experiences. This includes lessons on the strategies that can best advance a reform agenda, guidance on specific governance structures for development cooperation, suggestions for strengthening development policy process and ways to improve micro-organizational behaviour.

Methodologically, the narratives presented of the Norwegian and UK experiences are anchored to qualitative methods used in comparative case study analysis. Elite interviews were used to retrospectively trace processes of reform and to gauge perceptions of performance. Over thirty interviews were conducted over March and April 2010, by telephone and via in-person interviews held in both Oslo and London. These semi-structured interviews took place with stakeholders representing the transnational, state and civil society constituencies for each country. Participants spoke on the condition of anonymity, hence the lack of attribution in many quotations found in the text. Interview data was supplemented with an extensive review of secondary literatures published in English on Norway and British development policy, with occasional reference to Norwegian texts.<sup>3</sup> Internal documentary sources, policy literatures and news/internet sources were also consulted. This vast database of material forms the empirical basis for the claims that follow. While no primary research was conducted in Canada, the extensive academic literature on Canadian development cooperation was examined to ensure lessons remained anchored to a sufficiently realistic understanding of the challenges faced there. In order to validate findings, a draft copy of the report was circulated for comment to all interviewees. The overall result is a quantitative and qualitative comparative portrait of two donors operating in distinct national jurisdictions with a view to informing policy and practices in Canada.

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<sup>3</sup> A multilingual research assistant allowed for an examination of some Norwegian texts.

## COMPARING PERFORMANCE IN NUMBERS

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This section presents statistical data to assess Canada's achievement on a number of key variables that are assumed to contribute to improved donor performance. International benchmarking of donor countries via performance metrics is now a popular sub-field among economists with development policy interests (Easterly & Pfutze, 2008; Knack, Rogers & Eubank, 2010; Roodman, 2006; Williamson, 2010). This is the case even if the casual relation between high achievement on metrics, donor interventions and improved development outcomes is unclear. The data presented here have their origins in such studies, while for some variables data is extracted from databases, national reports and OECD policy papers. The purpose of this section is to paint a picture of donor performance in numbers that can complement the comparative case studies that follow.

### FINANCIAL INPUTS

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The UK is among the largest bilateral donors in the DAC in terms of resource disbursement while both Canada and Norway are mid-sized donors. The latter two are fairly similar in terms of absolute resources devoted to development assistance, notwithstanding the fact that Norway's Gross National Income (GNI) is approximately one-third that of Canada (Table 1).

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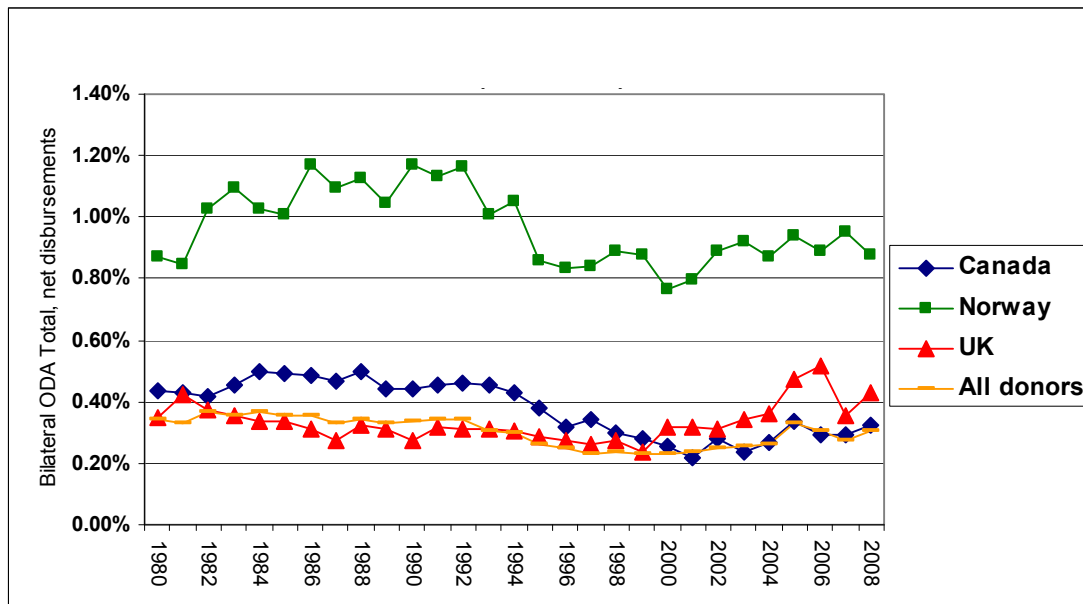
**Table 1 - Donor inputs to development, ODA net disbursement 2008**

	ODA (million USD)	ODA % of GNI	% of global ODA	Donor rank**
<b>Canada</b>	4 795	0.35	3.52	10
<b>Norway</b>	3 963	0.88	2.91	12
<b>UK</b>	11 500	0.44	8.44	4
<b>DAC Average*</b>	5 924			

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*Sources: Data taken from Williamson (2010, p.29) and OECD, International Development Statistics online. \* 23 bilateral donors. \*\*Donor rank by % share of total ODA*

Figure 1 tracks Overseas Development Assistance (ODA) as a percentage of GNI for all three countries. Whereas Norway has exceeded the United Nations' target of 0.7 percent of GNI for several decades, both Canada and the UK have hovered between .2% and .5% over the same period, with the UK distancing itself from Canada in the last decade. Canada has roughly mirrored the DAC average.



Source: (OECD, 2010)

**Figure 1: ODA as a percentage of Gross National Income (1980–2008)**

## CHANNELS FOR DEVELOPMENT SPENDING

Donor countries possess dual channels for development spending: bilateral<sup>4</sup> and multilateral. Multilateral channels are thought to be superior, as they tend to be less biased towards national prerogatives and are a way to coordinate donor flows. Table 2 illustrates that Canada directs roughly the same amount as Norway through bilateral channels, though there are important reasons to suspect this figure. The category 'bilateral' in the table includes monies given to multilateral agencies that are earmarked to initiatives specified by the donor. While Norwegian statistics defines such spending in a third category called multi-bilateral finance (mainly because implementation is multinational though driven by bilateral imperatives and

<sup>4</sup> Funding for civil society is typically classified as bilateral assistance.

conditionalities), the UK and Canada include these flows in the bilateral category. Multi-bilateral finance represents 35% of Norway’s bilateral assistance and 20% of the UK’s.<sup>5</sup> If we were to count *multi-bilateral* finance as ‘multilateral’ however, Norway would be providing 41.3% of its funding in bilateral channels and 58.7% in multilateral channels, with the UK closely following with 39.8 % bilateral and 60.2% multilateral. This would mean that the UK and Norway allocate similar proportions of their budget to bilateral and ‘multi’ channels. Unfortunately we could not calculate a similar statistic for Canada because figures that break down Canada’s multi-bilateral assistance are publicly unavailable.

Williamson (2010) ranks donors according to their overhead costs and suggests Norway has a lower cost structure than both the UK and Canada. Nevertheless, she cautions inferring too much from these rankings because overhead calculations are not standardized across agencies. In 2009, Norway reported 1.35% of its total ODA as administrative cost, while the UK reported 4.1% in 2008/2009. Canada only reported administrative costs for CIDA rather than the entire development programme, listing it as 7% of all CIDA IAE-related expenditures<sup>6</sup> in 2008/2009. Given intractable measurement problems, all of the comparative administrative cost data must be interpreted with care.

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**Table 2 - Channels for development spending\***

	% bilateral** ODA to total ODA	% multilateral ODA to total ODA
<b>Canada</b>	72.0	27.0
<b>Norway</b>	76.3	23.7
<b>UK</b>	59.8	40.2

*Sources: Data for Canada is taken from 2008/09 in (CIDA, 2010: 11) and in the absence of figures quoted in terms of ODA, we assume that IAE figures for CIDA are a reasonably proxy for ODA; data for the UK is from 2008/09 and is taken from DFID (2009b, p.13); and data for Norway is from 2009 and is taken from NORAD (2010, in-house). \*Note these figures do not include administrative costs. \*\* Earmarked trust funds to multilateral organizations, or multi-bilateral aid, is treated as bilateral aid for the purposes of this table.*

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<sup>5</sup> (Department for International Development, 2009c: 13); NORAD, in house

<sup>6</sup> The International Assistance Envelope (IAE) is the overarching framework within which ODA is programmed in Canada.

## DE-CENTRALIZATION AND DE-CONCENTRATION

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The de-centralization of staff and the de-concentration of authorities to field level is increasingly associated with a donor's ability to build local relationships, quickly respond to programming needs and facilitate improved donor collaboration. A common proxy for an aid donor's decentralization is the allocation of employees across headquarters and field offices. Table 3 suggests Canada is both a large organization (its ratio of ODA committed by employees is the lower than both Norway and the UK's) and a highly centralized one. High centralization is not necessarily a negative; for example, one can imagine that an efficient administrative system might require less staff in the field (OECD, 2009b). Nevertheless, Canada has yet to be described in these terms.

Another measure of donor performance is the delegated financial authority to field offices. According to an OECD donor survey conducted in 2008/09, Canada's field offices do not have the authority to commit new ODA monies and their authority to disburse existing funds has a ceiling of USD 500 000 (OECD, 2009b). By contrast, Norway's field offices can commit and disburse unlimited amounts of ODA as long as there is some basis for this outlay within an approved strategic plan. The UK can also disburse an unlimited amount at field level but with an upper limit of USD 15 million for new commitments (OECD, 2009b: 5–6).

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**Table 3 - De-centralization in donor employment 2008/09**

	Total no. of employees	% of employees: headquarters	% of employees: field	ODA/employee (million USD)
<b>Canada</b>	2 838	62.3	37.7	1.69
<b>Norway</b>	1 176	49.7	50.3	3.37
<b>UK</b>	2 671	52.2	47.8	5.06
<b>DAC Average*</b>	1 996	48.6	51.4	

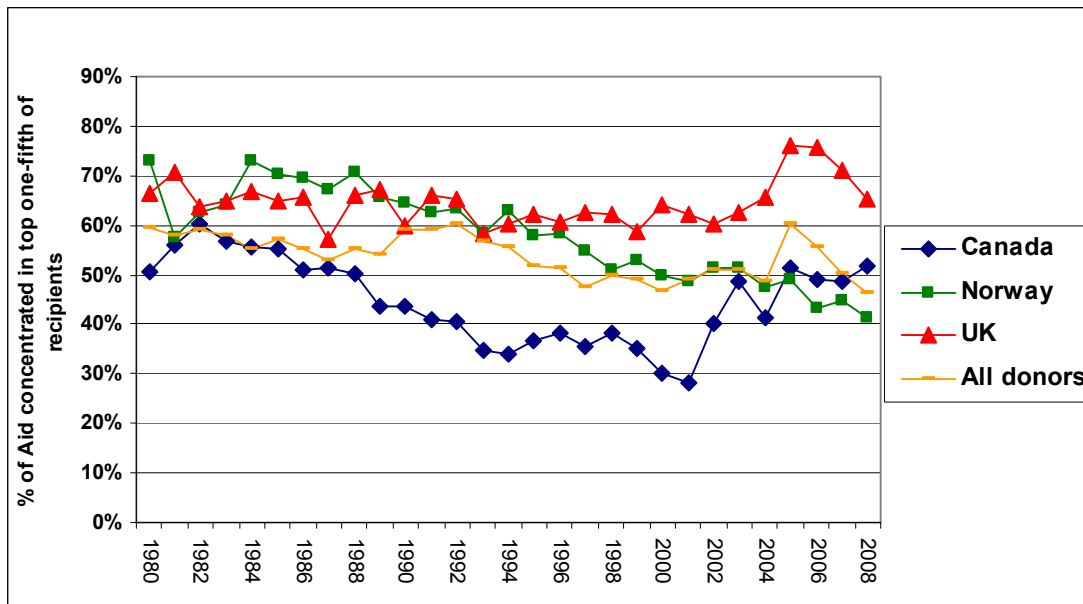
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*Source: Data on employment is taken from OECD (2009b: 7); ODA data is taken from OECD, International Development Statistics online. \* Based on 19 bilateral donors*

## FRAGMENTATION

Donors are regularly advised to focus their bilateral aid on fewer countries, sectors and projects in order to minimize duplication, reduce transaction costs and specialize in their areas of comparative advantage (OECD, 2008a). Canada borders on obsession in its search for focus and the data below suggest this endless search may be producing fruits. While Canada has almost consistently had less concentration in its top 20 recipients than Norway and UK, recent figures suggest some amount of concentration is emerging in its geographic allocations (Figure 2). **Canada still has a higher number of aid recipients (173) compared to the UK (150) and Norway (132) (OECD, 2010).**

A further proxy for aid fragmentation is the number of donor projects. While Canada disburses less than half of the UK's aid budget, it is largely on par with the UK in terms of the number of aid projects it finances (Table 4). **Canadian project aid is, however, currently less fragmented than the DAC average.**



Source: (OECD, 2010)

Figure 2: Partner Country Fragmentation (1980–2008)



**Table 4 - Project fragmentation 2008**

	Number of projects	ODA per project (million USD, net disbursed)
<b>Canada</b>	2 049	2.34
<b>Norway</b>	4 208	0.94
<b>UK</b>	2 460	4.67
<b>DAC Average*</b>	3 591	1.65

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*Sources: Data taken from Williamson (2010, p.29) and OECD International Development Statistics online; \* 23 bilateral donors*

Williamson (2010) grades donors according to their overall specialization in certain countries, sectors and projects. Interestingly, Canada, Norway and the UK all achieve rankings at the lower end of the table. Each country achieves similar levels of sectoral fragmentation in their program, and their geographic and project allocation are all relatively fragmented.<sup>7</sup> The author concludes that Canada on the whole is more fragmented than UK aid and less fragmented than Norwegian aid, although all fare poorly (Table 5). Aid from some smaller donors, notably Austria, Portugal and Italy, is considerably less fragmented.

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**Table 5 - Aid fragmentation 2008\***

	Country, sector and project fragmentation (rank)
<b>Canada</b>	14
<b>Norway</b>	16
<b>UK</b>	12

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*Sources: Data taken from Williamson (2010, p. 33) \*Adjusted ranking among 23 bilateral donors*

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## AID SELECTIVITY

<sup>7</sup> The average ODA/project data in Table 4 is but one of the factors contributing to the rank allocated in Table 5. For more details, see Williamson (2010).



While there is an academic debate about the value of aid selectivity and the conditions necessary for making aid effective at country level, both the Paris Declaration on Aid Effectiveness and the subsequent Accra High Level Forum emphasize that aid should go to poor countries that are democratic and where corruption is low (Williamson, 2010: 14). Williamson (2010) measures donors' portfolios in terms of shares going to countries that have low levels of corruption, are classified as politically free and/or democratic, and are low-income countries. As Table 6 below shows, aid from Canada in 2008 was better targeted to low-income countries in comparison with other donors, including the UK and Norway. It is, of course, conceivable that Canada's recent shift in priority away from Africa and towards Latin America may jeopardize this relative concentration.

**Table 6 - Aid selectivity 2008**

	Aid selectivity (rank)	% of ODA to non-corrupt	% of ODA to politically free	% of ODA to low income country
<b>Canada</b>	11	33.49	18.74	59.01
<b>Norway</b>	15	40.23	10.04	43.32
<b>UK</b>	4	42.36	21.59	47.92
<b>DAC Average*</b>		39.13	18.30	38.43

*Sources: Data taken from Williamson (2010, p. 35) \* Based on 23 bilateral donors.*

## TIED AID

Tied aid is aid given with the condition that it may only be spent procuring goods and services from the donor country, or from a defined group of sources. In 2008, five bilateral donors had less than one percent of their aid tied. Several donors, however, still maintain large shares of tied aid, notably southern European donors and the United States. Canada's share of tied aid was 9.23 percent in 2008, down from 43 percent in 2004. In 2008, the Canadian Minister for International Cooperation announced that all Canadian

aid would be untied by 2013. Norway began untying its aid in the 1980s and by 2002, there were only a few residual areas of tying. The UK fully untied its aid in 2000.<sup>8</sup>

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**Table 7 - Share of tied aid 2008**

<b>Canada</b>	9.23
<b>Norway</b>	0.01
<b>UK</b>	0.00
<b>DAC Average*</b>	13.52

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*Source: Data taken from Williamson (2010, p.37). \* Based on 22 bilateral donors.*

## MINISTERIAL TURNOVER

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Stable leadership structures are believed to enhance effective development cooperation (OECD, 2008a). The frequent turnover of Canada's political leadership in development is thought to negatively impact Canadian development cooperation, providing an unstable and uncertain context for planning (Lalonde, 2009: 140). From mid-1997 to mid-2007, Canada has had six different Ministers for International Development.<sup>9</sup> This compares to four different Ministers for International Development in Norway and three in the UK over the same period.

## EMPLOYEE SATISFACTION

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Employee satisfaction is thought to contribute to donor performance as it can proxy motivation to accomplish organizational goals. While Canada and UK have recently published public service employment surveys by department, no comparable study for Norway was found. In the UK, an in-house employee engagement score that assesses loyalty, retention and commitment is calculated for each department and the civil service at large. DFID's employee engagement index was one of the highest among all ministries, almost 20% higher than the average civil service score (Cabinet Office,

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<sup>8</sup> (Clay, Geddes & Natali, 2009).

<sup>9</sup> CIDA has also had four presidents over ten years.

2010). The 2008 Canadian Public Service Employee Survey (Treasury Board Secretariat, 2008) suggest CIDA staff are approximately 10% below the public service average (68%) in terms of being satisfied with their department. While a meaningful direct comparison of this data is difficult, it provides some anecdotal evidence for differing levels of employee satisfaction across these donors.

## PUBLIC SUPPORT FOR AID

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Public awareness of, and support for, development cooperation is the best guarantee for ensuring continued political and legislative support for development assistance (OECD, 2008a: 8). A 2007 poll by the Canadian Defense and Foreign Affairs Institute indicated that 70% of respondents surveyed felt Canada had a moral obligation to help poor countries (Canadian Defence & Foreign Affairs Institute, 2007). Interestingly, a high percentage of Conservative voters (61%) solidly support development assistance (OECD, 2007: 27). While this support may appear substantial, aid often polls at the top of the list when it comes to areas targeted for cutbacks. This finding is similar to a recent survey on British public attitudes to development that highlight aid is a highly supported area of government expenditures that is given low priority when presented against domestic priorities (Department for International Development, 2009b). While public support for development in the UK has been over 70 percent since 1999 (OECD, 2006: 25), a recent poll showed that a large share of respondents thought that people in poor countries were not as deserving of UK tax money as people in the UK (International Development Select Committee, 2009: 43). It is a similar situation in Norway where public support reached an all-time high of 90% in 2007, though there is a strong sentiment expressed that aid is often wasted (OECD, 2008b: 24–25). These numbers reflect the general principle that the noble aims of aid are often far too intangible for the public, particularly when contrasted against the tangible benefits of domestic expenditures. While this might make aid nearly always politically expendable (White as quoted in Morrison, 1998: 443), this is to be contrasted with the decision by the UK Coalition Government to only ring-fence the health and development budgets from cuts to programmatic spending of 25% over four years.<sup>10</sup>

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<sup>10</sup> <http://news.bbc.co.uk/1/hi/uk/10457352.stm> (Accessed June 30, 2010)

## CIVIL SOCIETY PARTNERS

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A range of organizations with development interests populates civil society, including non-governmental organizations, church groups and unions among others. Civil society actors can either be domestically registered or registered in other jurisdictions, the latter category including indigenous, regional and international based groups. In Canada, funding for civil society organizations goes through two major channels, Canadian Partnership Branch that is providing financial support (mainly operational funding) to civil society organizations deemed 'partners' and Geographic Programmes where civil society actors are executing CIDA projects.

Canada channels the lion's share of its civil society funding to domestic based organizations, more than Norway and the UK. The difference may be explained by the fact that both the UK and Norway provide direct financing to local civil society actors whereas Canada rarely does, although data currently inaccessible to the public would be required to ascertain this for sure.

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**Table 8 - Funding to civil society as a percentage of total civil society spending**

	Domestic civil society	Non-domestic civil society*
<b>Canada**</b>	84.5	15.5
<b>Norway</b>	65.9	34.1
<b>UK</b>	72.8	27.2

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*Sources: Data for Canada is from 2008/09 and is taken from CIDA (CIDA, 2010: 20); data for Norway is from 2009 and taken from NORAD (in-house statistics). Data from the UK is taken from (Department for International Development, 2009c: 13, 28) \*Note non-domestic includes funding for local (i.e. indigenous), regional and international NGOs*

*\*\* Includes all CIDA spending on civil society via all existing channels*

For fiscal year 2006/07, the most recent year where data is available, CIDA supported 294 civil society organizations with operational funds (ie. via Canadian Partnership Branch) of USD 216 million. If NGOs receiving funds for programme execution are also

included (via Geographic Programmes), the number of organizations rises to 581. Civil society recipients are fewer and better funded in the UK and Norway than in Canada.

**Table 9 - Concentration of support for civil society**

	Number of organizations	Funding (US mil)	Avg grant/org (US mil)
Canada (2006/2007)	294*	216	0.73
Norway (2010)	103	244	2.37
UK (2008/2009)	96	510	5.31

Source: CIDA (2009, table C-1), DFID (2009b: p. 28 and Table 19), NORAD (inhouse statistics);  
 \* This figure only include NGOs receiving core funding by Canadian Partnership Branch.

## OVERALL RANKINGS

The figures above suggest Canada is not as strong a donor when compared to Norway and UK against quantitative indicators, although this is not necessarily consistent across all measures of performance. While there is reason to lament Canada’s low achievement on these metrics, it is also important to recognize that Canada ranks above the DAC average on many of the common proxies used to assess aid effectiveness. Recent assessments of CIDA as an “ineffective” donor agency unfortunately do not contextualize their appraisals in relation to evidence drawn from the wider donor community (Canadian International Council, 2010; Carin & Smith, 2010; Government of Canada, 2007). Nevertheless, it is also relevant to reflect on the data and methodological limitations in these ranking systems. For one, comparable robust data simply does not exist. Moreover, there are limited robust causal linkages between any of these factors and improved impact of donor aid in reducing poverty. To illustrate, the widely publicized finding that aid works in good policy environments (Burnside & Dollar, 2000) is challenged by many economists though we continue to assume focused investment in well-governed countries is beneficial (Easterly, Levine & Roodman, 2003; Hansen & Tarp, 2000; Rajan & Subramanian, 2008; Roodman, 2007). Nor are we sure that focus and specialization are necessarily universal goods, with most of the evidence being “impressionistic and anecdotal” (Munro, 2005). In addition, there is often little

consistency across ranking systems that all broadly attempt to assess donor performance, suggesting underlying weaknesses in theoretical conception, methodological processes and data imperfections. For example in 2008, Easterly and Pfutze ranked Canada 15<sup>th</sup> out of 23 bilateral donors, while the UK placed first and Norway second (Easterly & Pfutze, 2008). In 2010, Williamson changed methodologies at the margins and updated data, ranking Canada 13<sup>th</sup> out of 23, with the UK ranked 3<sup>rd</sup> and Norway 12<sup>th</sup>.<sup>11</sup> A recent benchmarking exercise to assess 28 bilateral donors' 'aid quality' in terms of selectivity, alignment, harmonization and specialization ranks the UK 4<sup>th</sup>, Norway 8<sup>th</sup> and Canada 21<sup>st</sup> (Knack, Rogers & Eubank, 2010). It is unclear what all of these rankings actually tell us about what determines and drives donor performance. The next section presents the comparative case studies of re-organization and reform in Norway and the UK to offer a richer examination of the political, organizational and policy dynamics that lie behind these numbers.

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<sup>11</sup> It is therefore impossible to judge whether this is a case of improvement by Canada since the Easterly and Pfutze (2008) study or a case of methodological non-equivalence between the two studies.

## TRIGGERS FOR RE-ORGANIZATION

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Based on the data presented in Section 2, Norway and the UK do seem to be highly performing donors, especially when compared to Canada. At the same time, the UK and Norway are different models of aid architecture, with Norway having integrated its development activities under the Ministry of Foreign Affairs in 2004 while the UK de-merged its development activities from under the Foreign and Commonwealth Office (FCO) in 1997. This section explores the triggers for this governance reform in the years prior to re-organization. In both cases, the impetus for change can be explained by the demands for organizational reform aligning with political interests of the day. Reform was the product of a new political vision that could justify new governance structures, with the choice of structure guided by powerful political interests. *In both cases, the precondition for governance reform appeared to be a convincing vision for development policy coinciding with the interests of senior political figures.* What follows is a deeper exposition of dynamics existing prior to shifts in aid architecture.

### THE UNITED KINGDOM

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Though the creation of an independent development ministry with the objective of poverty reduction emerged after the election of a Labour government in 1997, important antecedents existed for this shift. Prior to 1997, the Overseas Development Administration (ODA-UK), a branch of the FCO, had considerable spending autonomy, a separate Permanent Secretary and a desire to achieve poverty reduction. Commercial, industrial and geopolitical interests sat alongside this nobler aim however, best exemplified by the controversial Pergau Dam affair where aid was linked to business contracts found to be unlawful (Barder, 2005; Maxwell, 1996; Vereker, 2002: 136). While some suggest continuities existed between ODA-UK and DFID, most acknowledge that the Labour party's position on development did mark an important break from the previous Conservative regime.

In the years leading up to the May 1997 election, the Labour Party presented itself as offering an end to ideological and class politics, with modern policy making driven by

evidence, expertise and a holistic approach to policy via “joined-up government”.<sup>12</sup>

Labour promised to remove the sleaze that linked business, especially UK arms exporters, to foreign policy. This coincided with increasing global commitment by the transnational development community to tackle the human dimensions of poverty as the failures of the neo-liberal Washington consensus became apparent. Chairing a Labour Party Policy Commission, the Labour Foreign Affairs opposition critic at the time, Robin Cook, recommended the creation of a separate government department responsible for international development. There was precedent to such a demand; in 1964–1970 Labour kept a manifesto promise and created a separate Ministry of Overseas Development that was eventually dismantled in 1970 following the re-election of a Conservative Government. Separate development departments (not necessarily headed by a Cabinet Minister) have since been a feature of Labour governments in the UK, while integrated development departments within the Foreign and Commonwealth Offices a characteristic of Conservative governments.<sup>13</sup>

In Robin Cook’s proposal, a government department for development would be focused on poor countries, with considerably less emphasis on advancing British strategic interests using the instruments of aid. This recommendation fit nicely with the New Labour agenda, currents of thinking in global development policy and with agendas of domestic civil society actors. Barder (2005) claims Cook’s proposal was not considered in any great detail, passing relatively unnoticed into the Labour Party policy statement on foreign affairs in the run-up to the 1997 election. Notwithstanding, the creation of DFID must be understood as a principled commitment to strengthen an internationalist progressive vision of development policy by de-merging development policy from foreign policy. As one long-standing employee working in DFID at the time of the transition pointed out: “It was about saying this is a new organization...at the top, DFID stemmed from a big and ambitious vision about global poverty reduction and elimination.”

While opposition to extraction from FCO existed, this did not prevent the Permanent Secretary for ODA-UK, John Vereker, from engaging in conversations with what was

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<sup>12</sup> Barder (2005) provides a good overview of this period.

<sup>13</sup> This correlation between aid architecture and party affiliation has not been the case in Canada. For example the External Aid Office sat within External Affairs from 1963-1968 under the Liberal minority Government of Lester B. Pearson. CIDA has maintained its separate departmental status since its creation in 1968 under both Liberal and Conservative governments though it has not always had a separate Minister of International Cooperation.



considered essentially a government-in-waiting. Vereker met Clare Short, then Labour Party Shadow spokesperson for Overseas Development, where it was confirmed that in the likely event of a Labour win there would be a government department independent of the Foreign Office headed by a Cabinet Minister. This early preparation for an eventual separation is cited as an important first step in turning ODA-UK into DFID (Vereker, 2002: 137). One interviewee points out that the choice of Clare Short as Secretary of State for International Development <sup>14</sup> was not obvious given she had more interest and experience in domestic issues, having been demoted from the position of Shadow Transport Secretary to the international development file only a few months before Labour's election win. It also merits considering that Short represented the left wing of the Labour Party base. Political imperative dictated that Party leader Tony Blair could not ignore this segment of the party when drawing up his Cabinet. Preferring not to assign Short, a strong-minded figure to the more powerful domestic Cabinet positions, he "specially created" a Cabinet position for development.<sup>15</sup> "Serendipitous" is how one observer described the ways political interests at the time aligned with the interests of development policy. The creation of a Cabinet level position was ultimately dictated by the need for political compromise with a vocal, influential, energetic and independent minded MP representing an important segment of the Labour Party. While Short was not a development expert, she brought clarity of purpose and political confidence to the new ministry.

While Short's personality and seniority in the Labour Party were important determinants of DFID's success, there is perhaps too much made of her influence and too little of the political environment governing the times and Robin Cook's critical championship of a separate ministry. This was the first Labour government in 18 years and the Government was "walking on water that carried through into a kind of confidence in the Government as a whole, and DFID was an example of this." DFID was given the gift of political time and space to build a long-term agenda rather than navigate short-term political pressures. This was backed by strong support for a new approach to

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<sup>14</sup> A cabinet member in the UK Government is referred to as a Secretary of State, while Ministers of State hold non-cabinet portfolios.

<sup>15</sup> <http://www.telegraph.co.uk/culture/books/3627156/A-peculiar-sort-of-sacrifice.html> (Accessed April 28, 2010)

development by Prime Minister Tony Blair and then Chancellor of the Exchequer,<sup>16</sup> Gordon Brown. It was also marked by willingness on the part of senior FCO officials, particularly the Permanent Secretary responsible for ODA-UK, to accommodate the extraction of development policy from its offices. This support of elite advocates is important when considering how Short carried out such an ambitious programme of change within DFID.

## NORWAY

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Prior to re-organizing in 2004, the Norwegian aid system was constituted by three main actors. The first of these, the *Ministry of Foreign Affairs* (MFA) had *de jure* responsibility for all development assistance, although *de facto* it handled only the multilateral and humanitarian assistance portfolios. A Minister of Foreign Affairs and a Minister of International Development and Human Rights both presided over the MFA, the latter having responsibility for development and humanitarian policy within the MFA.<sup>17</sup> The second actor was the *Norwegian Agency for Development Cooperation* (NORAD). As a technical directorate administratively separate from the MFA, NORAD was expected to implement MFA policies and strategies. *Embassies*, organizational actors distinct from the MFA, were the third set of actors critically involved in development assistance in the pre-2004 period. Some embassies reported to the MFA in Oslo, while others (mainly in countries where development comprised the bulk of foreign policy activity) reported to NORAD. In NORAD-run embassies, ambassadors were appointed by the MFA although accountable to NORAD.

While NORAD was a specialized autonomous agency from the MFA with its own Director General, budget and reporting lines prior to 2004, it was still legally subordinate to the MFA. In this, it shared some of the same ambiguity over its status as CIDA, the latter having independent ministerial status while still legally subordinate to the Canadian Department of Foreign Affairs and International Trade (DFAIT) via an order-in-council dating from 1968 (Morrison, 1998: 63). At the same time, NORAD's autonomy also paralleled that of a Crown Corporation in Canada or a Quasi-Autonomous Non-

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<sup>16</sup> Chancellor of the Exchequer is a Cabinet position equivalent to Canada's Minister of Finance.

<sup>17</sup> The Canadian Cabinet can also include Ministers without authority over a separate Ministry, as in the case of the Cabinet position titled "Leader of the Government in the House of Commons".

Governmental Organization (QUANGO) in the UK.<sup>18</sup> Moreover, while the division of labour between the MFA and NORAD was supposed to distinguish between strategic policy development and administrative execution respectively, in practice things were more complex. Notwithstanding its formal accountability to the MFA, prior to 2004 NORAD effectively served both the policy and administrative functions of an autonomous bilateral development agency.

Against this organizational backdrop, there were three main drivers of re-organization. First, the Norwegian Government committed itself to the global policy consensus around poverty reduction that had emerged at the turn of the millennium as exemplified in various policy statements like the Millennium Development Goals, the Monterrey Consensus on Financing Development and the Comprehensive Development Framework. This consensus centered the development community around an aid recipient's national plans to eradicate poverty (Poverty Reduction Strategy Papers), the plans a product of wide consultation with domestic stakeholders. Donors were to align themselves around these country-owned plans, in harmony with each other and using new instruments like budget support and multi-donor programming to achieve the country's long term vision. Performance measurement systems gave countries freedom to manage and coordinate their development efforts, although any future support was conditional on the achievement of tangible results. For many donors, including Norway, this new global policy consensus justified new organizational structures, funding instruments and skill sets. Secondly, wider public sector modernization in Norway sought to simplify government responsibilities, decentralize service delivery and reduce overlap. The pressures for reform in Norway did not come from a new Government, as in the case of the UK, but from the need to conform to pressures for administrative reform. Thirdly, and less recognized perhaps (certainly in the official record), is the desire for political control by the Minister of Development at the time, Hilde Frafjord Johnson. Born in Tanzania to a Norwegian missionary, Johnson was appointed Minister

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<sup>18</sup> Directorates were the bureaucratic products of changes occurring in Norwegian political-administrative systems of the nineteenth century, where professional bodies demanded agencies outside ministries handle the technical tasks of government (Christensen, 2003: 163–164). In later years, directorates were eventually justified as a way to hive off specialized expertise from the duties of governing. In the 1970s, decentralization and devolving authority to subordinate institutions became a favoured policy as new tasks and policies over-burdened the political administrative elite. From this history springs a strong Norwegian tradition of separating political decision-making in the *Stortinget* (Parliament) from administrative planning (Ministries) and administrative execution (Directorates).

of Development (representing the Christian Democrats) in 1997, and again in 2001. She exhibited considerable interest in development issues, an early champion of the Utstein Group, an informal group of female development ministers from Germany, the Netherlands, Norway and the United Kingdom supporting the poverty reduction paradigm.<sup>19</sup> Yet, prior to 2004 she was essentially a Minister of Development without an organization to minister given the de facto independence of NORAD from the MFA. The policy unit within NORAD was a particular bone of contention given the MFA was supposed to handle all policy related matters. Interviewees almost unanimously agreed that the new Minister desired an administrative reform that would give her greater power over NORAD, power that she could use to advance the global consensus on poverty reduction. Just as in the UK, demand from the highest political levels for a new development vision allied with governing political interests to create a powerful incentive for administrative reform.

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<sup>19</sup> In 2003, the Centre for Global Development awarded the Utstein Group an award for fostering global commitment to development.

## DIFFERENT PATHS TO PERFORMANCE

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Assessing donor performance is a tricky business. Most would agree that assessing individual donor performance via their contribution to reducing poverty would be the ideal way to proceed. This is a tall order if one considers that poverty reduction is a complex public good produced by multiple actors, and that there is no methodologically robust way to establish clear causality between donors characteristics, interventions and poverty reduction. There are considerable difficulties with the dependent variable called “performance”.<sup>20</sup>

While Canada, Norway and the UK were compared against the main quantitative variables likely to be associated with improved poverty reduction in Section 2, this section takes a different approach to answering the question of what contributes to donor performance. **We assume that the perceptions of performance by key external stakeholders are a key proxy for donors’ actual performance,** just as the way a survey of experts that rates the good governance of a country is also a valid, if subjective, measure of that country’s quality of government. Understanding the policy processes that contribute to the perception of performance by trans-national, state and civil society constituencies can make sense of the relative performance of the UK and Norway. This is another way of saying that donor legitimacy among its key constituencies is an important alternative way to assess its performance. It should also be recognized, however, that obtaining legitimacy can actually be a means to enhance future performance because perceptions do have tangible consequences for organizations, including the ability to secure resources, to recruit staff and to direct policy and programmes in certain directions. In other words, subjective assessment of current performance by key constituencies can be a driver of future realized performance. By **assessing donor legitimacy** among key stakeholders, we can therefore also evaluate the robustness of the UK and Norwegian models. Against this backdrop, this section considers the different paths taken by the UK and Norway to their current status as success stories amongst the donor community, while also suggesting that both face important challenges in the coming years.

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<sup>20</sup> For a discussion of these problems, see (de Bruijn, 2007; Harford & Klein, 2004; March & Sutton, 1997; Moynihan, 2008; Radin, 2006; Townley, 1997).

### THE EARLY TREND-SETTING YEARS

Following DFID's creation in 1997, a number of initiatives took place that established the Department's legitimacy amongst international and domestic stakeholders. First, DFID became more than simply a separate development ministry that brought together both policy and administrative functions relating development; it also became **an independent ministry**. By independence is meant having the freedom to act and exercise authority and discretion on development policy within Government, the bounds of this independence drawn by the scope of Government policy. This **distinction between separateness and independence is critical as having a distinct organizational structure does not by definition guarantee independence of thought and of action**. As per Labour's election manifesto, DFID was liberated from the influence of interest groups like "the big project contractors, the high-profile NGOs, the over-exposed bankers, the under-exposed consultants, all of whom played a valuable part in transferring know-how to developing countries but all of whom had grown accustomed to a share of the cake" (Vereker, 2002: 137). These interest groups were the early losers of the shift to a more independent minded department. Secondly, DFID aligned itself with the global movement to eradicate poverty that was emerging at the time, **agreeing to the 1996 International Development Targets (IDTs), the precursor to the Millennium Development Goals (MDGs)**. Clare Short believed these targets provided clarity of purpose for the fledgling department, orienting discussions with the Treasury and with the FCO about DFID's new roles and responsibilities. Buoyed by the supportive environment of the Utstein Group, Short also rallied the male- and finance-dominated World Bank Board to refocus their own work around the IDTs.<sup>21</sup> Internationally, Short's championship of the IDTs, and subsequently the MDGs, enhanced both her and the UK's reputation within the global community of development actors. Thirdly, **within six months of its establishment DFID released a White Paper on International Development**. The White Paper represented a strong Government endorsement for the new department and signaled the scope of a new policy mandate.

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<sup>21</sup> [http://www.odi.org.uk/events/mdgs\\_midpoint/10jul07/index.html](http://www.odi.org.uk/events/mdgs_midpoint/10jul07/index.html) (Accessed April 15, 2010)

The new Department for International Development (DFID) has the aim—reflecting the theme of this White Paper—of contributing to the elimination of poverty in poorer countries, not just through its bilateral and multilateral development programmes, but through working collaboratively with other government departments to promote consistency and coherence in policies affecting their development (Department for International Development, 1997: 20)

DFID could now claim to captain UK development policy in Government, acquiring all the challenges that came with such authority (Lockwood, Mulley, Jones et al., 2010). It was tapped to be **much more than an aid agency**, representing the interests of a government-wide development agenda. The new ministry was also subject to **increased oversight by Parliamentarians**. While the British executive can easily create a ministry without Parliamentary approval, once in existence a new ministry must be subject to scrutiny by a separate Select Committee (Burall, White & Blick, 2009: 16-18; White & Dunleavy, 2010). The Parliamentary Select Committee on International Development (IDC) was thus set up to engage in an ongoing dialogue between a cross-section of Parliamentarians and DFID. Previously, Parliamentary scrutiny of development was rare as it fell within the much larger mandate of the Foreign Affairs Committee.

DFID was blazing new trails in its approach to development both globally and nationally. **It grew significantly in terms of numbers of staff, introducing fresh faces, many with backgrounds in advocacy campaigns, non-governmental organizations, academia and the humanitarian sector.** This introduced new ideas into the Department, ideas that could be taken forward given the political space and protection offered by senior political figures and their trusted advisors who together permitted and welcomed innovation and defended controversial positions against detractors in government. **DFID was, and still is to some extent, the destination of choice for bright new recruits seeking the excitement of international work,** creative opportunities and the sense of mission of a development worker rather than the secure, risk-averse comforts of the civil service. In these early days, many observers remarked, other Whitehall ministries considered DFID a renegade department, one that had removed aid as a tool servicing the vested interests of the state and had created a culture where **“there was a sense we could do anything.”** In the view of other government departments, having such open possibilities earned DFID the

moniker of “the NGO in Government.” Yet, this did little to dissipate enthusiasm for the fledgling Ministry amongst the Executive or the IDC.

## **BECOMING THE WORLD’S BEST DEVELOPMENT AGENCY**

If the previous era can be described as DFID’s coming of age, the period between 2002–2005 cemented DFID’s reputation for excellence among the trans-national and domestic civil society communities. This was most noticeable in the lead up to the 2005 G8 Gleneagles Summit, where the UK internationally championed the cause of poverty eradication in Africa. Prior to this event, Clare Short had also successfully steered a global consensus on the MDGs and a second debt deal for developing countries. While Short had never been “starry-eyed” about NGOs, DFID actively leveraged this global activity and international goodwill to cultivate domestic civil society stakeholders supportive of the Department’s work. One particularly successful strategy include “reverse lobbying,” where DFID quietly lobbied civil society actors in order to ensure itself of constituencies that could push agendas further than it could, a technique effectively used in the “Make Poverty History” campaign. The civil society community also supplied the Government with advisors who could champion development policy from within, including Justin Forsyth a former Oxfam Director of Campaigns and Policy who Tony Blair brought into Number 10 to advise him on African development. A win-win situation resulted as close relations with civil society enhanced public support for DFID and also ensured a transparent and robust development policy.

DFID’s global championship of “a country led model of development” is also cited as an important driver of its corporate performance, one that again appealed to transnational and civil society actors advocating the principles of country ownership, long-range strategic consultative planning by aid recipients, harmonization among donors and alignment with aid recipients, the use of flexible financing via programmatic instruments, and aid allocation to poor well-governed countries. Placing the aid recipient at the centre of DFID’s work involved having more staff working at field level (almost doubling field staff between 1997 and 2006 (OECD, 2006: 55)), increasing delegated responsibility and encouraging more sophisticated understandings of country-level politics in programmes and policies (Unsworth, 2008). The role of headquarters staff was increasingly defined in terms of supporting



field offices in a form of “backward mapping” higher level organizational priorities according to needs at the frontlines (Elmore, 1979).

The (2002) International Development Act also garnered praise for DFID. While DFID’s political commitment to poverty reduction pre-dated the promulgation of the Act, the (2002) Act formalized this commitment by legally mandating<sup>22</sup> DFID to expenditures that were “likely to contribute to poverty reduction” and had the explicit purpose of furthering sustainable development (broadly defined as lasting development) or promoting human welfare. While the Act does not explicitly forbid the tying of aid or aid that furthers foreign policy, trade or national security concerns, it helps ensure that these priorities do not overwhelm the development agenda (Burall, White & Blick, 2009: 16-17, 21, 25; Lockwood et al., 2010: 69). The UK act seals into law the mission of poverty reduction as the legal frame of reference for DFID’s work, an important standard against which Parliament adjudicates the Department’s performance.<sup>23</sup> But as many pointed out, the Act was only valuable because it was accompanied by the strong political motivations of an Executive that had pushed for and promoted its principles.

With reforms appealing to multiple stakeholders, external praise for DFID grew. The UK Hansard report for July 20, 2005 cites the Parliamentary Under-Secretary of State for International Development quoting the Canadian Institute of International Affairs statement that DFID was now “the best development agency in the world.”<sup>24</sup> The C.D. Howe Institute also heaped praise on DFID as an exemplar donor (Goldfarb & Tapp, 2006). In the UK, national observers of government also rated DFID as the top performing department. Yet, such praise emerged alongside growing uncertainty surrounding DFID’s role in Iraq, the eventual source of Short’s resignation from the post of Secretary of State for International Development in May 2003.<sup>25</sup> DFID’s international reputation for excellence institutionalized itself alongside mounting

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<sup>22</sup> A legislative mandate provides legal authorities for public expenditure that are defined and approved by Parliament.

<sup>23</sup> The Act designates DFID as the lead ministry for carrying out this legal mandate, even if the wording refers to the Secretary of State in generic terms (OECD, 2008a: 5)

<sup>24</sup> UK Hansard, July 20, 2005.

<sup>25</sup> <http://www.thesamosa.co.uk/index.php/comment-and-analysis/politics/232-short-shrift-rewriting-history-at-the-iraq-inquiry.html> (Retrieved April 5, 2010)

domestic concern within other government departments over DFID's role in failed and fragile states (Lockwood et al., 2010: 69).

With the strength of DFID's legitimacy occurring against a backdrop of stable political leadership and a growing budget, the Department had the space "to try things out and take risks" by "looking at new ideas and reward[ing] those ideas in terms of visibility and informal incentives." The levels of trust engendered in DFID permitted operational flexibility to "break all the Treasury rules," including the ability to make ten year budget commitments despite a three-year budget cycle, increased delegated authority to field offices, to embrace risk and innovation as an opportunity for a greater returns, and to engage in situations where the obstacles to poverty alleviation are more political than technical. The legitimacy of DFID among the Executive, the international community, Parliament and domestic civil society collectively secured the Department's independence, providing it with engagement opportunities not otherwise afforded to its peers.

## STANDARDIZATION AND CONSOLIDATION IN WHITEHALL

One interviewee suggested that Douglas Alexander, the last Secretary of State for International Development under the previous Labour Government, stated that while "he believed DFID was one of the best development agencies in the world, his objective was to make DFID a great development ministry." This alludes to some disappointment around DFID's performance as a Whitehall department. Yet, since 2000, DFID's performance has been assessed against Public Service Agreement targets favourably, with the Treasury growing DFID's budget allocation accordingly.<sup>26</sup> Two rounds of Cabinet Office assessments of DFID's capability have been generous in their praise, with the recent review identifying the department as both internationally admired and highly performing (Cabinet Office, 2009: 6). How then to interpret the desire to make DFID an even better development ministry?

At one level, this can be understood in terms of the global community's desire to see tangible development results after the international commitments and resources devoted

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<sup>26</sup> Of course, this may reflect weaknesses with both the setting of PSA targets and departments' abilities to reach them (James, 2004).

to development in the last decade. Domestic fiscal pressures to cut public expenditures are also a strong motivator. DFID is only one of a handful of government departments to have its programming budget ring-fenced from cuts, although it is still being asked to achieve government-wide administrative efficiency savings targets. This protection of development spending can perhaps be explained by a widespread cross-party commitment to achieve the 0.7% ODA/GNI target by 2013. Such exceptionalism has put DFID “under pressure” to demonstrate its efficiency, impact and value for money (International Development Select Committee, 2009). Scrutiny by the Public Accounts Committee and the National Audit Office is growing in line with growth in DFID’s budget and profile. There is a slow and steady movement from a “trust me” culture to a “show me” culture that perhaps threatens the flexibility, openness and innovation that has come to characterize DFID.

At another level, DFID’s desire to improve is partly borne out of a need to cultivate greater legitimacy among other government departments that continue to view it with suspicion.

DFID cannot afford to keep being seen as ‘the NGO down the road’, as it has been caricatured within other parts of government—perceptions can matter as much as reality. Instead, in the words of one interviewee, the department must become more of a ‘Whitehall warrior’.

(Lockwood et al., 2010: 10)

Some suggest DFID has failed to captain development policy in the ways set out in the 1997 White Paper, notwithstanding efforts to build inter-departmental alliances and strides made in embedding the development agenda across Whitehall.<sup>27</sup> While progress on “joined-up government” appears to have been made on the trade, climate change and conflict files, a recent report by the Institute of Public Policy Research claims DFID has sought to protect its poverty credentials and international reputation by retreating into a narrowly defined aid agency role rather than championing policy coherence more widely (Lockwood et al., 2010: 71). Interviews with DFID staff suggest the organization is now aware that it cannot exploit its independence to isolate itself from the hard decisions and policy tradeoffs to be made across Whitehall in the coming years, particularly under a

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<sup>27</sup> For example, a joint FCO-DFID unit established to manage the UK’s relations with Sudan won an award for best Central Government team in the public service (Barder, 2005: 46).

Conservative-led coalition government that has expressed interest in directing a greater percentage of aid to security-related agendas (Conservative Party, 2009).

Overall in the UK, we have the story of a department and a development policy that has garnered considerable international and civil society kudos. Parliament and the Executive have been important champions within the state apparatus, although other government departments remain noticeable detractors from the DFID cheerleading squad. Conscious of the limited support from departmental colleagues, DFID has sought to cultivate trust from this quarter, fully aware that this backing will be an important determinant on and measure of its success in the coming years.

## NORWAY

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### **ADAPTING AND INTEGRATING FOR COUNTRY-LED DEVELOPMENT**

If the UK is viewed as a donor that has set global policy trends in recent years, Norway is seen to be a donor that robustly obeys them. While Norway's development activities have historically been both progressive and innovative,<sup>28</sup> in the last decade it has not achieved the same international reputation as a bilateral donor that DFID under Clare Short did. At the turn of the millennium, Norway was responding to demands for a new kind of governance structure for its development programme and as a good global citizen, Norway needed to demonstrate that it was prepared to conform to global standards and work in the new ways demanded of it. While many suggested that the political desire for administrative control on the part of Minister of Development Hilde Frafjord Johnson propelled the decision to integrate NORAD within the MFA, it could equally be justified as an adaptive governance reform to the global paradigm of country-led development.

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<sup>28</sup> For example, Norway championed the concept of recipient responsibility long before the donor community converged on "country ownership" (Berg Afsen, 2008: 22).

Against the backdrop of this new development policy environment and the need for Norwegian legitimacy within it, the Government commissioned an evaluation of Norwegian aid architecture in 2003. This evaluation surmised that notwithstanding Norway's strong international commitment, administrative efficiency, overlap and fragmentation in its national governance systems remained significant challenges (ECON Centre for Economic Analysis, 2003: ii). Unconvinced by the merits of the current tripartite division of labour between NORAD, MFA and the embassies, the ECON study unqualifiedly recommended a "unified and integrated" administration for Norwegian development activities. It outlined two options for doing so. The first proposed a separate and strengthened NORAD with greater authority and a fuller role for both policy and implementation, citing Sweden and Canada as inspirations. The second option involved the full integration of NORAD into the MFA, along the lines of the Dutch and Danish systems where ministries of foreign affairs are lead departments for development.

Given that Minister of Development Johnson had been seeking greater political control over NORAD, she must have ruled out the creation of a stronger NORAD almost immediately. Nevertheless, she was also forced to recognize the implausibility of full integration given the existing size of the MFA. Moreover, this impulse went counter to the public sector modernization effort underway at the time that encouraged central ministries to become leaner rather than larger. Johnson ultimately chose a hybrid governance solution that was not part of the evaluation study's recommendations. Policy power was consolidated within the MFA, while responsibilities for implementing the country-led model started with the embassies. NORAD was left with responsibility for technical advisory work, quality assurance and evaluation, all of which were meant to supplement the administrative work of MFA and embassies. NORAD's policy function was clipped as it lost both personnel and authority to the MFA and embassies. This re-organization of the relations governing embassies, NORAD and the MFA expanded and consolidated the latter's position and power. Most interviewees described the MFA as the most powerful ministry in Government, dwarfing all others in terms of size and prestige. The MFA's position is largely explained in terms of Norway's reliance on good external relations as a small country. Its trade interests, its lack of former colonies upon which to project a legacy, a history of missionary work and the need for an international identity as a non-member of the European Union, all make foreign policy a salient

domestic concern. The MFA acquires its status as a legitimate heavyweight in inter-departmental politics accordingly. The 2004 re-organization reinforced rather than threatened this existing bureaucratic configuration.

The reactions from civil society groups to this shift of functions were, on the whole, positive. The country-led model still relied on Norwegian NGOs for project execution, even if continued reliance potentially undermined efforts to reduce aid fragmentation and dispersion (OECD, 2005: 63). Longer-term funding arrangements with NGOs grew rather than shrank. Under the changes, NGOs gained policy and advocacy work as a new and increasingly important work stream. Continued government support for Norwegian civil society is explained by historically strong public support for NGOs, the combined result of the country's missionary tradition, the history of the Norwegian Socialist solidaristic movement that supported the independence of colonized African states, and by Norway's strong corporatist-pluralist state traditions, where interest groups have a high standing in decision-making, policy development and implementation (Christensen, 2003: 180; Kishigami, 2006).

## **DEVELOPMENT POLICY AS FOREIGN POLICY**

Norway's development policy is not underpinned by any specific piece of legislation as in the UK, but is the result of the government's policy platform, its addresses to the Storting and published White Papers (OECD, 2008b: 20). The election in 2005 of a coalition government made up of Labour, Socialist Left and Centre Parties marked a subtle but important shift in policy stance, one where shorter-term foreign policy interests encroached upon a country-focused development policy. This change finds explicit mention in the Government's 2009 White Paper.

This white paper represents a step forward in the process of integrating development policy and foreign policy. The central aim of our foreign policy is to safeguard Norwegian interests. In development policy, the focus is on poor countries' interests. However, these interests coincide in many areas. (Norwegian Ministry of Foreign Affairs, 2009: 10)

Minister of Development and Environment,<sup>29</sup> Erik Solheim, from the Socialist Left Party,<sup>30</sup> presided over what is widely acknowledged as the use of foreign aid to service domestic political priorities. The extent to which foreign policy and development interests coincide to deliver mutually reinforcing benefits is a matter of some contention. Many examples cited by interviewees suggested that twinning these interests subordinated development concerns to foreign policy ones. For example, aid has been a vehicle to advance Norway's foreign relations, cultivating soft power to advance its policies on NATO and the Arctic, secure commercial contracts for Norwegian companies to extract natural resources in Angola, as well as a means for securing employment and policy influence within the multilateral system.

Internationally, this explicit shift in the rationale for Norwegian aid occurred without widespread consternation. Despite a more strategic positioning of development as "high politics", Norway maintains a global reputation for being a generous 'team player' willing to conform and champion the "low politics" of poverty reduction. Its international legitimacy rests on its past record of peace-building and global diplomacy, promoting human rights, humanitarian relief and gender-related issues. Currently, Norway supports numerous jointly funded donor initiatives, finances a large number of earmarked multilateral trust funds at the United Nations and World Bank and is an advocate of budget support. Yet, it would be foolish to downplay Norway's strong financial commitments for global development as a source of its strong global brand. Multilateral contributions have increased in absolute terms between 2005–2009, consistently comprising over 50% of total ODA.<sup>31</sup> Many interviewees suggested Norway has been buying influence on the world stage and that this is gaining the country "influence larger than the size of the country and its investments."

Amongst domestic constituencies in civil society, servicing foreign policy via development policy is more a matter of comment than a focus for consternation. Foreign policy concerns have been heaped on top of existing solidaristic development priorities, deferring difficult tradeoffs as more controversial initiatives are funded via the annual budget increment rather than at the expense of other

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<sup>29</sup> Solheim assumed responsibilities for the separate Environment Ministry in 2007.

<sup>30</sup> 2005 was the first time the Socialist Left had been elected to Government.

<sup>31</sup> This includes multi-bilateral funding. See section 2.

initiatives.<sup>32</sup> The increment, however, has been large given the country's expanding revenue base, with Norway's ODA budget increasing by 35% between 2005 and 2009 (NORAD, in-house).

As increasing oil revenues bolster the development assistance budget in real terms, the Norwegian development co-operation system does not have the same constraints as many other donors, and is able both to maintain current activities and absorb new ones. (OECD, 2008b: 22)

Funding for NGOs has increased in absolute terms, although it has been relatively constant at 21% of total Norwegian ODA and 30% of total bilateral assistance (NORAD, in-house). The view that NGOs are more efficient than the state in delivering services in-country is widely held in Norway, which ensures relatively consistent support for NGOs. Norway also provides 10% of all NGO finance to local NGOs in recipient countries (NORAD, in-house).<sup>33</sup> In addition to this financial support, relations with NGOs have benefitted from considerable moral support notwithstanding greater use of development policy to service foreign policy objectives. There is increasing reliance on a 'revolving-door' of employment between NGOs and the Government, encouraging good relations across the sectors. Overall, a nationalistically oriented development policy has not come at the expense of the Norwegian government's reputation among either civil society or the global policy community, with neither stakeholder having seen a fall in their budgets or a phasing-out of their programming. An expansion in ODA commitments does seem to have deferred debate over the shifting rationale for aid-giving in Norway.

Within the realm of domestic politics, the politicization of development policy has further enhanced the MFA's power vis-a-vis other state bodies. Since 2005, approximately 65% of total ODA is controlled by the MFA while 20% is the responsibility of embassies. This leaves NORAD and other government institutions with little financial clout to challenge the dominance of current development thinking. Nor is it clear that other state actors

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<sup>32</sup> This is certainly not the case in Canada where fiscal retrenchment has required difficult tradeoffs to be made within the aid programme and looks set to continue to do so. See <http://www.theglobeandmail.com/news/opinions/solving-our-problems-on-the-backs-of-the-poor/article1516235/> (Accessed April 30, 2010)

<sup>33</sup> This 10% figure is a part of the 34.1% figure in Table 8, which represents local indigenous NGOs as well as international and regional NGOs.



would have any mandate to challenge this shift given Government White Papers are explicit in their desire for a more politicized and partisan development policy. This is reinforced, or perhaps the result of, convergence of views between the Minister of Development and Environment and the Minister of Foreign Affairs. The MFA's main concern about this shift relates to the growing administrative burden that accompanies such an expansion of policy interests. The risk of fragmentation results as new lines of work are added to older lines. Embassies too seem to be suffering the consequences of "policy overload from Oslo." To some degree, this has been countered by a recentralization of responsibilities back to the MFA in Oslo. Overload within the MFA, in turn, has meant NORAD has come to "fill the gaps in capacity." This was presumably one of the motivations behind returning authority over the Norwegian development NGO grant financing window to NORAD (OECD, 2008b: 46).<sup>34</sup>

Overall, it would seem the intrusion of foreign policy interests into the country-led approach to development has not come at the expense of Norway's reputation as a development actor within either the global development community or domestic civil society. An expanding aid budget appears to have pre-empted consternation, with most criticisms directed at the heavy administrative and efficiency costs of policy and project dispersion.

## **EMERGING FISSURES**

A number of critical voices are starting to be heard on the subject of Norwegian development cooperation. This is perhaps reflected less at the international level, where Norway's reputation has yet to be seriously tarnished, and more so in the domestic political arena. Uncomfortable questions are starting to be asked about the inconsistencies of its development policy, accountability to Parliament and the nature of results for poverty reduction that can be expected.

An emerging concern is the Janus-faced nature of a development policy motivated by national interests. One recent critical commentary has described the current policy

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<sup>34</sup> NORAD took over the management of development grants to Norwegian NGOs, with the MFA maintaining responsibility for grants to humanitarian NGOs and embassies managing grants to local civil society actors. This concurs with MFA's interest in politically managing the humanitarian portfolio that brings with it political visibility.

environment in Norway as a case of “doublethink” where the country is deliberately avoiding hard policy choices. Even the OECD has suggested the linkage of between and foreign policies in Norway may be leading to “conflict between old and new priorities” (OECD, 2008b: 22).

Many seem to think that they can have a large oil industry and at the same time lead the fight against climate change; that they can work in corrupt, repressive regimes and still be seen as champions of human rights; that they can promote Norwegian business interests in the global economy to the same degree as other states but be seen as pioneers of corporate social responsibility; and that they can talk about redistributing global wealth while their pension fund continues to invest in tax havens. Overall, Norway has lost its ethical niche. (Curtis, 2010: 5)

Curtis suggests that Norway’s identity as a donor has been lost as a result of this hypocrisy in its development policy. Whereas the country was closely associated to peace-keeping in the 1970s and its heterodox economic models in the heyday of neoliberalism in the 1980s and 1990s, he argues it risks losing this reputation as it has not offered “a big idea to give to the world” (Curtis, 2010: 25). Unlike DFID that has had a clear definition of the kind of development policy it stands for, Norway seems to still be searching for an identity that reconciles its strategic interests with its historical reputations for altruism and internationalism. The parallels with Canada, recently accused of “squandering its reputation” internationally, are striking.<sup>35</sup>

These are also growing concerns expressed about the growing power of the MFA at the expense of Parliamentary accountability. Their criticisms are noteworthy given Norway’s political tradition is built upon relatively light Parliamentary oversight, where politicians concentrate on their political functions, respect the values and practice of civil servants, make decisions based on the norms of consensus and collectivity and hold fast to the rule of ministerial responsibility (Christensen, 2003: 173). In Norway, the custom is that “foreign policy is run by Government and Government doesn’t

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<sup>35</sup> <http://www.theglobeandmail.com/news/politics/fowler-blasts-ottawas-inaction-in-africa/article1514913/>

(Accessed April 30, 2010)

need to [tell] Parliament anything.” In such a trusting environment, many within the domestic development policy community are still concerned that “the MFA is becoming a state within a state.” Calls by an independent Commission on Policy Coherence for the MFA to report regularly to the Storting on the effects and results of Norwegian development policies hint at the concern about the MFA’s openness and accountability (Norwegian Ministry of Foreign Affairs, 2008).

The carrot of an expanding development budget in Norway can only keep criticisms at bay for so long. Not only are changes in budget priorities possible, the modest achievement of development ‘results’ that justified aid spending is sure to raise alarm bells among Norwegians themselves. Increased media reports of corruption in Norwegian development projects and the attention garnered by ‘anti-aid’ literatures suggest growing aid skepticism from the Norwegian public. In response, NORAD is now reporting on annual ‘results’ via evaluations of key projects and programmes (NORAD, 2010: 3–4). In this, the Norwegian trend seems to be converging with the UK’s focus on impact in the run up to the 2015 MDG deadline.

In summary, Norway’s performance seems to largely be secured by its reputation as a “team player” at the global level. The domestic civil society community is also generally supportive of the Norwegian aid system, notwithstanding some emerging concerns about the contradictions and tensions in twinning its foreign and development policy goals. While the power of the MFA and an expanding aid budget has muted these critical voices for the most part, fissures are emerging as a result of growing public skepticism over aid’s goals, channels and outcomes and relatively limited accountability and involvement of Parliament. This risks splitting the enviable cross-party support for development that has long existed in Norway and eroding long-standing public commitment to aid in ways that may become irreversible.

What are the comparative advantages of each of these models of aid architecture? Both countries have continuous and robust support from trans-national and civil society communities. In the UK, a separate DFID became a champion of an independent development policy and an important site for inter-departmental negotiations in all matters involving developing countries. Physical separation provided the backdrop for initiatives like strengthening country offices, the passage of the IDA Accountability Act

and the 2005 G8 Gleneagles Summit, to name but a few. Intellectual leadership, innovation, and risk-taking emerged as sources of the UK's comparative advantage. In Norway, merging with the MFA provided development policy with more visibility as a result of its central place in foreign policy circles. This translated into greater linkages between strategic national domestic priorities, foreign policy objectives and development goals. Against the backdrop of an expanding resource base, Norway remains an influential international actor that can respond generously and quickly to requests for its assistance.

The limitations of the UK model seem to be that the level of authority and prominence given to DFID antagonized other government departments. A strong and robust development policy also seems to have irked other government departments. DFID's exceptionalism has now resulted in increased pressure to meet results and efficiency savings targets, which in turn seem to reduce its room for innovation and strategic discretion. Meanwhile in Norway, the integration of development policy functions within the MFA has expanded that body's influence and reach, some say at the expense of strategic focus, efficiency and public accountability. While an expanding aid budget has kept most criticisms at bay, it is increasingly unclear whether maintaining a robust development programme that simultaneously services national interests is feasible. Growing tensions have emerged from integrating development and foreign policy concerns within the MFA, suggesting dual humane and realist motivations for aid-giving are not so much mutually reinforcing as zero-sum in nature.

## LESSONS FOR CANADA

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The lessons to be gleaned for Canadian development cooperation from the Norwegian and British experiences fall into four broad categories. First, there are lessons for Canada at the level of the broad **strategy** it chooses to adopt to advance an agenda of renewal. Secondly, the experiences of Norway and Britain offer important guidance for the debate over the appropriate **governance structure for** administering development. In addition, there are lessons for strengthening development **policy processes**. And finally, there is direction for addressing **micro-level organizational issues** within donor organizations. Although the UK and Norway achieved their performance against an expanding aid budget, **the lessons below require no additional financing**. This is not to say that development finance is not an important driver of donor performance in Norway and the UK; on the contrary both countries achieved their reputations for success via the autonomy and credibility that financing provided. In this regard, it is disheartening to hear that the Canadian aid budget is once again at the frontlines of government cutbacks.<sup>36</sup> Nevertheless, the purpose here is to identify key areas for improvement that extend beyond budgetary instruments. All of these lessons are summarized in Table 10 at the end of this section.

### STRATEGY FOR RENEWAL

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In both the UK and Norway, governance reform emerged from a clear political will to substantiate a political vision expressed by senior political figures. *Re-organization requires ambitious objectives and the political leadership to achieve them, particularly at the early stages of reform.* In the UK, Robin Cook, Labour opposition critic on Foreign Affairs up to 1997, committed the Party to stop servicing national interests with the foreign aid budget via the creation of a separate ministry with independence over development policy. In Norway, a political vision of a programme centred on country-led development led the incumbent Minister of Development to demand greater oversight of policy direction within the MFA. Choices of aid architecture will always be subordinate to

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<sup>36</sup> See <http://www.theglobeandmail.com/news/opinions/solving-our-problems-on-the-backs-of-the-poor/article1516235/> (Accessed April 30, 2010)

high-level political commitments and leadership. As one DFID staff member acknowledged: “The political ambition comes first; there is no point in having all the capability pulled together in DFID if the purpose was to run an old fashioned aid programme.” *There are no easy answers in the absence of political vision and leadership as no governance structure can substitute for these critical ingredients for donor performance.* Nevertheless, it is possible to exogenously foster these, for example, by encouraging citizens to articulate compelling visions for development policy around which political and public support can be harnessed.

A related point to consider is that **political leadership does not require strong public support for development at the outset.** Robin Cook’s championship of development was not built on the backs of opinion polls but out of a principled commitment. Although development policy featured insignificantly in the 1997 election campaign, the Labour Government is recognized for having cultivated a strong development administration with a global reputation on development policy, so much so that development issues displayed themselves much more prominently on the recent electoral campaign trail as both a record of Labour’s achievement and as a matter for policy debate.<sup>37</sup> Expressed political commitment can foster public support for development and does not always need to trail it. As Clare Short acknowledged, this required an investment of political capital, one that involved struggles against vested interests and the status quo (Short, 2009). Once public support has been engendered, however, it can acquire political durability. For example, in the recent UK general election, all the major parties sought to display their development credentials, including legislating the 0.7% ODA/GNI commitment and maintaining DFID’s status as a separate ministry, suggesting that concerns about global equity and poverty had arrived within the political mainstream. Whilst re-merging DFID with FCO is possible with the stroke of the pen, it appears to have become politically unpalatable to suggest doing so.<sup>38</sup>

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<sup>37</sup> See <http://www.spectator.co.uk/coffeehouse/5922663/overseas-aid-could-be-a-tory-winner-in-conlib-fights.shtml>; [http://www.timesonline.co.uk/tol/comment/leading\\_article/article6985486.ece](http://www.timesonline.co.uk/tol/comment/leading_article/article6985486.ece); <http://www.guardian.co.uk/commentisfree/2010/jan/12/cameron-slum-dogma-aid-ideology>

(All accessed May 2, 2010)

<sup>38</sup> (Conservative Party, 2009)

*Political interests of the day are the single most important influence on the choice of aid architecture.* For example, the imperative of giving a strong personality like Clare Short a Cabinet position prompting the creation a separate department for development, or Hilde Johnson's desire for authority over NORAD resulting in its amalgamation within the MFA. *Often political interests can be serviced by championing global development policy norms, where such championship advances standing internationally and among domestic NGO constituencies.* This has certainly been the case in the UK, where politicians received kudos for leading global development policy innovation or in Norway where political strength derives from active and generous support of extant global development policies.

Having a *clear, coherent and stable political vision for a development programme* is also an important source of comparative advantage. *Canada needs to move away from aiming to be "the world's best agency" to actually defining for itself "what it means to be the world's best agency"* given its own particular historical trajectory and political evolution. This vision need not be driven by pure altruism. Foreign aid sits at the intersection of humane and realist rationales and managing the conflict between them is an important strategic concern because when a program tilts towards one of them, countervailing forces are triggered that work against it (Black, 2007: 199; Pratt, 2000). In fact, it is almost certain that humane approaches will eventually come under pressure by realist rationales for aid that serve (or at least take into account) national interests, as the UK and Norway cases illustrate in their later years. Maintaining "parallel" realist and humane rationales as in Norway can only be sustained by an expanding aid budget, although even there it cannot prevent growing public skepticism as contradictions emerge. *In the UK, there are some who suggest the clarity of its humane internationalist political vision is a significant advantage,* so long as DFID actively defends this vision from attack rather than conservatively ring-fencing it to prevent its further dilution (Lockwood et al., 2010: 16). The point here is that any successful political vision needs to be unambiguous about where it stands on the humane/realist continuum, honest about the tradeoffs that need to be made in reconciling the two rationales for aid and ready to engage in the good fight against the other when necessary. If development interests are too often sacrificed at the altar of policy coherence as some suggest (Brown, forthcoming; Smilie, 2004), this is suggestive of the need for openly accepting instances of "dis-jointed government" so that a clear, internally coherent vision of

development can emerge. This does not necessarily privilege an insulated humane rationale for development, though it does require strengthening the position of development actors at the heart of government to ensure that when tradeoffs are made, they are the product of negotiation among partners of relatively equal standing.

*There is also merit in considering how best to engender cross-Party support for development by using development policy as a vehicle to unite Canadians to serve a nobler cause. In both Norway and the UK, strong cross-Party support for development is the basis for projecting an internationalist humane vision of itself on the global stage. In Norway, a country smaller than Canada but with no colonial heritage, a progressive international policy is a way to cultivate an identity that would otherwise be lacking while in Britain, such a policy is a way to transcend the stains of colonialism. Moving development policy beyond partisan interests is a way to mitigate against domestic pressures that can be more easily managed after global external legitimacy is obtained (Morrison, 1998: 447). Linking national unity with the aims of international solidarity in development does have a precedent in Canada, often in times of crisis. The Indian Ocean tsunami in 2004 and the Haitian earthquake in 2010 come to mind as instances where Canadians moved beyond parochial interests and affiliations and generously united in common cause. Nevertheless, as Morrison (1998) tells us in detail that is sometimes painful to read, Canadian development cooperation is a long tale of politicians exploiting aid to service ethnic, corporate, geopolitical, regional and linguistic interests—in other words as a tool to divide Canadians. In the current political environment, it is the institutionalized association between a progressive development policy and the Liberal Party that is particularly debilitating, as it seems to automatically discredit many Canadian NGOs, academics and policy avenues in the eyes of a Conservative Government. Nor is it self-evident that Liberals remain the vanguard of a humane development policy.<sup>39</sup> Ways need to be found to touch the loyal base of all political parties with the aims of international solidarity.* This is not necessarily a fool's mission if one considers that in a recent poll, 61% of self-declared Conservatives solidly

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<sup>39</sup> See <http://www.theglobeandmail.com/news/politics/fowler-blasts-ottawas-inaction-in-africa/article1514913/> (April 30, 2010)



support development assistance (OECD, 2007: 27). The search for bipartisanship on Canadian development policy is not beyond the realm of the possible.<sup>40</sup>

## GOVERNANCE STRUCTURES

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There is no clear identifiable “good practice” when it comes to questions of aid architecture, no ability to link systems of governance to more effective aid. The only recommendation the OECD offers is that **development policy and its administrative implementation should be integrated** in order to “foster complementary relationships and synergy by integrating, or at least better coordinating, fragmented systems under one strategic umbrella” (OECD, 2008a: 11). An “integrated” model exists in Norway where **the MFA and embassies hold overall responsibility for both development policy and its administrative execution**. It also exists in the UK where DFID is **simultaneously responsible for both policy and administrative functions (OECD, 2009a)**.<sup>41</sup> As mentioned in the introduction, integration does not occur with an arms’ length Crown corporation that remains an implementing agency of government’s development policy, with little systematic view over or ability to shape policies.<sup>42</sup>

*The case studies suggest that **achieving integration within a ministry of development can safeguard a robust, coherent and independent development policy that can align with either altruistic or realist motivations***. In contrast, integration within a ministry of foreign affairs offers limited ability to sustainably champion development policies that may challenge nationalistic, commercial or geo-political motivations for aid-giving. If the functions of a development agency are liable to evolve and vary—and there are grounds to assume as much given organizational functions are partly a product of shifting political environments and agendas—an institutional form that can accommodate the widest possible range of agency functions makes sense. **If donors’ structural form followed their function, forms would need to continuously change in step with changing functions.**

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<sup>40</sup> See <http://www.theglobeandmail.com/news/opinions/minority-governments-are-hobbling-canadian-foreign-policy/article1516223/> (April 29, 2010)

<sup>41</sup> Canada is listed as an example of the British integrated model, alongside Australia.

<sup>42</sup> A Crown corporation would also not have a Minister in Cabinet, and therefore would not reflect the lessons learned from both Norway and the UK’s experience with powerful Ministers of Development centrally embedded in Government. Interestingly, Maurice Strong, the first President of CIDA, had initially considered a Crown Corporation-like structure for CIDA but dismissed it because it risked reducing CIDA’s voice in government (Morrison, 1998: 63).

Integrating policy and administrative functions within a ministry of development provides a timeless form for multiple and evolving functions.

What evidence can be harnessed to support this claim? In Norway, consolidation within the MFA has facilitated greater blurring of the lines that distinguish development and foreign policy. This was most acutely felt with the departure of Hilde Johnson. By merging with the MFA, development policy could not offer a countervailing position on priorities, tradeoffs and policy coherence debates informed by diplomatic imperatives. While an expanding aid budget has permitted the parallel co-existence of concerns and streams of activity to date, this occurs at the cost of operational dispersion and rising administrative burdens. In most countries, budget constraints would require strategic prioritization and the analysis of tradeoffs. An autonomous ministry centrally embedded in government processes seems better placed at the negotiating table in these instances, its distinct status allowing it to maintain an independent vision of development and temper countervailing realist ambitions. This is what DFID is now increasingly being called upon to do, its physical separation from FCO a source of its strength as a body with a systematic view of development that serves as a champion of poverty reduction in high-level government negotiations (Shafik, 2006). An autonomous ministry formally charged with development policy and implementation can better respond to shifts in the rationale for aid, particularly when the winds are blowing away from strategic geopolitical visions towards more selfless internationalist objectives that would otherwise be harder to accommodate within a foreign affairs ministry. While a physically separate development ministry is a helpful starting point for a strong and coherent development policy, there is a need to secure separation legally as a way to ensure independence. Where ministerial authorities lie more in convention than in the letter of the law, as in the current case with CIDA, formalizing autonomy of the development portfolio is a good starting point to strengthen development policy. Any effort to strengthen CIDA's legal autonomy needs to be concerned by the history of Canadian interdepartmental relations however, where efforts to enhance CIDA's powers tend to provoke countervailing reactions to physically subsume it under Foreign Affairs (Morrison, 1998: 401).

Integration of policy and administrative functions can also ensure a Minister in Cabinet that gives development issues "greater voice at the tables of power" (Whaites, 1998: 52). The seniority of a development minister rests on the political prerogatives of the Prime

Minister,<sup>43</sup> though the position will almost always have an inferior rank to domestic portfolios with more visibility nationally. A further point to note from the Norwegian experience, where the Minister of Development also has responsibility for the Environment Ministry, is that dual portfolios can divert the focus of a Minister. *Accordingly, a senior Cabinet Minister should lead a legally autonomous department for international development, with primary responsibility for and sole focus on development policy and its coherence across Government.*

Another lesson for Canada emerges from the UK's experience with a legislated mandate specifying DFID's purpose and functions. *While a legislated mandate can be a valuable governance structure to preserve the independence of a development ministry, it must be recognized that the 2008 ODA Accountability Act does not serve as a legal mandate for CIDA, or any other Government department, in the same way as the 2002 International Development Act does in the UK.* One reason for this lies in the fact that the Canadian Act defines development spending in terms of ODA and natural disaster spending, exempting non-ODA spending within the International Assistance Envelope.<sup>44</sup> Not all of CIDA's activities can be classified within the definition of ODA, in contrast to the UK where the Act (2002) covers all DFID's work. The wording of the UK Act empowers the Secretary of State responsible for DFID to comply with its stipulations in all of its work and is the source of a strong cultural orientation for the Department. In contrast, the scope of the Canadian ODA Accountability Act is vast, covering ODA expenditures by CIDA, Finance Canada and DFAIT and does not empower CIDA with a strong ethos or mandate.

Claire Short has said on the record that the Canadian Act "seems less stringent than the UK Act" (Short, 2009). The Canadian Act must "ensure that all Canadian official development assistance abroad *is provided with* a central focus on poverty reduction"

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<sup>43</sup> As one interviewee pointed out, almost no development Minister comes to the development portfolio as a senior minister. A development Minister is either a novice politician "on their way in" or a politician that has seen her best days and is "on their way out". One can understand the success of Clare Short as a Minister "on her way out" of the Labour Party, having been an MP for the 14 years preceding her Cabinet appointment. Similarly, Erik Solheim, Norway's minister of international development, was a senior figure of the Socialist Left and a diplomatic heavyweight, achieving renown for his peace building efforts between the Sri Lankan Government and the Tamil Tigers in 2002. Perhaps one lesson to learn then is the importance of drawing any potential Minister of Development from the pool of MPs with government experience.

<sup>44</sup> <http://www2.parl.gc.ca/Content/LOP/ResearchPublications/prb0710-e.htm#fn7>  
(Accessed April 30, 2010)

while in the UK, development assistance can only be provided if the Secretary of State is “satisfied that the provision of the assistance *is likely to contribute* to a reduction in poverty.” The difference may appear semantic but it does suggest that impact is a more central concern in the UK, while in Canada what matters is the “poverty reduction” moniker attached to any activity. In addition to being likely to have an impact, in the UK Act aid must have the purpose of poverty reduction. In Canada, however, aid must both have the purpose of poverty reduction *and* be provided in a “manner that is consistent with Canadian values, Canadian foreign policy, the principles of the Paris Declaration on Aid Effectiveness of March 2, 2005, sustainable development and democracy promotion and that promotes international human rights standards.” The Canadian Act thus legally requires ODA to be consistent with foreign policy interests, while the UK Act does not stipulate any supplementary conditions on aid spending in line with national values, foreign policy priorities or democratic principles. The UK Act empowers DFID to resist pressures to securitize its development assistance spending, for example in Iraq (Lockwood et al., 2010: 69), as well as to work in countries where poverty created by poor governance is the source of abject need, none of which is possible under the Canadian Act. At the same time, when pushed DFID can accommodate foreign policy interests by claiming development assistance is provided for the purpose of sustainable development and human welfare and is likely to have an impact on poverty. Thus the wording of the UK Act is both a buffer for DFID to resist pressures to dilute its development objectives, but is also flexible enough to accommodate other interests when there are sufficient grounds to believe there will be some impact on poverty outcomes. The UK Act rests on a strong political commitment to development, while the Canadian Act emerged as a private members bill that eventually achieved cross-party support. The ongoing lack of high-level political commitment to the Act in Canada considerably hinders the value of the legislation, with the resultant risk that compliance with the Act turns into little more than a ‘box-ticking’ exercise (Brown, forthcoming: 15; Morton, 2009).

*A final governance structure that may improve the independence of a development program is the **creation of a separate Standing Parliamentary Committee on International Development (IDC)**. Parliamentary involvement via committee activity within the House of Commons is not only a way to ensure accountability of the aid programme, it is also a means of cultivating a supportive constituency for development.*

The IDC in the UK is one of the “strongest mechanisms for scrutinizing and influencing DFID” (Burall, White & Blick, 2009: 21). The IDC came to see its primary role as positively influencing the ways that DFID both delivers and establishes aid policy. This committee closely examines all reports submitted to Parliament and ensures the Government responds to recommendations, bringing an important feedback loop into DFID’s relation with Parliament. It also undertakes its own research reports on key themes, informed by the testimony of experts, staff and academic observers taken under oath. IDC field visits are supported by a travel budget and involve trips to DFID offices and projects, ensuring personal contact with DFID’s work in the field. The IDC is also a vehicle for fostering public understanding of aid effectiveness, inserting a level of realism into the public, and Parliament’s, expectations from its development programme. Unlike the situation in both Canada and Norway where parliamentary committees responsible for foreign affairs must also oversee development matters, in the UK separate committees give greater coverage and attention to development issues. A parliamentary committee for development has the space and the mandate to take development out of the politicized environment of the house floor, providing a haven for cross-party discussion and consensus building. It can become a channel of communication linking the public, the government and the development department in way that ensures accountability, engagement and a more informed policy.

## DEVELOPMENT POLICY PROCESSES

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Development policy processes across Government institutions and within donor agencies are important drivers of perceived donor performance. The UK and Norwegian cases offer lessons for both the manner in which Government articulates its development policy and the way civil society executes and informs this policy.

*A written statement of the Government’s aspirations for development can ensure a clear and coherent political vision for development policy. At minimum, this statement needs to have the support of the Minister of Development, the Finance Ministry and senior civil servants. In both the UK and Norway, a White Paper is the name given to a major parliamentary paper enunciating government policy that is not necessarily expected to be a basis for future legislation. It is a paper that is consulted on widely among Government departments, although primarily the responsibility of the department that will*

have to implement its statements with contributions from the Treasury (Whaites, 1998: 209). Since 1997, the UK has produced four White papers with an exclusive focus on international development (Department for International Development, 1997, 2000, 2006b, 2009a), while Norway has produced two (Norwegian Ministry of Foreign Affairs, 2004, 2009). In Canada, technically only one White Paper has exclusively treated the theme of international development (CIDA, 2002). Most White Papers in Canada have notionally presented development policy within the context of broader foreign policy reviews, as in the case of the 2005 International Policy Statement. Combining development topics within a foreign policy White Paper risks subordinating development into a second-tier concern and risks only grudging support from the development ministry and minister, ostensibly chief executors of the policy. Incorporation in a foreign policy review is no guarantee of policy coherence in practice. In Norway and the UK, a strong White Paper on development, in combination with some key statements from the Head of Government and/or Minister of Development, provided a robust platform for development policy widely supported among key bureaucratic actors.

A White Paper must also serve an expression of the Government's vision for achieving poverty reduction. Nevertheless, the 2002 Canadian paper authored by CIDA offered little more than a statement of how it intended to comply with demands for aid effectiveness. Unlike the Norwegian and British White Papers, it did not provide either a vision on matters of substantive policy or serve as an aspirational statement. When Government policy is developed without an over-arching purpose and is slowly "drip-fed" (Morton, 2009), operational guidelines, business processes and strategies risk multiplying to the point of both incomprehensibility and inconsistency. The result is not only inefficiency but also incoherence. Lack of clear direction contributes to easily shifted priorities and duplicative management processes, all to the detriment of CIDA's effectiveness (Auditor General of Canada, 2009: 17). While the Auditor General recommends a comprehensive strategy for CIDA on aid effectiveness, in the current political environment another strategy process to renew CIDA risks being outdated almost as soon as it is written. A new strategy document for CIDA can never

compensate for the Government's "acute attention deficit disorder" on matters of development policy.<sup>45</sup>

*Clear and coherent documented expressions of political will is an important way to strengthen CIDA, particularly as a bureaucratic actor centrally embedded in inter-governmental processes.* Not only does a clear White Paper on development signal policy direction that can bring with it some administrative rationality within CIDA, it is also a vehicle for securing CIDA's position in inter-departmental meetings of civil servants, an important arena for policy making (Morrison, 1998: 443). **Clear and coherent political statements can embolden CIDA officials lower in the bureaucracy who otherwise tend to limit their aspirations in anticipation of resistance from other departments.** A strong expression of political will in a White Paper is a vehicle for improving CIDA's relative bargaining position in inter-departmental negotiations.

As Government articulates its policies, civil society actors in both Norway and Canada are important for how this policy gets executed. One can consider the functions of civil society in implementation in three main ways: to deliver services to the poor and in situations of humanitarian distress; to improve public awareness of international development that ensures public support and to build vibrant civil societies in the developing world that hold local decision makers to account; and give poor people a voice (OECD 2006: 56–57). While policy implementation is a key reason for financing civil society, its knowledge and experience are also valuable for improving development policy. Policy creation can thus also be an objective for civil society actors in development.

**While Canada has a long history engaging with civil society, there is a need to ascertain whether its financing is being targeted according to some or all of the aims above.** Both Norway and the UK have delineated financing windows linked to all of the functions of civil society listed, as well as principles that guide the nature of donor engagement (Department for International Development, 2006a; NORAD, 2009). **The UK approach is particularly interesting, where engagement is defined via the use of short term, medium term and long-term financing instruments aimed at either small, medium and large**

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<sup>45</sup> See <http://www.cbc.ca/canada/story/2009/11/18/f-vp-stewart.html> (Accessed April 29, 2010)

**organizations.** Consideration is also given to the relative balance between service delivery, local civil society involvement, public support functions sought and levels of financial dependency on DFID.<sup>46</sup> The Civil Society Unit in DFID is currently organized as a small staff of 15 people<sup>47</sup> managing 62 civil society actors centrally, with 34 organizations managed directly by country offices. This compares to Canadian Partnership Branch (CPB), the largest CIDA unit managing support for civil society, which had 151 staff<sup>48</sup> in 2007 and provided support to 294 organizations in 2006/2007, with no operational support to Southern civil society actors (OECD, 2007: 50; CIDA, 2009).

*Canada may want to reflect on the ways in which a more strategic orientation can be brought to bear on its activities with civil society.* Some examples of what might be meant by a “strategic orientation” are offered here. **Both Norway and the UK distinguish a small group of civil society actors that are designated as core partners;** moreover for the UK these core partners do not necessarily need to be UK-based. These organizations obtain relatively unrestricted funds for 3–5 years, often with light touch reporting requirements given previously established credibility with the donor. The UK provided support to only 19 civil society actors via *Partnership Programme Agreements* valued at USD 165 million over 2008/2009 (Department for International Development, 2009c: 29 and Table 19), while Norway provided USD 212 million via *Cooperation Agreements* to 28 actors in 2010 (NORAD, in-house). Canada may want to consider a similarly concentrated approach to the civil society funding provided by Canadian Partnership Branch.

Moreover, both Norway and the UK are able to fund local civil society actors registered in developing countries. In contrast, CIDA funds only a tiny fraction of local civil society actors in what seems to be exceptional circumstances.<sup>49</sup> Promoting local civil society actors offers greater prospect for integrating local voices and ensuring accountability to beneficiary communities. Yet CPB only engages with these actors indirectly through the Canadian or international organizations that they fund. It is unclear whether it is the desire for political management over Canadian actors or the perceived challenges in holding foreign bodies accountable that impedes direct engagement with local civil

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<sup>46</sup> DFID is now considering limiting its support up to 50% of NGO revenues.

<sup>47</sup> Occasionally, contract management functions are outsourced by DFID.

<sup>48</sup> (OECD, 2007: 50)

<sup>49</sup> The non-domestic actors in Table 8 mainly comprise international organizations.



society actors. Norway and the UK are both able to ensure accountability with regular fiduciary checks on organizations and via a field presence that allows them to maintain key relationships. *Consideration should be given to the possibility of some direct engagement between CIDA and local civil society actors that can offer better prospects for sustainable development.*

One important obstacle to engagement with local civil society lies in the fact that donors like to exploit their civil society programmes to advance their narrow domestic political interests. This politicization often results in financial grants being provided to national organizations in exchange for their support of Government policy, where this support also buys silence on more controversial issues of development policy. While all countries need to navigate such tensions, no viable civil society programme should feel the need to use the “stick” of finance to actively and intentionally silence public debate. DFID has gone further than most in embracing criticism from the organizations that it actively funds, explicitly seeking to encourage contacts and knowledge exchange between civil society actors like the Overseas Development Institute, often openly and vocally critical of DFID. At the same time, it needs to be recognized that too much criticism threatens the positive public image for development, an image that NGOs are instrumental in creating.<sup>50</sup> Fostering public support needs to consider the use of “carrots” rather than “sticks” when dealing with civil society. The use of “reverse lobbying” in the UK to get civil society to campaign on issues and “revolving door” employment opportunities in Norway between civil society and government are less publicized vehicles for cultivating this support and informing development programming with grassroots knowledge. Building these relationships by opening up channels of access between civil society and donors can prevent the current situation in Canada where “rather than being its strongest advocates, the NGOs are often CIDA’s greatest critics” (Brown & Jackson, 2009). *Canada might therefore consider greater use of non-financial incentives in its civil society programme that can build relationships with the sector and provide the basis for wider public support for development.*

*Lastly, Canada may want to consider changes to the 1980 reform in CIDA that saw the organization outsource all project implementation to civil society actors. This*

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<sup>50</sup> Canada may have discovered this too late as budget cuts in the 1990s disproportionately affected NGOs engaging in development education (Morrison, 1998: 416).

outsourcing has turned CIDA staff into glorified contract managers rather than development specialists, keeping them even more removed from frontline development outcomes (Morrison, 1998: 450). This has eroded the fine-grained knowledge of developing countries and sectors within the agency as managerial skills become increasingly valued. While there may have been grounds for shifting CIDA's main functions to contract management if it had exclusively sought to finance programmes rather than administer projects, this has not been case (Auditor General of Canada, 2009: 22). Moreover Norway and the UK are both examples of strong champions of programmatic investments that have nonetheless maintained a source of specialized knowledge and skills in NORAD and DFID respectively. The relationship between NORAD and the MFA in this regard suggests perhaps the value of considering greater engagement between CIDA and the International Development Research Centre (IDRC), where the latter is world renowned both for its technical and evaluation expertise. On both counts, there is perhaps value in drawing on this national source of knowledge to inform CIDA's activities, although this should certainly not come at the expense of IDRC's autonomy nor its commitment to Southern capacity-building that are both sources of its comparative strength.

## MICRO-ORGANIZATIONAL BEHAVIOUR

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While micro-organizational dynamics were not a focus for this paper per se, some understanding of the inner sanctums of Norwegian and UK development institutions could be gleaned via interviews as well in informal interactions with staff. What struck was the oft-repeated description of Norway as a “flexible” donor, while in the UK it was its “openness to ideas” and its “innovative spirit” that were widely mentioned. While neither term is easy to access and make sense of, particularly given the short duration of time spent within each office, there is some reason to believe these sentiments point to cultural and behavioural dynamics surrounding the use of discretion within aid agencies that require further examination.<sup>51</sup>

*In both the Norwegian and British cases, staff highlighted the importance of a culture where discretion is strategic rather than indiscriminate.* In Norway, the privilege of a

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<sup>51</sup> This is also supported via a growing literature on cultural dynamics inside aid agencies (Eyben, 2006; Harper, 2000; Harper, 1998; Mosse, 2005a, b).

healthy budgetary position that translates into high levels of aid and a trusting Scandinavian sensibility appears to have fostered discretion with limited regard for the costs of discretion. These costs hinge from the phenomenon of “shooting at anything that moves,” resulting in the dispersion of priorities, aid fragmentation, the subtle politicization of the aid program and limited concern impact and efficiency. As one Norwegian interviewee highlighted:

Flexibility is a self perception and is true [in Norway] but it is also a weakness as it fits with ambitious politicians’ desire to see Norway present everywhere...and fits with a focus on good intentions rather than a focus on results.

By contrast, in the UK employees laud discretion because it occurs within the framework of an unambiguous purpose (poverty reduction) and a clear and coherent performance assessment system linking the work of individuals to DFID’s broader Public Service Agreements. This makes the bounds of the risk/reward tradeoff within discretion clear. Discretion becomes less the ease of accommodating everyone on everything, but exercising the right to choose selectively with knowledge of the appropriate limits to this right. The UK seems to acknowledge better than most that there is, indeed that there has to be, discretion in the working life of their civil servants. This is because discretion by those closest to the problem is often needed to engage effectively in development, as well as because there are inherent opportunities for discretion in the complex, diffuse, global realm of development policy work.<sup>52</sup> A relatively liberal attitude to risk is needed to achieve poverty outcomes and impacts in the fluid, uncertain and politically challenging contexts of development. But rather than tolerate a completely indiscriminate approach to discretion, the UK has used common sense (rather than demanding outright altered regulations with the Treasury or the National Audit Office) to define what constitutes reasonable risks compatible with discretion. In turn, the UK political structure has been more willing to apply their rules and regulations with greater exceptionalism vis-a-vis DFID,<sup>53</sup> perhaps recognizing that development policy does not hold the identical claims of accountability of other departments given the Department

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<sup>52</sup> In this sense, development workers in the field can be thought of as “street-level bureaucrats” where discretion emerges from work that they do that is removed from direct oversight and involves functions that are not easily translated into rote tasks because fine-grained judgment is required (Lipsky, 1980).

<sup>53</sup> For example, by permitting budgetary commitments to extend beyond the three-year budget cycle in the UK, or by embracing a more encompassing understanding of “value” in National Audit Office reports.

must also consider the claims of beneficiaries external to UK jurisdiction. Strategic discretion is also a way to retain talented staff in DFID, particularly those from younger generations less accustomed to rigid rule application and bureaucratic hierarchy, seeking greater independence, room for creativity and intellectual fulfillment in the workplace.<sup>54</sup> A culture of strategic discretion also gives DFID the space and time to learn from its mistakes and serves as the ultimate source of transparency, innovation, and knowledge. Yet, currently in the UK, the boundaries delineating an acceptable risk/reward ratio are in flux as standard Whitehall concerns about value for money, efficiency and impact infiltrate its culture, posing some danger to its strategic discretion.

In Canada, observers have pointed to the “pathological” risk aversion within CIDA (Brown & Jackson, 2009; Brown, forthcoming; Government of Canada, 2007: 91). Although the intention of performance management within the administrative doctrine of New Public Management (NPM) is to give managers the “freedom to manage” and then assessing their performance on the basis of measured outcomes (Osborne & Gaebler, 1992), CIDA is a casebook example of the criticism that NPM promotes “accountancy” rather than “accountability” (Brown & Jackson, 2009; Power, 1997). This is not only due to the fallacy of the NPM prescription because CIDA too has also been culturally inclined to turn “management attempts to impose new policies or practices... into discussions of process and implementation procedures” (Morrison, 1998: 449). A penchant for process has partly contributed to the adoption of management systems that have not accepted the necessity and value of strategic discretion.<sup>55</sup> This is worrisome given calls by the Auditor General for more “corporate management processes to guide and monitor the implementation of CIDA’s aid effectiveness commitment” (Auditor General of Canada, 2009: 3). This risks weighing CIDA, described as an “overburdened ‘Christmas tree’” by Morrison (1998), with additional unnecessary ornamentation.

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<sup>54</sup> In interviews, there was much anecdotal reference to DFID being one of the most sought-after departments amongst “FastStream” candidates, an accelerated graduate program for new recruits to the civil service. DFID is often placed above the Treasury and Foreign and Commonwealth Office. CIDA is, however, also a popular ministry for new recruits within the Recruitment for Policy Leaders Programme of the Government of Canada, a recruitment vehicle targeting a similar demographic to FastStream.

<sup>55</sup> The phenomenon of results management systems failing and yet begetting more of the same is perhaps an illustration of this.

**Table 10 - Summary of lessons for Canada's development cooperation**

Dimension	Caveats and comments
<b>1. Strategy for renewal</b>	
a. A compelling vision for development	<p>Should be clear, coherent and stable.</p> <p>Honest about motivations and tradeoffs.</p> <p>In its absence, organizational renewal will never be as successful.</p>
b. Political leadership	<p>Political leadership does not need a foundation of strong public support as the latter can be a product of the former.</p> <p>In its absence organizational renewal will never be as successful.</p>
c. Political interests	<p>The single most important determinant on choice of aid architecture.</p> <p>Can be serviced by championing global development policy norms.</p>
d. Foster bipartisan support	<p>Link national unity with international solidarity aims.</p>
<b>2. Governance structures</b>	
a. Integrate development policy and administration	<p>Crown corporations do not integrate these functions but insulate administration from policy-making.</p>
b. A separate ministry of development with primary responsibility for development	<p>Can accommodate strategic national interests and better placed to defend a robust development policy.</p> <p>A timeless structural form that can accommodate shifts in function.</p> <p>Make a separate development ministry legally autonomous from a ministry of foreign affairs.</p> <p>Led by an experienced politician acting as a Minister in Cabinet with a single portfolio.</p>
c. A robust legislated mandate for a development ministry	<p>Focus should be on all development activities.</p> <p>Emphasis exclusively on likely impact on poverty.</p> <p>Should empower a development ministry.</p>
d. A separate Parliamentary committee for development	<p>Enhances public accountability, builds public support and engenders an informed development policy</p>

Table 10. Cont'd

Dimensions	Caveats and comments
3. Development policy processes	
a. A White paper with an exclusive focus on international development and with widespread support across Government	<p>Provides a coherent and clear statement of Government vision for reducing poverty and a robust platform for development policy.</p> <p>Possesses widespread support across Government.</p>
b. Strategic engagement with civil society	<p>Target finance according to aims of civil society programming.</p> <p>Provide longer-term unrestricted funding to a small number of trusted civil society actors.</p> <p>Engagement with local civil society actors.</p> <p>Use non-financial incentives to build relations between donors and civil society.</p> <p>Move away from contract management by cultivating development specialism both in-house and in partnership with the IDRC.</p>
4. Micro-organizational behavior	
a. Strategic discretion	<p>This is needed because autonomy is inherent in development management but limits should also be set.</p> <p>Continual assessment of risk/reward tradeoff compatible with the need for discretion.</p> <p>A means for retaining talented staff.</p>

## CONCLUSION

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Assessing donor performance is not an exact science, and drawing lessons from the performance of others is even harder. Nevertheless, this paper has made some attempt to tackle the broad question of what fosters donor performance in the UK and Norway, with a view to informing current debates on the renewal of Canadian development cooperation. The hope is to encourage a conversation on reform options based on common understandings of comparative primary evidence, rather than on intuition, conviction or doctrine. This evidence from the UK and Norway can hopefully provide an empirical basis upon which to weigh competing recommendations for change emanating from various quarters in Canada. Canada can and should learn from the experiences of Norway and the UK. Dismissing the experiences of both countries as simply “the product of the right set of circumstances at the right time” is untenable (Canadian International Council, 2010: 82), as all policy decisions everywhere are ultimately the product of their contexts. The key question is how to replicate the basic mechanisms underpinning the success of Norway and the UK in development within the Canadian context, as well as reflecting on the ways contexts can also evolve. In this regard, tackling endemic political obstacles is a necessary precursor to a successful reform of Canada’s development programme and cannot be ignored. Enthusiasts of reform risk setting public expectations for improvement too high, as all too often declarations of a new dawn achieved by re-designing organigrams are left unfulfilled, contributing to further disappointment and disillusionment.

In choosing a governance structure, Canada should consider a separate and formally autonomous ministry with full responsibility for the design of development policy and its administrative execution. This administrative unit should remain embedded within the inter-governmental political process where development policy ultimately gets negotiated and made. Given this, there is much to value in the *de facto* ministerial status that CIDA currently possesses. More effort should be devoted to strengthening CIDA’s position, drawing on the experiences of other donors like Norway and the UK wherever possible. While a combination of frustration and impatience may lead us to conclude change will only arrive with a costly and dramatic re-organization or even the outright abolishment of CIDA, the ghosts of eras past risk haunting any new

organizational structure, particularly if the ghost represents a continuing lack of political leadership and an incoherent vision for development policy. Addressing the limitations that currently thwart performance of Canada's development cooperation in its current institutional format is perhaps a harder, if absolutely necessary, first step on the path to successful and sustainable reform.



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