

Dismantling AusAID: taking a leaf out of the Canadian book?



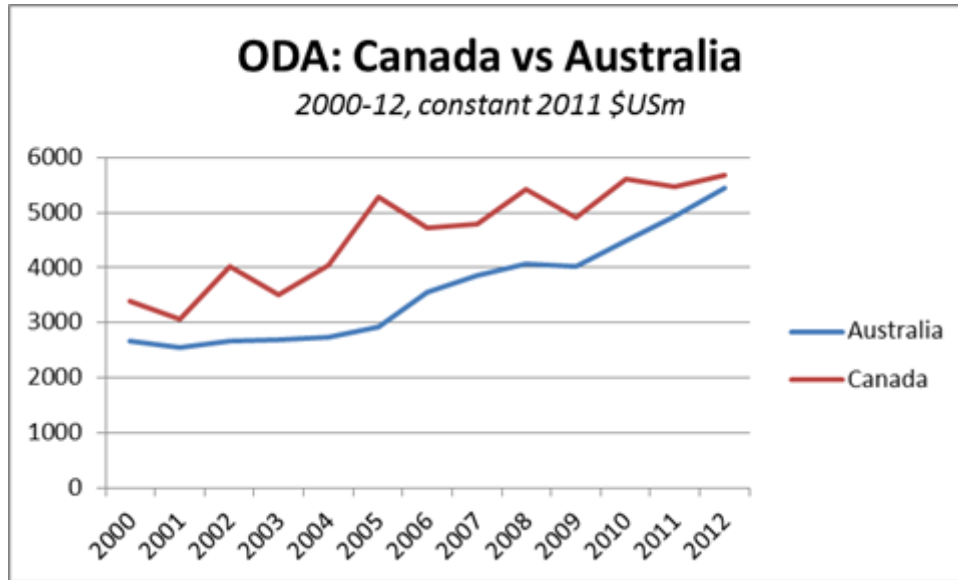
by Robin Davies

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The Canadian International Development Agency (CIDA) preceded its Australian cousin into oblivion, having been **amalgamated** with the former Department of Foreign Affairs and International Trade (DFAIT). In hindsight, the fact and manner of its passing, announced eight months ago, should have been as instructive to people working in Australian aid as it evidently was to the Coalition in opposition. But never mind, for those of us who didn't predict **AusAID's fate**, there's plenty of instruction to be had from the Canadian process yet.

There's every reason why what happens in Canada should be watched closely here. It's not just that the Abbott government is likely to be in sympathy with the Harper government on many matters of policy and style. It's also that Canada's and Australia's aid programs and agencies have long had a great deal in common.

The two countries' aid volumes are comparable, both being in the vicinity of \$5 billion (see chart below). Their trajectories likewise, with aid in both cases doubling during the decade to 2010 and set to experience further rapid growth to 2015 or so, but then flat-lining. Their aid-to-GNI ratios are similar at around 0.32 per cent, or rather they will be after the Australian government is done pruning this year's aid budget by 12 per cent. They both had well-established standalone aid agencies which managed the bulk of their aid. Those agencies were of comparable size, with staff numbers in the 1,500 to 2,000 range, and were structured in quite similar ways. Admittedly Canada's top-ten recipients were quite different from Australia's but still, it's surprising AusAID and CIDA had so little to do with each other over the years, at least until the former heads of the two agencies eventually perceived there was enough common ground to warrant the negotiation of a **strategic partnership agreement** in November 2011.



There has been much real-time Canadian domestic commentary on the folding of CIDA into the new Department of Foreign Affairs, Trade and Development (DFATD). It has been general in nature, reflecting the fact that most people have been almost entirely in the dark on the amalgamation process until very recently—and also that some organisations might have been loathe to speak out for fear of **losing funding**. The majority of the informed commentary can be found in the three places: on the **blog** of the **McLeod Group**, which provides a **critical** and sometimes sharply **satirical** perspective; in the **Ottawa Citizen**, which has also tended to publish critical perspectives; and in **The Globe and Mail**, which has published both positive and negative takes on the merger.

Plenty of people, both liberal and conservative, have seen sense in the amalgamation. The Ottawa-based development think tank, the North-South Institute, is looking on the **bright side** (it is government-funded). Scott Gilmore of the social enterprise ‘Building Markets’ came out **unreservedly positive** and was later appointed to help steer the process. On the whole, people are less concerned about amalgamation than about the possible motivations for it, which some suspect are mercantilist. For example, the venerable Maurice Strong, who founded CIDA, **regards** amalgamation as a positive step but opposes the related ‘commercialisation’ of Canada’s aid.

For those without time enough to explore and assimilate the material linked above, the following is roughly what happened to CIDA.

The amalgamation was **announced** unexpectedly in March 2013, as part of the 2013-14 budget (see page 240 of Canada’s **Economic Action Plan 2013** [pdf]). The rationale offered was that ‘alignment of our foreign, development, trade and commercial policies and programs will allow the Government to have greater policy coherence on priority issues and will result in greater overall impact of our efforts’.

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The change was **legislated** in June 2013. The **Department of Foreign Affairs, Trade and Development Act** converts DFAIT into DFATD and defines ministerial arrangements and roles.

Under these arrangements there is, as before, a minister with responsibility for international development—but the minister's powers now derive from those of the Minister of Foreign Affairs. The development minister, like the trade minister, is thus subordinate to the foreign minister, even if for practical reasons the development and trade ministers will probably be allowed quite a degree of latitude. (It is sometimes noted approvingly that in Canada the development minister is of cabinet rank but, in the Canadian system, that's usually just another way of saying he or she is a minister: the ministry and the cabinet currently comprise the same 39 people.)

The President of CIDA, Margaret Biggs, was retitled Deputy Minister of International Development (equivalent to Secretary-level in the Australian government) when the new legislation was enacted on 26 June 2013 but **departed** very shortly thereafter, on 5 July. She was **replaced** by Paul Rochon, a senior bureaucrat with a background in public finance and health, but not international development.

The Minister for International Cooperation at the time of the March announcement, the seemingly **hapless** Julian Fantino, was retitled Minister for International Development with the passage of the legislation. He too left shortly thereafter, being replaced in mid-July by the present minister, Christian Paradis, as part of a wider cabinet reshuffle. Appointment to the development ministry was seen as a substantial **demotion** for Paradis, somewhat supporting the contention of a Globe and Mail commentator that the ministry of international development is 'a place where political careers go to die'.

Anybody who tried to look beyond all this legislative and political commotion found details on the actual amalgamation process scarce and slow to materialise. It was not until mid-October, some six months after the announcement, that CIDA and DFAIT staff were provided with a reasonably clear sense of how the amalgamation would go. On 18 October 2013, they were emailed a bundle of information containing an organisational chart, a draft vision statement for the combined department and other bits and pieces. The Development Policy Centre has obtained copies of these documents, which can be accessed via the following links:

- the **staff email** [pdf]: providing an overview of the other documents in the bundle and identifying the members of an External Advisory Group assisting in the merger
- an **organisational chart** [pdf]: illustrating how, at least initially, the new department will be organised under three Deputy Ministers (one each for development, foreign affairs and trade)

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- a draft [vision statement](#) [pdf]: a one-page document outlining how the new department will ‘brand Canada as a country with a strong and innovative economy, a pluralistic democracy and a commitment to global peace, security, freedom, poverty reduction and prosperity’
- a tortured [graphic](#) [pdf]: illustrating how the department’s ‘collaborative culture’ is intended to operate
- a [list of governance committees](#) [pdf]: setting out the titles and responsibilities of four governance committees that will oversee and promote coherence in the department’s work.

The staff email says the government’s foremost priority is ‘to foster a new departmental culture, in which close collaboration across business lines becomes our fundamental approach and strength’. It makes no mention, as one might have expected, of any commitment to preserving aid effectiveness in the transition. Nor does it refer to Canada’s 2008 [ODA Accountability Act](#), which in principle obliges the government to ensure all Canadian aid ‘contributes to poverty reduction, takes into account the perspectives of the poor and is consistent with international human rights standards’. The June 2013 legislation establishing DFATD and defining the development minister’s role also omits to cross-reference the 2008 legislation.

The organisational chart reflects a thoroughgoing approach to integration. Rochon, as Deputy Minister of International Development, has at most one subordinate who reports exclusively to him. He works cooperatively with his trade and foreign affairs equivalents to oversee everything the department does. Below Rochon, there is no single organisational pillar with general responsibility for development or even the coordination or support of development-related work, for example through the provision of sectoral advisory or operational management services (‘pillar’ is my own term: I’m avoiding the organisational taxonomy used in the Canadian federal government, advisedly). There is only one pillar—‘partnerships for development innovation’—whose responsibilities are limited to development. There is nothing corresponding to Australia’s quasi-independent Office of Development Effectiveness in the structure, though there is a middle-level evaluation function.

Annotations on the chart indicate the department’s structure will be reviewed again after only 90 days with a view to achieving ‘further integration’ and ‘greater policy coherence’. It’s not obvious how much further integration could be taken but, from a distance, it does appear adjustments of some kind will be needed. For one thing, the current reporting arrangements, with 15 Assistant Deputy Ministers (equivalent to Deputy Secretaries in the Australian government) potentially reporting to all three Deputy Ministers depending on the issue at hand, promise to be challenging. This type of arrangement might have been, indeed reportedly was, workable for DFAIT, since foreign and trade policy are largely separable animals. It could prove much

harder to sustain with development in the mix.

Of DFATD's 15 pillars, four are corporate, four are geographical (each now including a development area headed by former CIDA personnel), one handles consular and legal matters, two deal with trade, one deals with international security, one manages 'strategic policy and summits', one deals with 'global issues and development' and one, as already noted, with 'partnerships for development innovation'. The last three areas mentioned are headed by former CIDA personnel, as are two of the four geographic pillars (the Americas and Africa). In addition, the 'transition team' itself is currently headed by a former CIDA Vice-President and Rochon has CIDA's former Senior Executive Vice-President, Greta Bossenmaier, as his 'Senior Associate Deputy Minister'.

As will be obvious from the above, there are many similarities between CIDA's recent adventures and those on which the former AusAID is about to embark.

The amalgamation, or merger or integration as it is termed in Australia, was announced abruptly, in strikingly similar terms ('alignment' figured prominently), **without convincing reasons** and seemingly without any prior thought as to how it might be implemented. The two aid agencies are being dismantled rather than merely grafted onto foreign ministries. Even the brands, CIDA and AusAID, are being deleted (Denmark also did this in the early 1990s but later saw reason to revive the 'Danida' brand).

The changes are in both cases taking place in the absence of any overarching aid and development policy framework, in an environment of sharply reduced aid spending—relative both to previous expectations and current budgets (Canada reduced its 2012-13 budget by over seven per cent and **reportedly** proceeded to underspend it by a further 13 per cent)—and in parallel with the unfolding of a strong and sometimes ambiguous policy of joining up aid and trade policy and establishing partnerships with business. In addition, the heads of both organisations disappeared early in the piece.

There are also some notable differences between the two situations. One is that the Canadian government has made its change after seven years in office (two years after achieving a parliamentary majority) and at the end of a sequence of other actions—reducing aid, altering aid priorities and, by **some accounts**, reducing CIDA to a state of near-paralysis. In Australia, the corresponding change was one of the first acts of a new government. In addition, its target was a well-functioning agency with a high profile and **good reputation** among its international peers. (An Ottawa-based observer, in a personal communication, said that CIDA's end was the result of a 'long, drawn-out terminal illness', whereas AusAID appeared to have suffered a

‘heart attack’.) Certainly, Australia’s change coincides with aid cuts and the issuance of some general signals about changing aid priorities. It might be reasonable to guess that where those cuts fall, and how those priorities are elaborated, will follow the Canadian pattern—but it’s still too early to be sure about that.

There are other, substantial differences. Canada, unlike Australia, continues to have a dedicated Minister of International Development, with a newly legislated job description and prior legislation which, at least in theory, circumscribes the ways in which aid can be used. Canada’s most senior bureaucrat with responsibility for development, Deputy Minister Rochon, is at the same level as his counterparts with responsibility for foreign affairs and trade. Senior CIDA staff have been placed in positions of very considerable responsibility, spanning development and foreign policy—one, for example, now has responsibility for Canada’s relationship with the US and another for Canada’s engagement in the G8 and the G20. Canada’s DFATD, unlike Australia’s DFAT, has ‘development’ in its title and has quite fully articulated how development will figure among its **priorities** (which include, for example, ‘strengthen sustainable health systems that can provide quality health care to mothers and children’). Canada’s parliament, unlike Australia’s, has quite an active **standing committee on foreign affairs and international development** (which produces useful reports such as **this** one, on the role of the private sector in development).

Further, the details of the structural change have been worked out more slowly in Ottawa than in Canberra, which fact has both downsides and upsides. And the Canadian government’s external advisory group not only provides independent advice to ministers on the appropriateness and implementation of all aspects of the integration process, but also—even if the objectivity or suitability of one or two of the group’s members might reasonably be **called into question**—provides CIDA staff with greater confidence that ideas are being contested.

Perhaps the biggest difference, though, is that AusAID’s integration into DFAT is expected to involve **substantial staffing reductions**, asymmetrically applied. This will clearly make it difficult to retain experienced and expert AusAID staff during the transition process. While Canadian public sector agencies have hardly been immune from such reductions, the major cuts were **already made in 2012**, symmetrically, before the CIDA-DFAIT amalgamation was announced. The Canadian government appears to have been careful to avoid any implication that the CIDA-DFAIT amalgamation will involve further staffing reductions on any significant scale.

Given that, for better or worse, integration is the order of the day in Australia, should

Australia emulate Canada's approach in every detail? No, but it does have some merits and it also offers some cautionary lessons.

There are some Canadian moves that the Australian government would desirably emulate. Those include appointing a Secretary-level officer to lead on development, perhaps as an Associate Secretary within DFAT; placing a significant number of senior AusAID staff in equally senior DFAT roles, whether or not those roles are confined to development matters; acting quickly to provide employment certainty to key personnel in order to retain a critical mass of skills and experience; and establishing an external advisory group to advise on, monitor and perhaps review the integration process.

It will also be important to look at how the assumption of the development role has changed the mission and public face of what was DFAIT in Canada. 'Development' now figures in the title of the department but, more than that, development figures in its **mandate**—which places equal stress on reflecting 'true Canadian values', advancing 'Canada's national interests' and achieving 'meaningful, sustainable international development and humanitarian results'. Australia's DFAT will need to change its mission and public face too, less **perfunctorily** than it has to date, whether or not its title at some stage acquires an extra 'D'.

Then there are some moves that the Canadian government has not made that certainly should be made in Australia. Those include articulating an overarching policy framework for Australian aid at the earliest opportunity, establishing a clear chain of command on development-related matters within the integrated department and maintaining strong, central and clearly delineated functions corresponding to (a) aid policy development and coordination and sectoral advisory services, (b) operational policy and management and (c) evaluation and development effectiveness.

Canada's amalgamation isn't done yet and will probably be tweaked more than once in the years ahead—though, like Australia's, it looks designed to ensure irreversibility. There has to be a good chance that the Canadian government's push for deep integration, with a near-total dismantling of CIDA's structure, will in time be judged to have created unnecessary confusion about roles and responsibilities, and perhaps to have resulted in bureaucratic gridlock. At best, 'collaboration' between the many arms of DFATD with development-related responsibilities will be time-consuming. At worst, it will degenerate into anarchic bickering followed by paralysis. The present arrangements might also make it difficult to develop and then cleave to a coherent overall strategy for Canada's aid, let alone develop high-quality aid programs and demonstrate their impact. It's likely that in time any initial over-integration will be unwound.

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In Australia's case, it would be so much better to avoid any need for unwinding. Australia should skip the over-integration and go straight to a model that provides for strong and senior leadership on development within DFAT with clear lines of accountability, and also accords centrality to core aid policy, advisory and effectiveness functions while judiciously distributing geographic, topic-based and multilateral responsibilities. Irreversibility shouldn't be allowed to trump aid effectiveness.

Robin Davies is the Associate Director of the Development Policy Centre. This post was informed by conversations with several Canadian colleagues and Stephen Howes. Thanks are owed particularly to Canada's High Commissioner to Australia, Michael Small, for providing insights into the CIDA-DFAIT amalgamation process which he led for several months from April 2013. Any errors that remain, and all judgements, are the author's alone.

Author/s:

Robin Davies

Robin Davies is an Honorary Professor at the ANU's Crawford School of Public Policy and Managing Editor of the Devpolicy Blog. He previously held senior positions at Australia's Department of Foreign Affairs and Trade (DFAT) and AusAID.

Link: <https://devpolicy.org/o-cida-dismantling-ausaid-the-canadian-way-20131115/>