

Together for Better Governance



Introduction

Canada's international cooperation sector is calling for a substantial increase of official development assistance (ODA). ODA represents a key investment in a safer, more just and sustainable world—one that reflects core Canadian values. Canada's contributions, however, currently stand below the average of the international donor community and national historical commitments. Reaching the ambitious targets of Canada's Feminist International Assistance Policy and maintaining Canada's reputation as a global leader in human rights require an increased ODA budget.

The evidence for increased international assistance is clear. Effective investments in a safer and more just world for us and future generations require holistic interventions that support social, economic and environmental well-being underpinned by strong governance systems. Canada can and must step up. We must work alongside diverse partners to ensure continuity between humanitarian, development and peacekeeping operations. We must support locally driven solutions. The following investment case outlines the transformative potential of Canada's fair share contributions in global governance.

Key Messages

Effective and inclusive governance is essential to the achievement of sustainable development, including poverty reduction, social cohesion, inclusive participation and decision-making, rule of law, and international cooperation.

Investments in governance produce more inclusive societies and environments which are conducive to private and foreign investment, less prone to conflict and corruption, facilitate domestic economic growth, and foster increased prosperity and poverty reduction.

Canada's investments in global governance over the last decade have been declining. Canada's contribution to global governance interventions is below the global donor average in both absolute terms and as a percentage of international assistance.

Good governance is a smart investment. The global cost of corruption, representing only one area of governance interventions, equals to at least 5% of the global gross domestic product (GDP), amounting to USD\$2.6 trillion.

Canada must scale up investments in global governance to ensure the effectiveness and sustainability of its international assistance interventions. This approach would strengthen gender equality, human rights, food security, healthcare, education and other areas of development.

THEME DESCRIPTION

Good governance encompasses efforts to ensure “Public institutions conduct public affairs, manage public resources, and guarantee the realization of human rights, free of abuse and corruption, and with regard for [the rule of law](#).”¹ Effective and inclusive governance underpins achievement of the Sustainable Development Goals (SDGs) and efforts to eradicate poverty and foster a peaceful, stable world. Solid government structures ensure that all other development achievements are long-lasting, multi-partisan, and inclusive. Yet, many developing, fragile and conflict-affected countries lack the governance systems and processes required to maximize the impact of development interventions.

As expressed in the Sustainable Development Goal 16, strengthened governance is needed to ensure responsive and effective public institutions and their financial management, the rule of law and human rights protection, democratic participation, civil society engagement, gender equality, conflict resolution and international cooperation, including in the area of climate change adaptation and mitigation. Governance interventions require integrated and long-term vision: investing in anti-corruption and institutional effectiveness, providing legal aid, ensuring equitable access to social welfare programs, supporting independent media and civil society, ensuring inter-regional cooperation, fair political processes and elections, etc. Without increased investments in this area, progress towards global challenges such as socio-political and economic inequality, poverty, climate change and conflict will remain elusive.

CANADIAN CONTEXT

Canada has a record of supporting inclusive governance and civil [society strengthening](#),² reflecting Canadian [values](#) of democracy, inclusive and accountable governance, diversity and human rights.³ Despite Canada's position as a historical leader in governance, our funding for this area lags behind many of our peers in the international donor community. Canada's investments in governance are below that of other 10 major donors of the Organization for Economic Co-operation and Development (OECD), both in absolute terms and as a percentage of the total ODA disbursement allocated to [governance](#).⁴ As the Standing Committee on Foreign Affairs and International Development outlines, Canada's investment in this area declined between 2008 and 2018, both in absolute terms and as a percentage of international [assistance](#).⁵

Many Canadians recognize the beneficial effects of ODA spending on different aspects of good governance, such as helping to build infrastructure to support economic growth, protecting human rights, helping to support new and developing democracies, and improving the lives and livelihoods of vulnerable groups, especially [women and girls](#).⁶ Moreover, inclusive governance is a priority area for Canada under its Feminist International Assistance Policy (FIAP), in addition to being an important contributor to other foreign and defence policy priorities including peace and security and the protection of human rights.

DEVELOPMENT IMPACT

Effective, accountable and inclusive governance is instrumental for achieving sustainable development and growth. A governance framework that provides space for democratic interaction between government, civil society and the private sector, supported by inclusive, accountable institutions is crucial to the success of development assistance in other [areas](#).⁷ Stronger governance complements reform related to social safety nets, boosting poverty alleviation, education, healthcare, justice and human rights [protection](#).⁸ Corruption and lack of transparency inhibit development and disproportionately impacts the poorest,

1 OHCHR, “OHCHR | Good Governance and Human Rights,” Ohchr.org, 2019, <https://www.ohchr.org/EN/Issues/Development/GoodGovernance/Pages/GoodGovernanceIndex.aspx>.

2 Global Affairs Canada, “Statistical Report on International Assistance 2018–2019,” GAC, November 3, 2016, <https://www.international.gc.ca/gac-amc/publications/odaaa-lrmado/sria-rsai-2018-19.aspx?lang=eng>.

3 Development Assistance Committee (DAC), “CANADA Development Assistance Committee (DAC) PEER REVIEW ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT,” 2007, <https://www.oecd.org/dac/peer-reviews/39515510.pdf>.

4 Martin Ronceray and Katja Sergejeff, “Ecdpm's Making Policies Work Pushing on a String or Pulling Threads Together? Lessons Learned for Anti-Corruption Efforts by European Donors,” 2020, <https://euagenda.eu/upload/publications/lessons-learned-for-anti-corruption-efforts-by-european-donors.pdf>.

5 FAAE, “Committee Report No. 28—FAAE (42-1)—House of Commons of Canada,” www.ourcommons.ca, 2019, <https://www.ourcommons.ca/DocumentViewer/en/42-1/FAAE/report-28/>.

6 Abacus Data, “Abacus Data | COVID-19,” abacusdata.ca, September 25, 2020, <https://abacusdata.ca/category/covid-19/>.

7 ODI, “Governance, Development and Aid Effectiveness: A Quick Guide to Complex Relationships Briefing Paper,” 2006, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/218.pdf>.

8 ODI, “Governance, Development and Aid Effectiveness: A Quick Guide to Complex Relationships Briefing Paper,” 2006, <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/218.pdf>.

especially women and [children](#).⁹ Accountable and transparent governance results in more effective and transparent allocation of funds, service delivery and stronger public trust in [institutions](#).¹⁰

Improved governance also increases inclusive participation and decision-making. Inclusive governance incorporates civil society in decision-making, empowering citizens to realize their human and civil rights through political, social and economic [participation](#).¹¹ For example, in Jordan, Morocco, and Tunisia, Canada-funded Forum of Federations strengthened the capacity of 1,742 women leaders to advocate for greater participation in decision-making and reached over 100,000 men and women by programs targeting transformations of harmful [gender norms](#).¹²

Strengthened rule of law is an important outcome from investments in governance that underpins overall development gains. Weak institutions and uneven rule of law are significant barriers to inclusive growth, justice and the realization of [human rights](#).¹³ A just, accessible and effective legal system helps to build trust and legitimacy in public institutions, and a space for resolving conflicts in [fragile states](#).¹⁴

In 2016/2017, Canada supported Transparency International's legal centres in 12 countries, supporting over 20,000 people. In just one example, this support helped 450 widows and orphans in the Democratic Republic of Congo to receive pension payments that had been improperly withheld.

Finally, governance development supports cooperation on transnational development challenges. Global challenges such as climate change, infectious diseases, terrorism, populism, migration, human rights violations and inequality call for international cooperation. Inclusive and effective governance development fosters such frameworks and institutions to establish a political, institutional, and administrative environment in which civil and human rights are respected, resources and economic opportunities equitably distributed, and decision-making and [services](#) available to all.¹⁵ Canada has supported, for example, the African Union's Strategy on Women's Engagement in Electoral Processes in Africa and the Open Government Partnership, in which 78 governments and thousands of civil society organizations take part. This means greater inclusion and transparency in support of a more secure and prosperous world, benefitting Canada and the international community.

FINANCIAL IMPACT

Canada's interventions in governance result in more inclusive societies and favour private and foreign investment, domestic economic growth and poverty [reduction](#).¹⁶ Stronger governance systems are less dependent on international assistance and provide opportunities for more equal economic partnerships. Between 2000 and 2016, governance investments contributed to 35 low-income countries transitioning to the middle-income country status, and 48 countries transitioning from lower middle income to [upper-middle income](#).¹⁷ However, many countries that reach middle-income status are unable to progress further due to insufficient capacity to ensure transparent governance, lower inequality, and improve the quality of [education](#).¹⁸ Canada must ensure continuity of its investments.

Building democratic societies and strong, accountable governments and institutions are [generations-long](#) processes¹⁹ that cannot be precisely quantified in monetary terms, as the benefits are often intangible or manifest themselves in providing

Improved governance also increases inclusive participation and decision-making. Inclusive governance incorporates civil society in decision-making, empowering citizens to realize their human and civil rights through political, social and economic participation.

- 9 Global Affairs Canada, "Action Area Policy: Inclusive Governance," GAC, February 21, 2017, https://www.international.gc.ca/world-monde/issues_development-enjeux_developpement/priorities-priorites/fiap_inclusive_governance-paif_gouvernance_inclusive.aspx?lang=eng.
- 10 GOV.UK, "Governance for Growth, Stability and Inclusive Development," GOV.UK, 2018, <https://www.gov.uk/government/publications/governance-for-growth-stability-and-inclusive-development>.
- 11 DFID, "Governance, Development, and Democratic Politics: DFID's Work in Building More Effective States," GSDRC, 2006, <https://gsdrc.org/document-library/governance-development-and-democratic-politics-dfid-work-in-building-more-effective-states/>.
- 12 Palgrave Macmillan Cham, International Affairs and Canadian Migration Policy, ed. Yagadeesen Samy and Howard Duncan, Canada and International Affairs (Cham: Springer International Publishing, 2021), <https://doi.org/10.1007/978-3-030-46754-8>.
- 13 DFID, "Governance for Growth, Stability and Inclusive Development DFID Position Paper," 2019, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786751/Governance-Position-Paper2a.pdf.
- 14 Ibid.
- 15 UNDP, "Governance for Sustainable Development Integrating Governance in the Post-2015 Development Framework," 2014, <http://www.undp.org/content/dam/undp/library/Democratic%20Governance/Discussion-Paper--Governance-for-Sustainable-Development.pdf>.
- 16 The World Bank, "Overview," World Bank, 2018, <https://www.worldbank.org/en/topic/governance/overview>.
- 17 ODI, "Annual Review 2018," ODI, 2018, https://www.odi.org/annual-review-2018?gclid=EAlaQobChMlopX4gueP7AIVjYjCh1Rjwl-EAAYASAAEglFT_D_BwE.
- 18 Paul Vandenberg, Lilibeth P. Poot, and Jeffrey Miyamoto, "The Middle-Income Transition around the Globe: Characteristics of Graduation and Slowdown," [papers.ssrn.com](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2590289) (Rochester, NY, April 6, 2015), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2590289.
- 19 Lucy Earle and Zoë Scott, "Assessing the Evidence of the Impact of Governance on Development Outcomes and Poverty Reduction Issues Paper GSDRC Emerging Issues Research Service," 2010, <http://www.gsdrc.org/docs/open/eirs9.pdf>.



the foundation for the success of development efforts in other areas. However, the costs of inefficient governance systems are significant. Mismanagement, corruption, legal uncertainty and an unfair distribution of power and resources give rise to poverty, inequality and conflict. For example, in 2019 it was estimated that if the war in Yemen continued for another five years, it would cost the international community USD\$29 billion in humanitarian funding alone. Global instability and conflict create insecurity for Canada and Canadians, highlighting the opportunity costs of not [investing](#).²⁰

Corruption is also costly for Canada and the world. In September 2018 UN Secretary General António Guterres noted that the global cost of corruption is at least 5% of global GDP, or USD\$2.6 trillion, and explicitly highlighted corruption as a driver of social disunity, disillusionment with government, and conflict. A loss of 5% of Canada's 2018-19 international assistance spending would equate to CAD\$320 million.

Without transparent and accountable governance, development achievements are often undermined. Canada's investments in good governance would result in a more efficient use of the public funds including those of international assistance to which Canada contributes. Supporting the development of more stable and prosperous societies reduces reliance on international actors among developing countries, and potentially provides new opportunities for Canada's economic and trade activities around the world.

For example, Peru has been a recipient of Canada's international assistance for two decades, during which the annual GDP growth remained [around 6.5%](#).²¹ Canada's ODA investment in Peru's governance included mainstreaming gender considerations in [national institutions](#),²² while paying special attention to marginalized communities living in rural areas, Indigenous groups, the urban [poor](#), etc.²³ Canada funded the creation of 28 regional ombudsperson branches supporting populations from 582 resource-poor areas to access judiciary services, report violence, and address social [conflict](#).²⁴ Canada-Peru partnership resulted in a fruitful trade relationship, with 2018 exports reaching \$753 million, and imports from Peru exceeding \$1.42 billion. Canadian foreign direct investment in Peru totalled \$14.2 billion, mainly in mining, oil and gas and financial [services](#).²⁵

Fostering democratic societies requires long-term and predictable funding to support inclusive and transparent governance institutions across state and non-state actors, supportive of the management of all other development endeavours. Canada's foreign agenda is strongly embedded in the values of inclusive and accountable governance needed to achieve sustainable achievements across all other areas of social, political, and economic development. Canada's strategic and effective interventions across all sustainable development objectives require sustained and ambitious increases in global governance investments.

²⁰ OECD, "Overview: Development in Transition in Latin America and the Caribbean: A New Approach for Inclusive and Sustainable Development in the Region," 2019, <http://www.oecd.org/dev/americas/Overview-Leo-2019.pdf>.

²¹ Michael Wilson Becerril, "Gold Mining in Peru: Company Strategies, Every day, Violence, and the Politics of Attention," 2018, https://escholarship.org/content/qt9sq086qz/qt9sq086qz_noSplash_66516b9aa0e8e3a0b66cdfa634341d3c.pdf.

²² Global Affairs Canada, "Canada-Peru Relations," GAC, November 20, 2008, https://www.canadainternational.gc.ca/peru-perou/bilateral_relations_bilaterales/canada_peru-perou.aspx?lang=eng.

²³ OECD, "How to Foster the Internationalisation of SMEs through the Pacific Alliance Integration Process Project Insights," 2016, <https://www.oecd.org/latin-america/how-to-foster-the-internationalisation-of-smes-through-the-pacific-alliance-integration-process.pdf>.

²⁴ Canadian International Development Agency, "Evaluation of CIDA's Peru Program SYNTHESIS REPORT," 2005, <https://www.oecd.org/derec/canada/peru-eng.pdf>.

²⁵ Global Affairs Canada, "Canada - Peru Relations," GAC, November 20, 2008, https://www.canadainternational.gc.ca/peru-perou/bilateral_relations_bilaterales/canada_peru-perou.aspx?lang=eng.

A Case for Increasing Canada's Official Development Assistance

International cooperation is about integrated, context-informed, and nationally led solutions that help resolve key global issues. Canada's expertise in devising inclusive and equitable approaches in collaboration with global and local partners is valued at home and abroad.



THE TOGETHER PROJECT

39 MCARTHUR AVENUE
OTTAWA, ONTARIO K1L 8L7
613-241-7007
INFO@COOPERATION.CA

