



Africa Study Group | Groupe de réflexion sur l'Afrique

Toward a Strong Partnership Between Canada and Africa Based on Mutual Respect and Benefits

I) Introduction

The Africa Study Group (ASG), created in 2007 and affiliated to the Canadian International Council (CIC), is a non-partisan non-profit organization that promotes stronger and more comprehensive relations between Canada and the African Continent. The purpose of this document is to convince Canadian policy-making players that it is now time to re-engage with Africa based on the premise that Canada's ultimate foreign policy goal is to promote a prosperous and secure world for all. In addition, it offers ideas toward a modern, coherent and inclusive Canadian foreign policy for Africa, *a new vision for an equal partnership between Africa and Canada, based on mutual interests and inclusive of governments, the private sector, civil society, and citizens.*

II) Why does Canada need a policy to frame its relationship with Africa? Six good reasons:

1. Africa offers a business opportunity from both trade and investment perspectives: an increasing number of studies and world leading organizations, from McKinsey & Company to Bill Gates, the Economist and the World Bank, report that Africa is now the fastest growing continent, and that growth should be sustained over the next 20 years. By 2020, only six years away, the population of Africa with 1.4 billion people will be equivalent to that of China and will be much more urbanized and richer than today. Many countries, such as the new emerging economies, already understand the great opportunities that Africa represents and are increasingly investing financial, commercial and diplomatic resources in Africa. The Government of Canada has recognized the need to diversify its economic relations and issued on November 27, 2013, a new trade policy that includes 14 African countries. To succeed in increasing its economic relations with Africa, Canada needs to address the broader development challenges that Africa is still facing today.

Canadians have an established investment relationship in Africa. « Total revenue yield of Canadian owned mines in Africa in 2012 is \$12,9 billion»¹. The development of a new partnership between Canada and Africa will offer a great opportunity to strengthen: i) Corporate Social Responsibility

¹: <http://cidpnsi.ca/blog/portfolio/governing-natural-resources-for-africas-development/#sthash.H0o82CLq.dpuf>

(CSR), which would reinforce Canada's image as a world-wide class responsible economic actor; ii) the capacity of African governments at all levels to better manage their natural resources for the benefit of their populations; and iii) Africans' technical and managerial capacities so that they can better generate economic growth and jobs. Having access to improved African expertise, private partnerships would be more effective and would generate mutual benefits. The Government of Canada should also ensure that its citizens overseas behave as responsibly, as they would in Canada. Positive steps have been taken, such as introducing legislation to implement the OECD anti-corruption agreements and to review its 2009 CSR strategy. ASG has already presented its recommendations to the Canadian Government ² concerning a new CSR strategy.

2. Canada is a global player: Should Canada wish to regain its influence in the world, it must respond to the new challenges and responsibilities of this new multipolar global world. Much of our success relies on the ability to bring others alongside and this must include Africa, which has an increasing influence in the world. Canada's decision to focus its aid to a limited number of African countries, while Africa was still getting the lion's share of aid funds that can be identified to a region, has not resonated very well with the public. Having a clear and publicized policy for Africa would correct and improve Canada's image at home and abroad.

3. Canadians are interested in partnering with Africans: Canadians, whether individuals, the private sector, or civil society organizations (CSOs), have developed strong expertise in various fields, such as the social sectors, infrastructure, agriculture, natural resources, entrepreneurship, and public sector reforms. Canadians are interested in working with Africans to contribute to the continent's development, and to do business. The African diaspora in Canada also is vibrant and, in 2011 alone, sent remittances of CAD 930 million ³ to African countries, amounting to 60% of Canada's total ODA (USD 1 545B) to Africa in 2012⁴. The diaspora can act as bridges between Canada and their countries of origin to provide unique expertise.

4. From aid effectiveness to development effectiveness: Canada is investing significant amounts of aid money to Africa and, by 2008/09, had already met its 2002 commitment to double aid to Africa by 2011-12⁵. Although the current trend to decrease the overall aid budget could be questioned, Africa's share is not declining and a new approach to improve the quality of Canadian aid is required. There should be a clear commitment to move from aid to development effectiveness, as it is time to recognize that aid is not an end in itself, but a tool among others to increase prosperity, and improve security for all.

Canada can be at the forefront of *development effectiveness*, but this requires the right mix of inclusive job-creating economic growth, with sensitivity to environmental sustainability, social development, as well as respect for human rights. Having a disconnected, piecemeal approach cannot be effective. **Coherence** and synergy between different foreign policy tools such as diplomacy, political relations, aid, trade, defence, and immigration is an absolute necessity.

² [ASG: Canada and CSR in Africa - Policy Recommendations for a Business-Positive Strategy November 2013](#)

³ <http://cidpsi.ca/blog/portfolio/canadas-development-footprint-beyond-aid/>

⁴ <http://www.oecd.org/dac/stats/Africa%20-%20Development%20Aid%20at%20a%20Glance%202013.pdf>

⁵ <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-61991733-KXX>

5. Canadian values: Canadians believe that it is not acceptable in 2014 to have so many people in the world, including in Africa, to be deprived of basic health, education and human rights. The promotion of human rights, especially for women and children is one of the values that Canadians hold dear. Also important to Canadians are truly democratic governments, and Canada can do something about this. The Canadian Government needs to determine a coherent and consistent approach to promoting human rights. Developing a partnership with Africa based on mutual interests and respect is congruent with Canadian values

6. Transition to a new Department of Foreign Affairs, Trade and Development (DFATD) presents a great opportunity to layout a comprehensive foreign policy for Africa. It is more a necessity than an opportunity. Merging diversified organizational cultures and striving for efficiency and effectiveness require a clear, common objective.

In spite of significant improvements in Africa, much remains to be done to improve: governance, access to social services, and infrastructure to sustain equitable and participative economic growth. It is time to engage differently with African countries as equal partners. First step: **Develop a comprehensive Canada-Africa strategy** based on mutually beneficial economic, political, and human interests supported and coordinated by a high level interdepartmental committee.

III) Seven major guiding principles to follow:

- 1) **Poverty eradication** can be best achieved through equitable, participative and sustainable economic growth. Much needed social and economic investments should come increasingly from sources such as foreign and domestic private funds and other innovative sources, in addition to aid. In other words, aid alone is not the answer to poverty eradication, but aid money should be used only for poverty eradication in developing countries. [This includes mitigating the sometimes negative impacts of rapid economic growth and urbanisation.](#)
- 2) **Diversified, long lasting partnerships** between the private sector, public institutions, civil society, and citizens, gradually moving away from a partnership involving primarily -- or even almost exclusively -- governments, is key to a mutually beneficial relationship. These partnerships should be based on equality, transparency, and respect, promoting open government accountability from all participants and working toward social responsibility for all. There should be clear rules of engagement; partners should agree on a set of mutual parameters to move forward or withdraw from the partnership, whether the agreement is between CSOs, private sector companies, or governments. This will not be achieved overnight so perseverance is required.
- 3) **Policy coherence:** the ultimate goal of Canadian foreign policy should be to enhance security and prosperity abroad and at home. This can best be achieved by building synergy and coherence between the various foreign policy tools toward common goals. Revise international trade regulations to ensure equality of opportunities for all, and invest more serious efforts in reaching a comprehensive multilateral free trade agreement. Help the Canadian private sector

to create jobs in Africa, while they are creating jobs and bringing wealth at home. Revise immigration rules, particularly for short-term business visas. Build synergy with Canadian universities, which attract a significant number of African students. An interdepartmental committee, headed by DFATD or the Privy Council Office could monitor, at a high level, the implementation of the Canada-Africa policy.

- 4) **Country ownership** is essential to development effectiveness and means: i) moving away from the priority of the day; ii) working on specific areas where the need is clearly expressed by the country and where Canadians have a comparative advantage, such as public sector and fiscal management, extractive industries, agriculture, infrastructure, and social sectors; iii) working within African institutions to help develop effective and transparent fiscal, economic and social service delivery systems; iv) providing financial supports that go through country systems (can be co-managed) and allow direct citizen's scrutiny, or through parliaments.
- 5) **African countries are not homogeneous.** It will be important to come up with a balanced, flexible, and differentiated approach to take into consideration the diversified needs of African countries, such as:
 - a) Middle Income and Emerging Economies who are rooted in more stable and well-performing countries, while recognizing that pockets of poverty will co-exist in these countries.
 - b) Low-income countries progressing and engaging in coherent, performing policies.
 - c) Fragile states, often in post-conflict situation, where the state is unable to deliver basic services to the population, and states in conflict where civil strife persists to the extent that human security is threatened and may require foreign intervention.
- 6) **Regional integration** facilitates economic growth. It is important to reinforce the capacity of the African Union and the eight recognized Regional Economic Communities (RECs). In addition, regional integration facilitates reaching a greater number of countries while we have country programs in few countries.
- 7) **Strong alliances** with the African diaspora, like-minded partner countries, and multilateral institutions such as the Africa Development Bank to i) use their expertise and leverage; and ii) help Canada maintain a position of relative influence in the world.

IV) Three Approaches:

As mentioned previously, African countries are very diverse, and applying the same approach to all would simply not work. Ideally, all African countries should become emerging economies (**see 3-5a above**) in a not too distant future. We recommend three that are tailored to the specific context of each country. It also facilitates the implementation of the Canadian government 'country focus' policy. It should be implemented with flexibility.

Approach 1: Enhanced Economic Relations

Recommended for countries that are relatively stable and benefitting from sustained, robust economic growth, good economic policies, and rating fairly well on the World Bank's Doing Business Index.⁶ Canada's prime movers would be the private sector, not government. The Canadian private

⁶ <http://www.doingbusiness.org>

sector would be responsible for defining its interests and for establishing with their African suppliers, customers, and partners, the wherewithal and links to achieve common goals. Canadian Government support could be provided as long as it can be demonstrated that guiding principles enunciated in section III are met. Support could be both non-aid and aid, as illustrated below:

- ⇒ **Non-Aid government support:** providing legal frameworks and economic or financial systems and facilities that make two-way trade and foreign investments more stable, transparent, equitable, and secure; providing active economic and trade diplomacy; promoting of Canadian investments in Africa; and encouraging Export Development Canada (EDC) support.
- ⇒ **Limited Aid through a Partnership Fund to:** improve legislation and regulatory regimes; strengthen those institutions that contribute to the growth of a strong local private sector; stimulate new investments in industrial enterprises; support start-ups and technology incubators; and to develop vocational training facilities including academic and applied research institutions. Canadian private sector, both for profit and CSOs, would be eligible to apply to this Partnership Fund.

Approach 2: Full-fledged foreign policy tools for core countries, and regional organizations

Recommended for selected core countries that have greater needs, but are making progress and implementing sound policies. These core countries would get most of our bilateral aid, while being eligible for other policy tools, such as a Partnership fund, in an integrated government approach. Although the aid dimension could be more predominant, support to Canadian private sector organizations wishing to develop economic partnerships would also be supported, as defined in Approach 1. Bilateral Partnership Agreements would be signed with these countries in order to clarify mutual rules of engagement, expected results and milestones, and a common review mechanism.

*Structuring*⁷ aid to African governments, private sector, and civil societies to:

- ⇒ Strengthen institutions responsible for public administration and finances, economic policies, statistics, social service provision, and the management of natural resources.
- ⇒ Be aligned on a sound country-owned, holistic strategy, coordinated with other donors.
- ⇒ Take the form of: i) technical assistance provided mostly by appropriate Canadian institutions, being public, private or CSOs, developing long-lasting partnerships (i.e. between departments of natural resources, or municipalities); ii) scrutinized budget support or participation in multi-donor funds for a limited number of years; and iii) Partnership Fund, initiated by the Canadian partner which could fund social and economic projects, including public-private partnerships.

⁷ Structuring aid: providing support to build effective, transparent and accountable country systems and institutions, under the leadership of country leaders.

- ⇒ Support African RECs and the African Union to develop their capacity to engage more fully in economic and political integration. This would also offset the negative impacts from aid concentration efforts.
- ⇒ Work closely with multilateral organizations such as the Africa Development Bank, the World Bank, the Global Fund, UN organizations, La Francophonie, and The Commonwealth, to leverage Canada's vision for a new partnership with Africa.

Approach 3: Fragile states and/or states facing a sudden crisis

Recommended for fragile states or countries facing a crisis, whether this be due to conflict or natural disaster. In these countries, Canada would:

- ⇒ Provide short-term rapid response for in countries facing a sudden crisis to provide relief based on need, wherever required. Canada's intervention would take the form of humanitarian assistance through multilateral organisations and Canadian civil society.
- ⇒ Medium to long-term responses to restore stability and peace, in a sub-region or limited number of countries, through a whole-of-government approach, involving National Defence, Immigration, Public Safety, RCMP, and DFATD, and in partnership with Canadian CSOs and the UN to:
 - Quickly re-establish the basic conditions of life by providing services directly, or with local civil society where feasible.
 - Support peace-building and peacekeeping by participating in UN missions.
 - Support institution-building, starting with the local army, police, and justice systems, then progressing toward democratic institutions and social service institutions.

V) Concluding Remarks

Now is the time for Canada to build a strong partnership with Africa, based on mutual respect and benefits. Other countries are quickly occupying the scene and if we wait too long, opportunities will narrow for us. Now that the Government of Canada has launched its Trade and Foreign Investment policy, that includes 13 African countries, it is even more important to widen our scope and adopt a comprehensive approach. Minister Fast, in his November 27, 2013 speech, stated, "We are committed to better aligning Canada's development and trade interests to ensure that the investments we make abroad deliver maximum value to **both** our development partners and our Canadian investors and traders." This can only be achieved if we have a comprehensive approach to partnering with Africa.