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## **Canadian Official Development Aid in a neoliberal world and the ‘trade-offs’ of human rights**

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### **Abstract**

Canada adopted the Official Development Assistance Accountability Act (ODAAA) in 2008, which mandates all development aid to be for human rights. But the neoliberal economic agenda is increasingly becoming more influential in Canadian development aid policy than the human rights mandate. This paper is an analysis to understand the shift in development aid policies through the lens of neoliberalism, which in some cases are enabling human rights violations instead of the protection of human rights especially with development through the extractive industries, and also addition to the study of the understudied field of Canadian development aid from a neoliberal perspective.

Keywords: Official Development Assistance Accountability Act, development aid, neoliberal economic agenda, shift in development aid policies, extractive industries.

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## I. Introduction

Canada has often been referred to as a middle power<sup>1</sup> but there is much academic debate<sup>2</sup> on the standing of Canada as a global power. Economically, a proponent of neoliberal economic policy, Canada is a high-income country with the 11<sup>th</sup> highest Gross Domestic Product (CAD1.286 trillion in 2013) in the world (World Bank 2014). Despite prescribing to the neoliberal economic ideology, Canada is also an avid supporter and advocate of human rights domestically and internationally but respect for human rights is not an isolated phenomenon. Foreign policy, for long has been influenced by national interests (Pratt 2003, p. 85) explicates that foreign aid policy is shaped by senior decision makers with an understanding of international politics and they share a responsibility to ‘advance Canadian interests and a consensus on how Canadian interests can be best promoted’. He also is of the belief that very few scholars would agree on the role of morality in foreign policy.

The use of the language of human rights has increased drastically since the 1990s and has become an integral part of policy-making process even though the validity of human rights themselves is consistently questioned in foreign policy.<sup>3</sup> Canada is no exception to the use of the rhetoric; it, in fact, considers human rights as one of the core pillars of foreign policy<sup>4</sup>. Subsequently, there is a natural transference of this human rights language in the various facets of foreign policy such as the Canadian Official Development Assistance (ODA). Canada has long used<sup>5</sup> ODA as a foreign policy tool in its international development program, graduating to signing the Official Development Assistance Accountability Act (ODAAA) in 2008 and mandating all ODA be used to promote human rights.

Despite the good intentions, Merke and Posselli (2013) pose an important question to the legitimacy of human rights in foreign policy and question the morality of human rights because they consider it at odds with the realities of foreign policy, which will be utilized for

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<sup>1</sup> Though there is no exact definition of being a middle power, Dewitt and Kurton (1983) study attributes such activity (degree, variety and diffusion), association (initiative, commitment and focus), approach to world order (degree, scope and transformation), and external determinants (salience, scope, sensitivity and actor relevance) to determine a country’s standing on the international stage. See Bratt and Kukucha (2007).

<sup>2</sup> See Molot (1990), Nossal (1983-1984), Dewitt and Kurton (1983) for discussion on Canada as a middle power in Bratt and Kukucha 2007.

<sup>3</sup> See various writings of Morgenthau (1973) and Evans (2005).

<sup>4</sup> The three pillars of Canadian foreign policy are human rights, economic prosperity, and security.

<sup>5</sup> See Section on Canadian ODA in a neoliberal world.

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analysis. They write that “Integrating human rights into foreign affairs brings to the surface the interplay of competing values, trade-offs and consistency problems” and because politics and policies allow for concessions, ‘human rights in foreign policy may at times be compromised’ (Merke and Posselli 2013, p.133).

Canadian foreign policy is influenced by more than respect human rights; economic interests and national security<sup>6</sup> play an integral role what Merke and Posselli call ‘competing values, trade-offs and consistency problems’. Thus, ODA policy is influenced by more than the mandate of the ODAAA in a neoliberal economic environment, demonstrated by the merging of the Canadian Development International Agency (CIDA), a previously independent agency for disseminating ODA into the Department of Foreign Affairs and Trade, and making it Department of Foreign Affairs, Trade and Development (DFATD) in 2013. Subsequently, the merging aligns trade and development interests, diverting the Canadian aid program towards the private sector development and development through extractive industries and resource management in 2010; thus, this alignment is deviating from the purpose and mandate of development aid and ‘bringing to play’ Merke and Posselli’s ‘competing values, trade-offs and consistency problems’ through ‘politics and policies [economic]’ allowing concessions.

Although the government- stated priority themes of development aid are still focused on welfare programs for children and women to promote their human rights, there is an increasing shift in the development aid agenda from policies promoting human rights to policies making concessions to the human rights in the name of economic development, which then facilitates social development. This shift in ODA agenda is changing the focus of Canadian ODA in a neoliberal world and consequently, a ‘trade-off’ of human rights. The main argument of the paper is that the neoliberal economic agenda is increasingly becoming more influential in Canadian ODA policy than the push of human rights agenda because of economic interests. This analysis with help of Merke and Posselli’s question helps us understand the shift in development aid policies, which in some cases are enabling human rights violations instead of the protecting human rights especially in the area of development through extractive industries. This is an issue in need of address in the area of development especially for resource rich countries where development aid is being used to change legislations and create policy reform

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<sup>6</sup> National security, though important is beyond the scope of this paper.

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purely for economic gain. This paper also adds to the study of the understudied field of Canadian development aid from a neoliberal perspective.

## II. Neoliberalism

Political and economic theories originated under neoliberalism in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries by Ludwig von Mises, amongst others, who presented what we today understand as the economic theory of *laissez-faire* or the free market economy. The neoliberal economic theory is based on the premise of free trade and free markets created through institutional reform and facilitating economic benefits for all. Once, the system of free trade has been established government intervention should be minimal for optimum results. Though existing it theory, neoliberal economic policy did not come into the limelight till the 1970s when it was implemented by Pinochet in Chile. Chilean reform was followed by Thatcher in the United Kingdom in 1979 and Reagan in the United States in 1981. Peet and Hartwick (2009, p. 84) note, “By the end of 1980s, a system of recommendations based in neoliberal ideas became standard in conventional international economic circles”.<sup>7</sup>

Canada began to adopt neoliberal trade policies in the early 1980s, and the shift to neoliberal economic policy accelerated with signing the free trade agreement with the United States of America in 1989, followed by the joining of Mexico five years later and making it the North American Free Trade Agreement (NAFTA). In the 1995 Canadian Foreign Policy review, Canada clearly stated its intentions to be engaged in the world in a meaningful manner. The Canadian government recognizing it’s ‘privileged position to influence change and to benefit from opportunities’ (Canada in the World 1995, p. i) incorporated both economic interests and promoting human rights in its foreign policy on ODA. Steeves (2007, p. 492) states that “third world development would be a by-product of the search for markets and overseas projects for Canadian industry and firms”. Also, in the words of the former Canadian finance minister, Marc Lalonde (quoted by Haider, p. 74), ‘for our own benefit as well as the third world’s we will help Canadian firms to provide additional goods and services in support of third world development’.

Neoliberal economic policy is accompanied with restructuring of governmental policy to

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<sup>7</sup> The Washington consensus (1989) was a set of policies for the borrowing countries to facilitate adaption to neoliberal economic principles by opening their markets to free trade amongst many other changes to their economic policies.

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minimize the role of the state so that the market can be at the center of development; privatization of government services is also an integral part of neoliberalism. For neoliberalism to thrive, it is important government policy facilitates in creating a suitable environment through reform of institutions and policy, promoting good governance and establishing rule of law. To accomplish this, a neoliberal state according to Harvey (2005, p. 64) “should favor ... the rule of law, and the institutions of freely functioning markets and free trade ... arrangements, essential to guarantee individual freedoms” all of which are reflected in Canadian ODA policy. Both good governance and rule of law are cross-cutting themes across all programs in development priorities (See Section on ODA below). The neoliberal economic restructuring is also evident in its development priority of stimulating sustainable economic growth. In ‘building economic foundations’ the focus is in on ‘strengthening public financial management at national, regional and local levels, improving legal/regulatory frameworks and systems to stabilize economies, Supporting governments and private sector companies to expand their business and integrate into regional and global markets and building capacities to sustainably manage natural resources’ (DFATD, 2015). All the areas of focus are indicative of the influence of neoliberal economic reform to facilitate creation of free markets and increase in private sector development in developing countries.

Specific to development through the extractive industry, Blackwood and Stewart (quoting Campbell) study ODA used for strengthening resource management—a development priority through creating conditions for foreign mining capital. They report that CIDA has been involved in the restructuring of ‘investment legislation, in the continuation of the wider trend of lowering royalty rates for extractive industries, and in mineral exploration and development’ in ODA recipient countries (Blackwood and Stewart, 2012, p. 228).<sup>8</sup> This is important because Canada has an interest in more than 8,000 properties in more than 100 countries and Canadian extractive-sector companies account for almost half the mining and exploration activity in the world. The

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<sup>8</sup> Campbell notes Peru, Colombia and on the African continent, Guinea, Mali, Zimbabwe, Botswana, Namibia, and Tanzania in his writing out of which Peru, Colombia, Mali, and Tanzania are the countries of focus in the ODA program and Guinea, Zimbabwe, Botswana and Namibia are development partner countries.

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international presence is lucrative in supporting thousands of high-paying jobs across Canada and in communities where Canadian companies operate abroad.<sup>9</sup>

Once, the suitable environment has been created, the premise of neoliberalism assumes free markets to function effectively in promoting economic growth by giving individuals the opportunity to progress and benefit. Harvey (2005, pp. 64-65) writes that “By extension, the freedom of businesses and corporations (legally traded as individuals) to operate within this institutional framework of free markets and free trade is regarded as a fundamental good”. Canada’s ODA policy is a proponent of ‘private sector as a partner for development’. DFATD (2015) recognizes that the private sector has ‘an important role to play in achieving lasting development effects’ falling in line with the neoliberal economic principles because neoliberal economic policy views ‘private enterprise and entrepreneurial initiative as the keys to innovation and wealth creation’ (Harvey, 2005, pp. 64-65).

As ODA is a tool for economic and social development with a focus on poverty reduction and alleviation, it is interesting to see the conflicting sides in Canadian ODA. DFATD views ODA as a tool of poverty alleviation, which is not a concern of neoliberal economic policy which has a major influence in its economic development policy. Under the present theme of governance, the present sustainable policy of Canada, the focus is on ‘strengthening public financial-management systems to enhance the efficiency, effectiveness and accountability in the use of tax revenues, leading to greater livelihood opportunities and poverty reduction’ (DFATD 2015). Neoliberalism functions under the assumption of ‘a rising tide lifts all boats’<sup>10</sup>. Thus, poverty elimination is not a direct objective of economic neoliberalism, rather an assumed consequence correlating cumulative wealth creation, which will filter down to the poor and facilitate poverty reduction.

However, not all academics or critics view neoliberal policy for advancing private-sector interests. As one of the critiques of neoliberalism, Murray and Overton (2001) do not agree with the lessening role of the state in development. According to them, ODA and its current policies are aimed at improving the capacities of states to provide welfare services. Since the adoption of

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<sup>9</sup> Information available at <http://www.international.gc.ca/media/comm/news-communicues/2013/09/18a.aspx?lang=eng>. Blackwood and Stewart note Canada is one of the largest state actors in the world.

<sup>10</sup> See Harvey (2005) on his writing on neoliberalism.

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the MDGs, there is also a shift in focus on poverty reduction and donors seem to give more ownership to the recipients in their development strategies. It is a fact that Canada supports welfare programs in its ODA program such as increasing food security, securing the future of children and youth and maternal, newborn's and child's health and is involved in increasing the capacities of the state to be able to provide for its people. But another fact is that Canada has gradually aligned its ODA interests with its trade interests through funding projects for extractive industries and private sector partnerships, thereby, bringing to the surface Merke and Posselli's 'interplay of competing values, trade-offs and consistency problems' and compromising human rights in foreign policy.

### III. Canadian ODA in a neoliberal world

Development means a better life, 'essentially, meeting basic needs; sufficient food to maintain good health; a safe, healthy place in which to live; affordable services available to everyone; and being treated with dignity and respect' (Peet and Hartwick 2009, p. 1). However, development based on purely economics and markets (the premise of neoliberalism) measured in GDP is incomplete if holistic human development is missing.<sup>11</sup> Official Development Assistance (ODA) is a tool of foreign policy tool employed by countries or organizations used for economic and social development. Officially ODA is transfer of resources and/or services through official channels, state, or local government or by their executive agencies, for economic and social development with a specific attribute of a 25 percent of more in grant element<sup>12</sup>.

International development aid has come a long way. Efficiently categorizing, Moyo<sup>13</sup> (2009) divides international aid into the Bretton Woods in the 1940s, the Marshall Plan era in the 1950s, the decade of industrialization of the 1960s, the shift towards aid for poverty reduction in the 1970s, structural adjustments and stabilisation in the 1980s, and aids to promote democracy and good governance in the 1990s. Canada's ODA program was initiated with its support to the

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<sup>11</sup> See Amartya Sen's Human Development.

<sup>12</sup> As defined by Development Assistance Committee (DAC) of the OECD. It is crucial to remember that only twenty-five percent of the ODA has to be a grant while the rest can be in form of loans with interest rates for recipient countries.

<sup>13</sup> Although Moyo is specifically writing about Aid in Africa, the categorization can be applied to aid from Western countries in general.

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Colombo Plan of 1950, which aimed at helping newly independent Asian countries (India, Pakistan and Sri Lanka) towards democratization. After Chairman Mao's takeover of China in 1949, concerns of spread of communism were voiced by countries of the Commonwealth. Lester Pearson, the then Secretary for State for External Affairs (Foreign Minister) recommended 'strongly to Cabinet that Canada should contribute CAD25 million to the plan, stressing the need to counter the appeal of communism in the area, and pointing to the potential benefits for Canadian trade of an economically strong Asia' (DFATD 2015).

In the year 2013-2014, Canada 'invested' a total of CAD4.6 billion in ODA to Africa (receiving 44 percent), Asia (22 percent), Americas (12 percent), Middle East (9 percent), and Eastern Europe (2 percent).<sup>14</sup> There are twenty-five countries of focus with five priority areas: increasing food security, securing the future of children and youth (with special focus on improving maternal, newborn and child health), stimulating sustainable economic growth, advancing democracy and ensuring security and stability. Most of the development priorities were adopted in 2001 and after aligning them with the adoption of Millennium Development Goals. The three cross-cutting themes in areas of priority are environmental sustainability, gender equality and strengthening governance. The countries of focus have been picked 'on the basis of alignment with Canadian priorities, need, and their ability to use aid effectively' (DFATD 2014).

In 2011, the former international co-operation minister Bev Oda announced that the government through CIDA would initiate to fund pilot projects in communities where Canadian mining companies were already engaged. Additionally, these projects would be funded by the mining company in the area and a non-governmental organization (NGO), and would be dominantly run by the NGO. This investment was reaffirmed by International Development Minister Christian Paradis according to whom, results from foreign-aid projects involving Canadian mining companies and non-governmental organizations were encouraging and thus projects could be refined the number increased (Mackrael, 2015). In the same article, Mackrael reports on mining becoming an important part of the aid strategy and has included 'launching new aid programs in mineral-rich countries and establishing an institute on global mining policy with a

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<sup>14</sup> See DFATD website for details at [http://www.international.gc.ca/development-developpement/dev-results-resultats/reports-rapports/d4r\\_1314-dar\\_1314.aspx?lang=eng](http://www.international.gc.ca/development-developpement/dev-results-resultats/reports-rapports/d4r_1314-dar_1314.aspx?lang=eng).

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total of 55 projects under extractives and sustainable development with a value of close to CAD310 million'.<sup>15</sup>

Although 55 projects may not seem a big number but it causes a multitude of concerns including concerns of violations of human rights, which are discussed in the next section. First, most of the projects under extractive and sustainable development are run in partnership with rich Canadian mining corporations not in need of ODA for projects. CIDA financed Barrick Gold's reforestation project in Peru (country of focus), which received CAD499,445, while Barrick Gold's contribution to the project was CAD150,000 when in 2010, Barrick Gold posted earnings of CAD3.3 billion (Blackwood and Stewart, 2012). Second, given that the Canadian ODA spending has not increased in the past 10 years and only decreased since 2010 from 0.34 percent of GNI to 0.27 percent of GNI in 2013<sup>16</sup>, what programs have taken a cut to accommodate projects under extractive industries?<sup>17</sup>

According to Brown, 'the Canadian government is increasingly seeking to instrumentalize the CIDA and its aid programs, including through the whole-of government approach to reflect non-development-related interests' (Brown 2012, p. 81). Even under DFTAD, ODA is substantially being used for projects that are not contributing to development of people but to the development of corporations, which is the basic foundation of neoliberalism. 'If economic growth is the outcome of market processes, which is the basic premise of neoliberalism, that no one controls—although a few people benefit—it is not development' (Peet and Hartwick 2009, p. 2). Though these projects are helping in economic progress of the developing countries, they are not creating wealth for its people but rather the elite, keeping wealth concentrated in the hands of the few thus substantiating the inherent flaw of the neoliberal ideology. These projects are also making concessions for the corporations to use ODA for mandates other than human rights, and justifying the validity of Merke and Posselli's question.

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<sup>15</sup> The number of projects and the amount was quoted by Mackrael and supplied by a spokeswoman of the federal government.

<sup>16</sup> Statistics from Development Co-operation Report (2014).

<sup>17</sup> An extensive analysis is needed to note increase in extractive industry spending and the percentage of it contributing to protecting and promoting human rights; also a comparison to welfare programs used to promote social development and in turn human rights.

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## IV. Human Rights and Canadian ODA in a neoliberal world

The language of human rights was largely missing from the international development discourse till the 1980s and 1990s when countries started including the language of human rights into their foreign policy of development aid including Canada.<sup>18</sup> Canada in the World (1995, p. 20) defines human rights as deriving from ‘the inherent dignity of the human person, [that] are fundamental to the well-being of an individual and to the existence of freedom, justice and peace in the world’.

Barratt (2009) in her writings on human rights in Canadian foreign policy also observes that the focus of human rights, both what and how has shifted in Canada’s history of foreign policy, ‘especially when weighed against more traditional foreign policy concerns with more immediate benefit or cost to Canada itself.’ It is however important to remember that the term ‘human rights’ is too simplistic a term to use as it encompasses multitude of rights. Nation states can give preference to some rights over others while setting their foreign policy agenda especially when it comes to dealing with democratizing states. Nonetheless, the protection and promotion of human rights is an important ‘Canadian value’<sup>19</sup> and at the heart of Canadian foreign policy. According to DFTAD (2015), ‘Canadians expect their government to be a leader in the human rights field by reflecting and promoting Canadian values on the international stage’ through its foreign policy. Given that the Official Development Aid (ODA) is used as a tool of foreign policy to promote development, there is natural expectation of Canadian values to be reflected in the development aid policy.

Though the importance of promoting human rights as Canadian values was clearly specified in the foreign policy of 1995–*Canada in the World*, it was not till the 2000s when the ODA programs started focusing on welfare programs and continue to run today. These programs

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<sup>18</sup> Lui (2012) explains that journey of the vocabulary of human rights in Canadian foreign policy from the patriation of the Canadian Constitution and the launch of the Charter of Rights and Freedoms in 1982.

<sup>19</sup> The words ‘Canadian values’ have been broadly used to refer to the core values of Canadians. Canada in the World (1995) describes these values as “respect for democracy, the rule of law, human rights, and the environment” (p. 11). Steve Lee (2002) provides a more expansive list of Canadian values and states that, “the ideals of democracy such as human rights and fundamental equality, a respect for diversity and civil society, the promotion of fair labor and business practices, support for universal social programs and public education, and support for sustainable development” should all be included in promoting Canadian foreign policy. Lee’s list of Canadian values has been used by academics like Nossal (2006).

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were influenced by the Millennium Development Goals<sup>20</sup> (MDGs), which were adopted by countries and international organizations in international development. Further, influenced by the changing North-South relationships and lack of accountability and transparency, countries adopted the Paris Declaration on Aid Effectiveness<sup>21</sup> in 2005, which now serves as the guiding framework for international development aid. The agreement was reaffirmed by the international community at the Accra Agenda<sup>22</sup> in 2008.

Internationally, adhering to both the Paris Declaration on Aid Effectiveness and the subsequent Accra Agenda, Canada domestically adopted the Official Development Assistance Accountability Act (ODAAA) in 2008. By the adoption of this Act, Canada aligned its Official Development Assistance (ODA) to international standards and also mandated all development aid be utilized for protecting and promoting human rights. The purpose of the Act was to focus Canadian aid on poverty reduction in consistency with Canadian Foreign Policy and Canadian values, and subsequently on ‘sustainable development and democracy promotion and that promote international human rights standards’ (ODAAA 2008, p. 1). The Act also mandated Canadian ODA to ‘be defined exclusively with regard to these values’.

Though a commendable move by the Government of Canada (GOC), especially after the criticisms (See Brown, 2012, Blackwood and Stewart, 2012) faced by Canadian International Development Agency (CIDA)<sup>23</sup>, critics were cautious to applaud the move by CIDA because of the resistance by the Conservative government prior to the passing of the ODAAA in the Parliament. The two main areas of concern by the opposition was ‘the economic interests in the poverty- reduction mandate’ and ‘the countries of focus, which noted by Brown has shifted from poorer countries in Africa to wealthier ones in Latin America’ (Blackwood and Stewart 2012, p.

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<sup>20</sup> In September 2000, world leaders adopted the United Nations Millennium Declaration and committed their nations to reduce extreme poverty through targets over a period of a time with a deadline in 2015 at the United Nations Headquarters. See more on the MDGs at <http://www.un.org/millenniumgoals/bkgd.shtml>.

<sup>21</sup> The Paris Declaration on Aid effectiveness adopted five principles to make aid more effective including – Ownership (recipient countries to play key role over donor countries), Alignment (donor countries localising aid), Harmonisation (collaboration for donor countries to effectively utilize aid), Results (shift focus to and measure development) and Mutual Accountability (accountability from donors and partners).

<sup>22</sup> See, the Accra Agenda for Action [AAA (2008) for reaffirmation of the Paris Declaration and the addition of capacity building to the agenda, thus bringing the focus for the recipient countries to build their abilities and capacities to be able to manage their own future.

<sup>23</sup> Prior to 2013, CIDA was an independent body responsible for disseminating ODA; in 2013, CIDA was merged with the Department of Foreign Affairs and Trade making it the Department of Foreign Affairs, Trade and Development (DFATD). For this paper, any decisions made by Ministers of CIDA will be addressed as such and both CIDA and DFATD will be used.

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222). Segal (2007) also recorded Conservative senator concerns on shifting focus on poverty-reduction would divert from using ODA as a tool for economic improvement.

Despite the concerns, the ODAAA was passed and adopted. However, the ODAAA did not ensure all ODA was being used for human rights. Of the many programs presently operating (ending in 2016) under the DFATD budget, a few were studied for this paper and one is broken down to analyse the focus on human rights. In a CAD20 million three-year project with the International Finance Corporation (IFC) under the private sector development ODA project breakdown, there is little (under education/training in banking and financial services ) to no percentage of funds diverted to promotion of human rights or protection of human rights. The percentages allotted under the program are: Mineral/mining policy and administrative management (25 percent), Formal sector financial intermediaries (15 percent), Informal/semi-formal financial intermediaries (15 percent), Education/training in banking and financial services (10 percent), Small and medium-sized enterprises (SME) development (10 percent), Ferrous metals (5 percent), Fertilizer minerals (5 percent), Industrial minerals (5 percent), Nonferrous metals (5 percent) and Precious metals/materials (5 percent). While an argument can be made that the spending percentages of one project do not justify the lack of human right agenda, it can also be argued that ODAAA mandates all ODA be used for human rights programming and hence this project does not meet the human rights standards set in the ODAAA.

But this project qualifies under development through extractive industries and is receiving funds through ODA. The neoliberal framework of understanding would mark it as a success under for advancement in the communities where the project is being run. But it will again validate Merke and Posselli's question of the legitimacy of human rights in foreign policy on ODA. In this case, private sector development is prioritized on the account of human development, thus creating enormous policy concessions for corporations over individuals.

### **V. The 'trade-offs' of human rights**

Despite the immense importance of respect of human rights in policy- making, foreign policies are not solely based on values. Pratt (2003, p. 91) informs us that CIDA in Asia and Latin America, largely accept that development aid policy 'must fall into line with Canadian

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economic and geo-political interests'. The realities of a neoliberal economic order play an important role in development aid policy formulation and thus need to be regarded with equal importance. Neoliberal economics assume that privatization, market, and the right prices can solve all problems (Peet and Hartwick, 2009, p. 100). But the the rhetoric of human rights is reiterated so often in foreign policy that it overshadows the realities of development aid and its utilization for promotion of economic interests at the cost of human rights.

With the projects being funded under extractive industries, there are growing concerns of human rights violations being committed by corporations. Blackwood and Stewart (2012, p. 221) explain how the responsibility of irresponsible mining–sector activities fall on the multinational corporations, or on the host governments 'that are either complicit with the corporations' behavior or do not effectively limit it' but donor agencies usually are spared of the blame, who have in the first place created institutional and legal frameworks for corporations to behave irresponsibly. Canada has no legal framework for the mining sector to operate but yet Canadian ODA policy is making 'concessions' for Canadian mining companies to get away with human rights violations, completely opposite to the mandate of ODAAA. Moore (2014) explain the human rights violations in Honduras, which in 2014 was made a country of focus, Canadian authorities lobbied for mining law right after the much criticized 2009 elections<sup>24</sup> to lift the suspension of the bill, which the people of Honduras had lobbied hard for. Moore further sheds light on the 2012 CIDA sponsored technical project to finalize the mining law, which passed in January 2013 opening Honduran mines to corporations and new mining projects in one of the most violent country in the region where journalists, lawyers, organized communities and social organizations are regularly targeted and murdered.

In November 2014, Canada introduced the *Doing Business the Canadian way: A strategy to Advance Corporate social responsibility in Canada's extractive Sector abroad*. This initiative encourages Canadian companies to indulge in ethical practices. It also includes the Voluntary Principles on Security and Human Rights, which Canada joined in 2009. It is however not a legally binding document and hence defeats the purpose of holding corporation responsible for their actions or non-actions in some cases. Lui (2012) informs that in cases related to Indonesia (concern of political prisoners and invasion of East Timor), and it's 'quiet diplomacy on human

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<sup>24</sup> The 2009 Honduran elections after the 2009 coup were considered illegitimate by the international community.

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rights violations’ in Central America; ‘Canada’s strategic and economic interests appear to have taken precedence over Canadian human rights policies and ODA record with regards to both country-or issue specific cases’.

Idealistically, respect of human rights should be universal but that is not the case. Countries with gross human rights violations<sup>25</sup> are still recipients of Canadian ODA as studied by Neumayer (2003). Neumayer (2003) concluded that good human rights record did not guarantee more aid as countries with poor human rights records were still receiving aid which was somewhat disappointing. He quantitatively analysed bilateral aid allocation of twenty one countries including Canada within the OECD from 1985- 1997 to study if respect for human rights was rewarded? In Neumayer’s findings (2003), human rights played a limited role in the allocation of aggregate bilateral and multilateral aid as he stated ‘that one would believe that respect for human rights should play a more prominent role in the allocation of aid’ (p. 527). Though rather outdated, Neumayer’s conclusions are still valid as many countries with gross human rights violations are still recipient of ODA in 2015. Arguably, countries with human rights violations need ODA for persons suffering at the hands of their governments but ODA for development through extractive sectors is not received by individuals, rather governments for creating institutional and legal reforms, defeating the purpose of ODA and making ‘trade-offs’ in the name of human rights.

### VI. Conclusion

The Neoliberal economic policy is increasingly becoming more influential in Canadian ODA policy-making especially towards private sector development and development through extractive industries. Acknowledging neoliberal economic policies contribute in wealth creation of a country, the policy-makers do not necessarily contribute towards development with respect of human rights. Concessions are made in ODA policy making to pave the way for corporations as was exemplified in the case of Honduras, although Honduras is not the only example of Canada’s using ODA for non-human rights agenda.

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<sup>25</sup> To exemplify, Pakistan, Afghanistan, Vietnam, despite their human rights records are all still recipients of Canadian ODA in Asia.

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Acknowledging part of ODA is still focused on welfare programs for children and women to promote their human rights and is creating a difference especially with the Muskoka Initiative on Maternal, Newborn and Child health. But it should not take away from the fact the in four years since introducing development through extractive industries, Canadian ODA has been significantly been diverted while the overall ODA percentages have decreased.

Further, development is suffering at the hands of the ‘trade-offs’, where human rights of the people are being bartered for wealth creation, taking away from the mandate of the ODAAA. Thus, Merke and Posselli are questioning the legitimacy of human rights in foreign policy, especially in this case, whether the foreign policy on ODA is justified or not. If human rights are only moral principles, which can be ‘conveniently overlooked’ by countries that are avid supporters of human rights, then they remain only a set of rhetoric to appease its citizens and the international community. ODA is a considered a tool for economic and social development but the focus is gradually shifting from social development (except welfare programs) to economic development through private sector development and funding projects in the extractive sectors, which in some cases are violating human rights instead of protecting and promoting them.

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