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Chair

Mr. Dean Allison

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•(0845)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Good morning, everyone.

Welcome to meeting 17 of the Standing Committee on Foreign Affairs and International Development, as we look at Canada's international development interests and the role of the private sector.

I want to welcome Dr. Mintz. It's an honour to have you here today. I know you were here on the Hill a little while ago and filled up the parliamentary restaurant, with lots of people waiting, so we're glad we have you all to ourselves in committee for at least 40 minutes.

To all my colleagues, I'm going to try to keep things really moving today, because we have three witnesses and only 40 minutes with each, so we're going to be pretty tight with time. I'll just warn you right now that we will hold you to your time today.

Dr. Mintz, we're going to let you start off. As I said, we've been studying the role of the private sector in terms of helping Canada's international development interest, so we're looking forward to what you have to say. You have ten minutes and then we'll start with our rounds of questioning.

Dr. Mintz, I'll turn it over to you, sir.

Dr. Jack Mintz (Palmer Chair, Public Policy, School of Policy Studies, University of Calgary, As an Individual): Thank you very much. It's my pleasure to be here.

In fact it's a bit of fun for me, in the sense that I spent a number of years working on developing-country issues with the World Bank and the IMF. I toted up the number of countries I worked on during the late 1980s and in the 1990s, and a few in the past decade, and there have been 18 countries worked on, particularly on tax reforms in various countries.

As part of that work, of course, not only do you end up spending time dealing with government officials on some of the issues they have to deal with in trying to move their countries forward, but you also end up spending a lot of time talking to private investors about some of the issues they face in terms of their foreign direct investment.

The overall point I want to make is that the real success in where the private sector can help contribute to growth and prosperity in a country depends very much on the strength of the public institutions and public policy in those countries. I'm going to tell you a couple of stories based on my personal experience, but I think it's a very

important point, and I'll say a couple of things just at the very end in terms of things Canada can do with respect to that.

Let me first tell you what I would call a sad story, and then another one that is a very good story.

I worked quite a bit at one point in the early 1990s in Guyana. Guyana at that time was—and I think still is—the second-poorest country in the Americas, after Haiti. It's a country with very good resources, a very well-meaning public service, and the people really wanted to do much better than the way the country was moving. Unfortunately, they didn't have the right public policies in place.

One of the saddest stories I found was that the government had allowed Malaysian forest companies to come in and cut down large sections of forest. The government got very little in the way of royalties or tax revenues out of their operations. The regulations, of course, were very poor. And the public, in the end, were very angry, mainly at the foreign direct investors, who they felt were taking advantage of them. But frankly, it was really the bad public policies that were in place.

There was a need to have much better work and advice on the kinds of tax systems you put in place and the kinds of regulatory systems you have for various projects. I was in Guyana to help with corporate tax reform, basically trying to get away from the special preferences—the tax holidays, some of the things that were done in order to attract investment but that ended up being poorly administered, with very little revenue yield for Guyana.

In the end they did make a number of changes, but they had a lot of challenges. They lost so many of their top people to New York and Toronto. It was a real challenge for the people who remained and who were trying to do their best in order to grow the economy—and that's a story in itself.

The key point is that if you have better public policies in place, people will see the value of foreign direct investment in some of the things that do take place in the private economy, because they'll get the benefits and the spinoffs associated with them.

The second story is with respect to Bulgaria. Frankly, of the 18 countries I worked on, this is the one where we probably had the biggest success. In 1997 Bulgaria went through a very severe devaluation and inflationary period. It was a very difficult time for the Bulgarians. They had not a lot of foreign direct investment. Their growth was very poor.

They had IMF and World Bank missions come in on various public policy issues, including improving their monetary policy and a number of other public policies, such as education. And of course I was brought in with a team to work on tax reform. What we suggested was to get rid of the tax holidays and undertake some significant changes in the tax system—basically lowering rates and broadening tax bases, the usual mantra you would typically hear from tax policy experts.

● (0850)

I remember the investment promotion agency head who told me if we get rid of tax holidays we won't attract any foreign direct investment into the country. I said no, actually, if you get the rate low enough.... You've had so many generous tax holidays in place, but if you get the rate low enough you'll find you'll get foreign direct investment coming in. And Bulgaria actually succeeded. They had a government that was very motivated to try to improve things.

Bulgaria undertook a lot of major reforms at that point, including corporate tax reform. They pretty well followed through with a lot of the recommendations we made. Happily, I can say they started attracting an overwhelming amount of foreign direct investment after that point. It rose to 8% or 9% of GDP about five years later. I guess the investment promotion agency was a bit out of work because they no longer had much to do in that sense. Bulgaria's growth rate improved quite significantly over that period. Because they put better public policies in place, they were able to attract not just foreign direct investment but improve their education systems and do a number of other things that I think were very important to the country. They certainly had a much better period after 1997 compared to what happened prior to that period, when their public policies were failing and not doing their job in terms of growth and other things they needed.

What struck me the most in 1998 was seeing pensioners in Bulgaria on fixed incomes and there was very high inflation. They really suffered a lot. Over the next number of years, with much better public finances in place, the country has improved quite a bit. That is a lot of the work the IMF and World Bank try to do in various countries.

I think Canada can contribute to that, especially in areas where we're very strong in terms of our own leadership and in terms of the economy and the sorts of things we do well. Those are of course in two areas: one is in finance and the other is in extractive resource industries, mining and oil and gas. I think we have an opportunity as a country to try to work with countries to try to improve their public policies. In the extractive resource sector, as an example, we often talk about the importance of training and education and things like that. These large projects do have a very significant impact on various countries that are rich in resources.

Handling that is a critical issue. Some of the civil strife that evolves because of the lack of public policies that try to engage the

community as a whole I think is very important. When working in these various countries, if you put the right fiscal policies in place, regulatory policies and community development policies, that works very well. It's amazing how good Canadian companies are at understanding the importance of doing these things, as well as American companies, I should add. We have a very good record as a country.

I think over time we should look at how we can leverage the strength of our own private sector in certain areas as they work in various countries and how we can help various governments improve their public policies so they can achieve much better economic growth. None of this is simple, but I can tell you it's really important to get the right conditions in place. This includes making sure the public gets the benefits that come from various investments that do take place in their jurisdiction and helping them along.

I think that's a good place to stop, Mr. Chairman.

● (0855)

The Chair: Thank you very much.

We're going to start with the NDP. Ms. Sims, the floor is yours for seven minutes, please.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): Thank you very much for your presentation. I think what I'm going to take from your presentation is the importance of establishing a relationship with the country we're going into and making sure we're assisting in building capacity and setting up public policy and making sure the communities are engaged so there isn't that backlash.

Do you also see within that a role for the public sector to play here in Canada when you do your international work?

Dr. Jack Mintz: Actually, I should that say in a number of missions I was involved in, the Canada trust funds that were given to the World Bank or to the IMF were used to help pay for the consultants who would work in various countries. That's done at the minimum. But I think more than just that should be the public sector contribution. In the case of Canada, we should think of this as really in a sense being a part of our overall foreign policy objectives, working with countries to try to achieve better growth and a better distribution of income in those countries. This of course goes to the importance of education and a number of elements to achieve that. There's a broad framework of issues that have to be dealt with. I think where the Canadian government could play a much more active role than just simply provide funding to the World Bank and IMF is to establish those institutions in Canada that can work with the private sector and governments in relating to a particular country.

Just to give you an example, at the University of Calgary School of Public Policy, we've already been doing some of that. We had Mongolian tax officials over recently for training on how to devise the right royalty system for their mining. When we had them here, we were able to use people from KPMG and a retired Alberta civil servant who worked at Alberta Energy. We have a number of very good people just on faculty at the school, such as Ken McKenzie and J.F. Wen—I could go through the names. We did sessions that were built on both theoretically what is the right system, and then in practice how you implement these things. For example, on the royalty side, some of our royalty systems in Canada are some of the best rent-based royalty systems that have been developed anywhere, particularly with respect to the oil sands, which is an Alberta government one.

Ms. Jinny Jogindera Sims: I'm going to pass it over to Sadia.

[Translation]

Mrs. Sadia Groguhé (Saint-Lambert, NDP): Thank you, Mr. Chair.

Mr. Mintz, you spoke of the importance of having a clear and broad local tax policy, if I may use those terms.

How can we go about ensuring that there is accountability, to the people, with regard to the contributions made and the projects funded by the private sector? How can we ensure that they are equipped with assessment mechanisms capable of validating that the targeted results and objectives are being reached, and in a transparent way?

[English]

Dr. Jack Mintz: I think that's a good question, and I hope I answer you well after hearing the interpretation.

In any of these things, I think it's really important that you engage the appropriate NGOs in a country that can help deal with that. For example, we had some tax officials coming from Mongolia to Calgary and we talked about royalty systems, but I think to really have more success in a country it would be good if people went over to Mongolia but then you bring together at some point industry, NGOs, and the government, and have sessions where they hear people talk and can ask questions. That helps bring people to the same page, in a sense, on what's the appropriate way.

One of the important things to be done is bringing various people together. Even on World Bank and IMF missions when I went over, we just talked to government officials, and then we personally went and talked to people in the private sector to hear what they had to say. There was never a meeting where you bring everyone together. It's amazing when you share these things how much impact that can have, because people start understanding what the right principles are, what the objectives are, and they start having a discussion about that. I think that helps a lot.

• (0900)

[Translation]

Mrs. Sadia Groguhé: Mr. Mintz, more specifically, you also spoke of the importance for Canada of maintaining a leadership role with regard to these development matters.

I would like us to view the situation pragmatically. Concretely, could you point to one or two indispensable levers or mechanisms that could ensure that the intervention of these private companies delivers, as you have said, added value to the population? At the same time, these mechanisms need to ensure that the development in this area is sustainable.

[English]

The Chair: Dr. Mintz, we have about a minute left.

Dr. Jack Mintz: Just very quickly, I think part of it is bringing people to the table and part of it is long-term relations. I think Canada would need to focus on some countries. Working with different countries is a lot of work. Probably the best place is where we have a prominent role in those countries. Then it's to create the institutions in those countries that over the long run have the capacity to enact good public policy, both in the government and in the private sector.

The Chair: Thank you very much.

We're going to move over to Mr. Van Kesteren. You have seven minutes, sir.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Dr. Mintz, for being here. It's a pleasure to have you here.

I travelled to Ghana last year. I can tell you—and you probably know this—that things are not much better. They do have a democratic system, but there doesn't seem to be the ability to move forward.

When we were there, we visited with the parliamentarians. We were travelling to Tamale, which is a northern community, and we asked those who represented that area what we could do as a government. Their response was that they needed help for infrastructure projects such as trains and roads, because they have the capacity for enormous potential in agriculture and other areas, but they can't get to the markets on the coast. They mentioned at the time that the Chinese were doing this. Interestingly, while we were there, we saw an incredible sports facility that the Chinese had built for them.

It seems to me that we're missing something here. The socialists are acting like capitalists, and we, as a capitalist society.... Some of us are of the opinion that the best thing for them is a free market and a free society, where they could experience and enjoy the benefits of those principles, but we need to build that capacity. You mentioned that.

Could you comment on that? Are we possibly missing the point? Should we be going into countries and telling them that we're going to help them build this, but that this is what we expect, that we expect these things...? Should we target those countries? Do you have a vision that you could share with us about those things?

Dr. Jack Mintz: First of all, infrastructure and education are probably the two most important capital-building types of expenditures that governments can undertake, and of course they can be very poorly done, as opposed to well done. What you want to do is get them well done.

Also, we know that governments must have a certain role in the infrastructure file, whether it's building roads or making sure there are port facilities. Some countries I have worked in had a very tough time with that, and it did hurt their trade a lot, and of course it's an area they have to improve on. But at times there was also a lot of corruption associated with various projects and other things like that, so that really hurt a lot. Rule of law is something that's really critical.

So sometimes, in regard to some of the things you need to do, it isn't to just have the program. It's also to get the other things done so that things move ahead well, and that's a story of Asia in terms of the growth. I worked in China through the 1990s and saw what they did. They did build their policy capacity during that period. They of course made the investments themselves to grow, but they also got a lot of help from the IMF and the World Bank—especially the IMF—on just getting the right public policy institutions in place.

I can tell you that on the tax side, which was of course the area I was brought in for, they had a horrible system in terms of the way they collected and audited taxes. They got a lot of advice from the IMF about how to separate out functions among collection, registration of taxpayers, and auditing. Before that, you had the same person doing all three, and it was really susceptible to serious corruption. The Chinese did listen. They thought it made a lot of sense. In fact, they liked to hear what other countries were doing, and then they thought it through as to how best to do it themselves.

But it's an example of how you also need to have the institutions in place. If you look at Canada just on the issue of tax administration alone.... The IMF works a lot with many companies to improve their tax administration. Why? Because that's one of the most important things they can do to help reduce deficits in countries, so that countries then have the money and the wherewithal to spend on things like infrastructure and education and to get it right.

We have great experts in Canada who go to all of these countries all the time in regard to trying to improve their tax administration, their statistical collection, and all of these other things. That's just one example of the kind of building of policy capacity that's really important. That includes the justice system, the court system, and a number of other things.

Some countries will respond better than others, but I think where Canada can have the most leverage is in those countries where we have a very active private sector operating, and along with the kind of expertise we have in Canada, I think we can actually help certain countries really improve themselves.

● (0905)

Mr. Dave Van Kesteren: Should we possibly advocate for a tough love approach, where we look at countries that won't cooperate? You and I will agree, that's to their benefit. We could go into a country and say we can help you achieve this, but in order to do it you must do this, this, and this.

The last point I want to make is should we be looking at a public service corps, like the Peace Corps, where we could have people in place and say that we will send those people in and we will train them to build that capacity?

Dr. Jack Mintz: On the tough love, that's effectively what the IMF and the World Bank do on conditional loans. They say if you want the money, there are certain things that they require.

Mr. Dave Van Kesteren: We're not talking about loans here. We're talking about aid at this point.

Dr. Jack Mintz: It's aid too.

What I'm saying is that the conditional loan programs effectively are a bit of a tough love program, in the sense that the IMF and the World Bank work with a country. They try to work with the governments themselves, and it is a tough love approach in the sense that if you want the money there are some reforms you're going to undertake, but you have to tell us how you're going to move ahead with those reforms or what sorts of things you're going to do. Sometimes the countries actually welcome that, because they need to say, with their own public, that they must get these things done in order for them to deal with the financial problems that they have. In fact, it helps them when someone like a third party comes in and says this is the kind of direction you have to go in because of all of the politics that are involved.

In Canada I think it would be appropriate to think about some conditional aid programs in that sense, because I think that can be valuable.

The second question?

Mr. Dave Van Kesteren: It's like the Peace Corps, a public service corps.

Dr. Jack Mintz: I'm not sure. I'd have to think through how successful that would be. I always like to look at the problem first and see what we need to get done and then figure out what kinds of resources you need in order to achieve that. To me, that's a much better approach than to try to say that we're going to start building a peace corps and other things.

What is good is that a lot of young people—and I see it in a number of students we have—are very interested in having some experience in working in developing countries.

● (0910)

Mr. Dave Van Kesteren: I'm talking about retired people; I'm not talking about young people.

Dr. Jack Mintz: Retired people, for sure, because they have tremendous human capital, could be used to help, to come in and bring up that public policy capacity. A good example of that is the tax administration side that I've seen where retired civil servants go in and help various countries. That's a very successful program.

The Chair: Thank you very much. That's all the time we have.

We're going to move back to Mr. Eyking. Sir, you have seven minutes.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Chair.

Thank you for coming here today.

The front page of this week's *The Economist* reads "Africa rising". There's a bunch of stuff in here. It states that over the last decade the six fastest-growing countries in the world were from Africa. It also says that one-quarter of the growth in Africa is from natural resources, but it also says that the average African earns two dollars a day. So how does this translate and trickle down to the average person?

It says that one of the many things that we can do to help Africa continue to improve is more trade than aid. It states a few things in here, such as lowering trade barriers for many goods coming out of Africa. But there's another one here:

Foreign investors should sign the Extractive Industries Transparency Initiative, which would let Africans see what foreign companies pay for licences to exploit natural resources.

You must be well aware of that. What are your comments on that? How are we doing as Canadian companies? Where does that all sit with that initiative?

Dr. Jack Mintz: My experience with Canadian companies is I've seen it on both sides, both as working with the government and also on the other side too. If the government has put in the right regulations and the right transparency, companies will comply. Canadian companies are very much used to that and they understand that.

Hon. Mark Eyking: Are you talking about the African countries? It's important.

Dr. Jack Mintz: They understand that, and that would be true working in any country. I'm not talking about working in Canada, but Canadian companies working in other countries.

This is why I go back to the importance of having the right public policies in place, and the right public policies are not having zero taxes and zero royalties on these extractive resource projects; that's the wrong policy. In fact, it's important that the government get its share of the revenues, and of course with that comes a lot of potential community development if the government handles the money right, as opposed to other things that might happen, which are less happy, let's say, for a country. That's one example.

The regulatory side is also critical, because you can also set up a more transparent system where it's very clear when you do have something that goes wrong and those who are responsible for it have to pay a penalty for their actions, but also the regulatory system can encourage better behaviour by the various actors, the companies that operate in a jurisdiction.

This is the sort of thing we already do in Canada and many industrialized countries, and I think it's very important that developing countries have those kinds of institutions in place as well. The difficulty, of course, is whether they put them in place and how they handle it themselves and the transparency they will put in place. So I think they do have a significant responsibility in doing

that, but where we can help is where those countries are willing to try to improve their own public policy capacity, that we try to help along with that, including....

I have a friend who's worked in Pakistan, and he feels that building up think tanks in Pakistan is a good idea because that puts some pressure on the government itself. It goes back to the point of view of transparency in terms of having some third-party evaluation of what a government is doing. I'm not sure how much success he's had yet in Pakistan, but I think that's the sort of concept of public policy capacity that's really important.

Hon. Mark Eyking: Should we be treating different countries differently in Africa and the countries that one of the members mentioned here today? You have certain countries China's getting into. Of the 50-odd countries that are in Africa, they're all different to a certain extent, but let's zero in on a country like the Congo.

Right now it is dealing with the election, but overall the Congo has vast resources we could tap into and use for our industries. But how do we deal with a country like that, where we would like to invest, but you have the rebels there and you have all this disruption and the terrible things that are happening to females in that country? So how do we go in there as a government? We've already been criticized that we didn't bring enough people there for the elections, but the minister informed me that's all we were invited for. With the private sector and government working together, with a place like Congo, how do we get in there and make money and help them make money but also help them with their structures? Should we be dealing with that country differently from others?

● (0915)

Dr. Jack Mintz: It's hard if you're not going to get reception from the country. I have to admit that of the 18 countries—and that's why I gave you a couple of examples of Guyana and Bulgaria—in some cases the governments are very motivated. They really want to do much better and they're very receptive to start making changes. I think that's where you're going to get the most change occurring.

In those countries where there are other things that are factors that are influencing the way governments behave, it's a much more difficult hill to climb in that situation, because you're not going to get the sort of government that—

Hon. Mark Eyking: So you're almost alluding to saying let's work with the countries that are moving forward and maybe that will spill over to the other countries and then kind of—

Dr. Jack Mintz: That's a bit like the tough love approach: if you're not going to be receptive, then we're not going to have much success with our aid and our programs, so we have to be pragmatic and see what's going to work best.

To give you another example, I worked in Egypt at one point, and there the government was not well motivated to make changes, although later on I found out they adopted a number of the recommendations in my report, which absolutely shocked me. It was a very difficult process there because they were not receptive. Especially the finance department was not receptive to anyone coming in and looking at things. They wouldn't give data. Talk about a lack of transparency: they wouldn't even give data. And I wasn't the only one who ever had that experience; several of my colleagues had similar experiences.

The main point is that if a country is not receptive, it's really hard to get over that. The only thing you can do is through leverage. That's why I'm saying if we work in countries, especially where Canada has a significant role, then I think that helps with leverage to a certain extent.

Hon. Mark Eyking: Does bilingualism help a bit in some of these countries?

Dr. Jack Mintz: Oh, absolutely; it's amazing. My French is imperfect, so I'm not very good in it, but they were often looking for Canadians to work in various French-speaking countries particularly, because there are not that many countries, outside of France, that you can get to work there.

The Chair: Thank you very much.

We're going to start our second round. We will probably get through at least one and a half turns of questioners.

Mr. Wallace, you're up for five minutes, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

I'm going to be sharing my time with my colleague, Ms. Brown. I really have just one question.

The study being undertaken in this committee is the role of the private sector in achieving Canada's international development interests. Since you're a tax expert, professor, let me ask what the Canadian tax system does to support companies that want to be in the development-assistance business. Are there changes that should be made? Do you have any recommendations? Have you given it any thought?

Dr. Jack Mintz: Actually, it's an area I've dealt with a lot in the past.

Canada has a pretty good system for outbound investment in terms of not creating an obstacle for companies trying to make outbound investments. We have many tax treaties, which is important. We also have now tax information exchange treaties that allow companies to avail themselves of the exemption system—for some developing countries or resource-rich countries, those treaties may not exist—so that when any dividends come back from those countries, they will be subject to tax with a tax credit given for any corporate income taxes paid in that jurisdiction.

At this point, from the point of view of trying to make investments abroad, I don't see the tax system being an obstacle at all to doing that. I don't think it's an issue, frankly.

Mr. Mike Wallace: Okay, thank you. That was my question.

The Chair: Ms. Brown.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you, Mr. Chairman.

Thank you very much, Mr. Mintz, for being here with us today.

I have a lot of questions, but I'm going to try to condense them.

I'm very interested in your discussion on capacity-building within the countries in which we are trying to see changes take place. I also have been in Ghana, like Mr. Van Kesteren. I know that Ghana has had five elections now in which there has been a transition of administration peacefully. I think those are the kinds of places where we can work and start to see some real changes.

Interestingly enough, I was at a meeting earlier this morning. It was about the will to intervene, with Mr. Dallaire, and included discussion about genocides that take place in countries where there are no capacities. In my view, it's those kinds of things—the lack of capacity-building—that ends with these terrible situations that we see, particularly in Africa.

My question really is, since we can't do everything at once, are there institutions that you think are more important than others that need to be built, whereby Canada could contribute expertise, could contribute the know-how and some of our aid money to see those things happen?

When I was in Ghana, and this is how my question comes about, one of the things they told us was that in Accra they are only just starting to develop a system of addresses; that they really have no ability to send out anything such as a tax bill, because they don't know where people live. And of course people in Benin and Burkino Faso have no capability of building an electoral list, because they have no birth registry and they have no idea who's who. They don't register children before the age of five because they don't know, quite frankly, whether they're going to survive that long.

Do you have any suggestions on what institutions are the foundational institutions on which Canada can have an impact?

• (0920)

The Chair: And you have one minute.

Dr. Jack Mintz: It's a great question. In fact, in some ways I'd like to think a little bit more about it and come back with a more fulsome answer. Just thinking off the top of my head, I can think of a number of areas; for example, the quality of the court system, but even statistical agencies and the development of data. Some countries are better than others in doing that, but it's important to have it. There's always a challenge in some countries in trying to work with, let's say, a population that you cannot register, or when you cannot impose, let's say, a personal income tax.

A Belgian friend of mine worked in Côte d'Ivoire. He asked how many taxpayers they had under the personal income tax system, and the minister of finance said he would get that answer in four days, and they showed him a room in which all the files were piled up. This is the idea that computerization just hadn't quite gotten there yet.

That is what I mean by capacity-building. There are very simple things that we take for granted in terms of what we do very well. But they can be built up; that requires a longer-term relationship with a country. That's why I encourage you to think about focus. You're not going to solve every problem in every part of the world, but the zone in which we can really deal with the issues is where we have a presence.

I'd like to see CIDA itself become more like the U.K. agency—I forget its name now—and the Norwegians' and others. They don't just give money; they get some teams themselves to participate and work with certain countries, if they don't go through the World Bank. I think we could pick a few countries that we might like to sponsor ourselves so that it's our brand that's working in those countries.

The Chair: Thank you very much.

I think we may have time for a quick question from Mr. Chisholm. Welcome to the committee.

Mr. Robert Chisholm (Dartmouth—Cole Harbour, NDP): Thank you very much, Mr. Chairman. I don't know that I've ever asked a quick question.

I am curious about the context of how you and other private sector experts become involved in a country. As you mentioned, the IMF carries a big stick and doesn't hesitate to use it. I'd like to know your experience, in representing Canada or going into countries on behalf of Canada, as to how it happens. Do you know who else is in the country? Do you know whether there is an overall purpose or context? Do you have goals and objectives other than those of your particular project?

Could you comment on that?

Dr. Jack Mintz: It depends on who I'm working with and whatever. If it's a typical mission, there's usually an important conditional loan involved for the country. The IMF or the World Bank works out certain areas in which they would undertake reforms and then they bring in teams to work on the particular things, whether trade reforms, tax reforms, regulatory reforms.... There are various things they would they look at. Then, of course, they try to get teams to come in and work with the country.

The difficulty I always find with these things is that you come in for two weeks, then you leave as an individual, although the IMF and the World Bank itself will have staff or people who work continuously with the country over time, so that they're not just going in and out, unlike the individuals they might bring in.

The other thing is that it's a World Bank and IMF mission, so I go in as a Canadian expert. Usually Canadians are well liked, because we don't presume what the country should be doing. We listen to them, while some experts from other countries tend to just think of their own country and say "you should do what we do", which is a little different. I think it's very important to understand what the

problems are in a country and to think about the appropriate way to move in a certain direction.

That's why I think there is some value for Canada to thinking, when working with some select countries, about how we can actively work in a country, have our own people with our brand as Canadians working in that country, and help strengthen that country. I think there is a role for Canada to do more of that.

And it would be very good for us, in terms of showing our ability to work with many countries. We have the expertise. We have wonderful people who can contribute to the strength of many countries around the world. That is something we should think of in terms of how we can brand it as Canadian, rather than being part of something else that's occurring.

• (0925)

Mr. Robert Chisholm: That doesn't happen now.

Dr. Jack Mintz: It doesn't, as far as I'm aware.

Mr. Robert Chisholm: That is where I'm going; this makes so much sense to me. We have trade offices around the world. To target certain countries would make so much sense.

Dr. Jack Mintz: We have some organizations that go over and they do their things, but I'm not aware of a real concerted Canadian effort, for example, that we're going to help Mongolia develop better policies, better capacity, and everything else, to handle the immense extractive resource sector they now have available to them.

The Chair: Thank you very much. That's all the time we have.

Dr. Mintz, thank you very much for being here today.

Once again, if there are any other things you may have or you may think of and you'd like to send them through to the committee, we'd appreciate that as well. If you send that to the clerk, it will be distributed to the members.

We're going to suspend for a minute. Did you have a quick question?

Ms. Lois Brown: I have a point of order, Mr. Chair. If I may, I would like to put on the record that Canada does focus its aid. We have chosen 20 countries of focus right now that we're working in—

Hon. Mark Eyking: That's not a point of order.

The Chair: You're right.

Ms. Lois Brown: —and we are assessing those things on an ongoing basis.

The Chair: Thank you for that non-point-of-order.

Anyway, let's suspend for two minutes and we'll get our next witnesses up. Thanks.

• (0925) _____ (Pause) _____

• (0930)

The Chair: Would everyone please come back to the table so we can get started?

Welcome back.

I do want to thank Mr. Runde from the Center for Strategic and International Studies for being here today.

Looking at your CV, I know you have spent a lot of time trying to leverage the private sector in terms of international development interests. That's what our study is all about, so I think it makes you a particularly interesting witness. You can talk to us about your experience and what you've seen and what you've actually been able to accomplish.

We will start with your opening comments of about ten minutes, and then we go back and forth between opposition and government to ask some questions and get some answers.

We apologize for not having as much time as we'd like, but we are grateful to have whatever time we have. I'll leave it at that.

Mr. Runde, I'll turn it over to you, sir. The floor is yours.

Mr. Daniel Runde (Director, Project on Prosperity and Development, Center for Strategic and International Studies): Thank you, Mr. Chair.

It's an honour and a privilege to be here in Canada. Thank you very much for the invitation.

I'm Dan Runde, and as you described, I'm the director of the Project on Prosperity and Development and the William A. Schreyer Chair in Global Analysis at CSIS.

When I was at AID, they accused me of working for the CIA. And I know that up here you'll accuse me of working for CSIS, and I'm guilty as charged. But in this case, it's the Center for Strategic and International Studies, which is a foreign policy, defence, and now development think tank in the United States.

I've been to Canada many times and have had the honour and privilege of participating in the Halifax security conference. This is my third year, so I'm very familiar with Canada.

I think that from my remarks you'll see that I have some thoughts for you about your study.

I have just a couple of sentences more about me. I've worked in government. I was with the World Bank Group, at the International Finance Corporation, where I managed relations with philanthropy and corporate philanthropy as part of the World Bank Group. Then I ran a significant initiative office at the U.S. Agency for International Development, which is the U.S. equivalent of Canada's CIDA, on partnerships and public-private partnerships. I'll talk a little bit about that.

I've also worked in the private sector. I worked at what's now Deutsche Bank. I worked at Citibank. I worked at the Bank of Boston when I lived overseas in Argentina for three years.

In another capacity, I'm also president of a professional society in Washington. Basically, it's the equivalent of a development practitioners association. It's called the Society for International Development.

So I wear a lot of hats, and I bring a lot of perspectives to this conversation about the role of the private sector, particularly for Canada and Canada's development cooperation.

I'm going to leave the committee with a few thoughts, and then I look forward to your questions.

First, Canada is a major global player that is poised to take advantage of a changed development landscape. One major change has been the massive increase and shift in resources to private sector economic engagement from the developed world to the developing world. Another major change has been an acknowledgement of the central role of the private sector in poverty alleviation.

Let me first talk about the shift in resource flows and bring it specifically to the Canadian case. Canada's official development assistance, as a whole, has grown from about \$2.7 billion Canadian ten years ago to over \$5 billion in 2010. This committee knows this very well. If you'll allow me, it is, of course, in Canadian dollars and not in U.S. dollars, so we're talking about real money, as opposed to....

Voices: Oh, oh!

Mr. Daniel Runde: As this committee well knows, in addition to massive encouragement and the massive increase in ODA, remittance flow from Canada to developing countries in 2009 was over \$12 billion Canadian. Just think about that. There was \$5 billion in official development assistance, more or less, and \$12 billion in remittances to the developing world, just from Canada.

I think it's interesting to note that according to the most recent available data, two of the top ten countries of origin of recent immigrants, which are therefore likely to be where a lot of the remittances go, are also countries of strategic interest. Ms. Brown referenced the fact that there are 20 strategic-focus countries, and two of them overlap with where remittances are likely going. They are Pakistan and Colombia. We can come back to talk about that.

Finally, and I think most important, total foreign direct investment from Canada to developing economies in 2009 was over \$120 billion Canadian. Think about it: ODA is \$5 billion; remittances are \$12 billion; and foreign direct investment from Canada to developing countries is over \$120 billion Canadian. You get a sense of this massive shift. There has been a massive shift.

Let me bring it to the U.S. context. This is a global phenomenon. In the U.S. case, in the 1960s resources from the U.S. to the developing world were approximately 70% ODA and 30% private resources, in various forms—foreign direct investment, remittances, faith-based giving, and charitable giving. That, in essence, has flipped. Today we're talking about 15% of U.S. resources to the developing world being ODA and 85% being foreign direct investment and remittances. If we were to put up a little pie chart for you on Canadian economic engagement and ODA remittances and FDI, you'd get something very similar, as you can see from the numbers I described to you earlier.

ODA is critical. ODA is important. But we have to think about ODA in the context of these much bigger forces going on in the world, and we have to be thinking about how we use ODA in this changed landscape. In other words, development agencies, with official development flows, have become minority shareholders in the business of development.

● (0935)

It's still critical, and ODA can do things that other resource flows can't. So I'm not saying we're privatizing assistance. I'm not saying we should get out of the development business. We need ODA, but we need to think about how we use it in the context of this changed world.

Let me talk about the second shift. The first one is the shift in resource flows. The second is an increased appreciation for the role of private job creation and development. DFID has cited this, and so has the World Bank group. CIDA's analysis found that development is driven by private sector growth, that nine out of ten jobs in the developing world are generated in the private sector. They're not generated in the public sector or the NGO sector.

Many of you are familiar with the Gallup organization. Gallup polled over 100 countries and found that 40% of Africans plan to start a new business in the next 12 months. Why? Here in the north being an entrepreneur is a lifestyle choice. I may go work for Barrick Gold, Scotiabank, or Bell Canada, or I may start my own business. In Africa, you have to start your own business to survive; there aren't big corporations to go into.

So this is significant. I think it should also influence how we think about how we support the private sector, because it's a critical part of the reality in the developing countries. CIDA has recognized this with its shift in priority themes to include sustainable economic growth. Canada is not alone as it shifts resources to support private development and to work more closely with the private sector. For example, at DFID, the British aid agency, one of its three areas of strategic focus is private sector development. They've put a significant emphasis on this. UNDP, the UN agency for development, has looked at a number of interventions along with what they call inclusive business models. They had an initiative for several years about growing inclusive markets. It emphasized the role of the private sector in this growth. So this is not a Canadian phenomenon; it's a global phenomenon.

Canada has much to offer the world. It has free markets married with a successful regulatory regime and careful stewardship of extractive energy resources. Canada is world renowned for managing extractive resources in responsible ways, and this is an

important Canadian export that needs to be further embedded in development cooperation. I think about provincial governments that have stewarded their resources very well. This is one of the holy grails of international development.

We talk in development about the extractive curse and how to manage oil revenues. We think about a country like Brazil. They're not going to need any money in the future, but they may need some expertise in managing their resources, and they may get this expertise at the subnational level through provincial governments. I think Canada's going to have a unique role to play. It is a trusted messenger with a great track record. I submit to the committee that this is something you've all thought about, something of great importance in the future.

In respect of governance that has to do with supporting the private sector, managing extractive resources and taxes is part of economic growth, because having a good enabling environment and the rule of law is important. Canada has much to say about this.

Canada's IDRC has made moderate and clever investments in think tanks in Latin America. Many of you may be familiar with a \$50-million Canadian program, challenge fund. I think it's brilliant. It's small-dollar. I'm in the think-tank business, so maybe I'm not exactly objective about this, but I think this is an incredible investment. It doesn't have to be huge-dollar. We talk a lot in the development business about policy dialogue and influence. This has been a very important and strategic investment on the part of Canada.

I also think CIDA's sustainable economic growth strategy has the right areas of focus—building economic foundations. In other words, it promotes a business-enabling environment, growing businesses by supporting the capacity and competitiveness of enterprises in developing countries. CIDA calls this investing in people.

● (0940)

So what do these two changes—the shift in resources and the recognition that the private sector is the engine of development—mean for Canada, and specifically CIDA?

First, it's vital that CIDA learn to build partnerships with private sector companies. Public-private partnerships, programs to facilitate them, and investments in private sector growth are not a panacea, but these approaches enable public actors to leverage non-traditional resources to address problems through market-based means. I believe that partnerships with non-state actors, including diasporas, philanthropic and religious groups, and for-profit companies, are a central part of the future of international development.

You recently heard testimony from Teck and the Micronutrient Initiative here in Canada on the global alliance that Canada has with CIDA to provide zinc for children. This is great, and CIDA should seek to build hundreds of partnerships like that, not just one.

At USAID, after ten years of making a concerted effort to build partnerships, the U.S. government now has 900 of them. We embarked on this ten years ago, and we have a long way to go. I just released a report looking at what changes the U.S. government still needs to make. It requires a cultural shift, organizational capacity changes, a small amount of resourcing—how we think about how we spend resources, how people are rewarded. The U.S. government has only made a partial shift. I think for CIDA and other aid agencies it's going to require some significant organizational change to work in a more strategic way with the private sector. Examples like the zinc initiative are the sorts of things CIDA needs to be putting on steroids, if you'll allow me to use that expression.

Just as an example, the top five Canadian mining companies—Barrick, Potash, Goldcorp, Teck, and Kinross Gold—are operating in six of the twenty focus areas and regions of CIDA, which are the Caribbean, Ghana, Honduras, Pakistan, Peru, and Tanzania. I would posit that every time CIDA does a strategic review in any of those six countries, if they're not bringing in the large Canadian mining companies at the very least to have a strategic conversation, it's a mistake and a lost opportunity. They're spending tens of millions of dollars on the social side just on philanthropy, but they're contributing hundreds of millions of dollars locally, either through paying taxes, localizing their supply chains, or supporting local jobs. There are opportunities for CIDA to leverage that, but also to shift it and channel it in ways that are different.

So I think there's a big opportunity, if CIDA and other parts of the Canadian government are thinking...specifically in those six countries at the very least. I would also posit that in Pakistan and Colombia, where there is a significant diaspora here, and other places, thinking about how we leverage these diasporas, there are lots of opportunities for synergies between these other forces for Canada.

Canada needs to develop development finance tools similar to those of the International Finance Corporation and most of the other G-7 nations. The ability to share private risk in complex contexts such as Haiti and Afghanistan will be critical in the future for Canada. These are instruments that are not currently used on a bilateral basis. They provide project finance to for-profit infrastructure projects. They support loan guarantee programs, or even make available the use of grant instruments at CIDA to share risk, especially in some of the more complicated contexts. That is going to be important.

Canada seems to be doing a better job of partnering with the private sector in developing these capacities. They are not alone. This is not just something I'm parachuting out of the blue to say; this is something that's been going on for ten years in the development community.

Second, I think Canada has a huge opportunity to develop some additional instruments and authorities. I don't think you have to develop a new agency to do this or spend huge amounts of additional moneys. There could be some additional authorities that CIDA holds within it. It doesn't have to be something for which you create a whole new bureaucracy.

Canada is uniquely positioned and has the assets and the opportunity to expand prosperity and human freedom. Globalization has meant that the role of the state is diminished, and private actors have increased their influence and ability to affect change. Canada will maximize its ability to effect change to the extent it is able to work more collaboratively with these other forces—often non-traditional forces in the eyes of the traditional development community. To succeed, Canada, through CIDA and perhaps other branches of government, will need to develop new approaches, new processes, and new instruments.

● (0945)

CIDA is just beginning to experiment with partnerships in a small way, as I referenced with the zinc initiative. I would encourage the committee to support the development of a greater public-private partnership capacity, and encourage CIDA to develop what I have described as development finance instruments.

By focusing on economic growth and the policies that support economic growth, supporting development finance instruments and strategic partnerships, Canada can not only advance the well-being of the developing world, but expand its own influence abroad, and its own prosperity.

Thank you very much.

The Chair: Thank you, Mr. Runde.

You have some great thoughts there on what we're looking at right now. I'm sure we're going to have some questions to go along with that.

We'll start with Madame Groguhé.

[*Translation*]

Mrs. Sadia Groguhé: Thank you, Mr. Chair.

Mr. Runde, thank you for your presentation.

The witnesses we have heard to date have brought up important points. I would like to come back to the importance of the mechanisms for transparency and accountability and of the establishment of partnerships with the private sector.

I believe that development requires a comprehensive vision established by the various players, which are the local population, the governments in place, the NGOs and the private companies. This comprehensive vision should, to my mind, allow us to be effective and to reach the targeted populations, in their time of need.

With that in mind, how, in your view, might the private sector succeed in uniting the various groups and getting them to collaborate and cooperate within these communities, in order for the projects and programs to be effective?

Mr. Daniel Runde: Thank you very much.

[English]

I think many of the opportunities to work with companies—I know that CIDA works on issues around food security—are around supply chains. These are reaching to smaller farmers. So to the extent that CIDA, agri-business companies, or extractive industry players are localizing supply chains, this will allow for working with NGOs and local communities, as well as providing modalities by which local communities can benefit from investment. So I think that's one area of great opportunity.

There are many very sophisticated non-profit organizations that work in partnership with companies in local communities. There are organizations like World Vision Canada and the Aga Khan Foundation here in Canada that work with local communities but also have the capacity or appetite to work with the private sector.

Many companies have a number of interests that overlap with development agencies. They're not perfectly aligned, but there's often a good alignment around training people in the developing world to fix computers or use technology in a different way. It's partially a way for them to develop business, but it's also a way for us to plug people into places like Malhi, Ghana, or Haiti into globalization—meeting global standards. So it's in our interest as development professionals to support plugging people into the positive side of globalization. It's important to help people become trained and have the capacity to participate in globalization by meeting global standards. It meets a business interest as well.

• (0950)

[Translation]

Mrs. Sadia Groguhé: Thank you.

You talked, in the beginning, of transformative mechanisms. I believe that, in all cases, there must be a leader, someone must take command of the situation. It will be necessary and important that the public sector maintain this leadership role and monitor these transformative mechanisms closely.

You talked about official development assistance and you brought up the idea of changing our approach to this official assistance. How do you see this official assistance being used?

[English]

Mr. Daniel Runde: Thank you very much.

Let me just take the example of some of these countries where there's an overlap that's a Canadian focus area and where there's an interest in the extractive sector. I think Canadian CIDA needs to have the capacity and ability to convene and speak to private sector actors

and be comfortable doing so. There are some cultural issues for the development community. Sometimes we don't speak the same language. But I do think it's very possible for CIDA to take on a convening role and do some joint planning with some of these other development actors. The private sector are development actors.

I know that CIDA does country-based planning, so every two, three, or four years there's this moment of what I'd call “programmatically agnostic”—we don't know what we're going to do with the money for the next three to four years. We need to be bringing in these other players, whether they're diaspora groups, mining companies, or agri-business companies. There could be other multinationals, local or others, as part of CIDA's process of thinking through what they're going to do with their resources for the next several years.

So there's a convening function. There's perhaps a joint planning function, an identification of opportunities to work here. That doesn't mean you have to do everything in partnership. Partnership is an approach. It's a way to solve a problem and to bring in other assets, and to solve problems with synergies. I do think that it's currently an underutilized instrument. I think CIDA can build this capacity and needs to.

[Translation]

Mrs. Sadia Groguhé: In summary, we must maintain this involvement, but it may have to be transformed in order to be more functional and effective.

[English]

Mr. Daniel Runde: I'm sorry, do you mean for CIDA?

Mrs. Sadia Groguhé: Yes.

[Translation]

Yes, overall.

[English]

Mr. Daniel Runde: Yes. I've written about this, and I'll submit some articles that I've written in the *OECD Observer*, which is the magazine of the DAC, the Development Assistance Committee, which for those of you who follow this stuff is the National Hockey League—since I'm here in Canada—of the development community. If I were in Europe, I would say it's the FIFA of the development community. I've written something for that magazine talking about this specific issue.

I've also written about this in a magazine called *The Public Manager*, about the sorts of capacities and incentives that CIDA is going to need to do. I also produced a report when I was in the U.S. government on about 30 different case studies that will give some examples. I have several copies here for the committee.

Five weeks ago I released a report on current U.S. government capacity, which I think will give some sense of the sorts of capacities that need to be further improved and could speak to some of these issues you are raising here for Canadian CIDA.

The Chair: Thank you very much. That is all the time we have.

We're going to move now to the other side of the table, with the government.

Ms. Brown, you have seven minutes, please.

Ms. Lois Brown: Thank you very much, Mr. Chair.

Thank you, Mr. Runde, very much for being here. I've read a few of your studies online, particularly your one on sharing risk in a world of dangers and opportunities. I read your article on development in a time of diminishing foreign assistance, and I think you touched on a number of those things here this morning, such as building public-private partnerships and how important that is to going forward.

I'm going to make an assumption, and I wonder if you can clear it up. Were you part of the Legatum Center for Development and Entrepreneurship?

• (0955)

Mr. Daniel Runde: I was not, but I like them very much. I know them well. I have friends who've worked with them. Will Inboden and Mike Magan were both with me in government together in a prior administration. They're friends of mine, and they worked at the Legatum Center. They are not there any more. But the point is they do some very interesting work. Maybe you have a—

Ms. Lois Brown: I will, and I'm hoping that you would have some comment on that.

For the benefit of the committee, the Legatum Center for Development and Entrepreneurship was founded on the belief that economic progress and good governance in low-income countries emerged from entrepreneurship and innovations that empower ordinary citizens. They have an agreement through MIT, where MIT students are creating enterprises in low-income countries. And this is a quote: "Our current and future Fellows seek to implement for-profit businesses that empower ordinary citizens and virally spread prosperity and development."

You've made the comment here this morning, specifically, that 40% of Africans plan to start a new business in the next 12 months. I've been in Africa, and there are an extraordinary number of small stalls where people are selling their goods and wares, and that's how they're providing for their families.

We had Hernando de Soto here a couple of weeks ago. I'm sure you're familiar with him. His fundamental philosophy or theory is that so many of these people are extra-legal because they don't have access to real capital, first of all, because they are not on owned property and they don't have property rights.

It's a whole lot of things mixed up in here. But coming from that perspective, how do we help, as Canadians, to build that opportunity for this 40% of Africans who want to initiate a business and be prosperous, and yet they struggle with the problems within their own countries of getting property rights; of access to capital; of the tax system; of the judiciary; and all of those things? Can you shed a little bit of light on that?

Mr. Daniel Runde: I have a couple of things. There are several legatums. There's the Legatum Center at MIT. Let me just speak to

that as well. Iqbal Quadir is the founder of the Legatum Center at MIT. He's from Bangladesh, and he started 15 years ago, when no one thought it was possible to have the first real cellphone business in Bangladesh. It made a ton of money, but more importantly it brought the power of cellphones to poor people for the first time. This was before East Africa. Maybe you're familiar with Celtel, by which Mo Ibrahim—one of my personal heroes, who brought cellphones, cellular power, and cellular connectivity to poor people in Africa—is a billionaire as a result. I'd like to see more African Mo Ibrahims, frankly.

Iqbal Quadir's a great man and a hero for our time and he leads the Legatum MIT Center. The other Legatum Centre I referred to, in London, has a metric around a prosperity index. There are a number of indices around the world around development, and it in essence mimics an index that I think is the most successful of all of them, which is the World Bank's "doing business" index.

I'm going to come back to what this means for Canada.

The World Bank's "doing business" index is one of the most significant things that any development agency has ever done, because when the country of Georgia is compared to Azerbaijan or Armenia and they fall short compared to Armenia, the Georgians don't really care how they compare to the French or the Canadians, but they sure as heck care about how they compare to their neighbours; they're really sensitive to that, and it forces.... Leaders in those countries say "I don't want to be 50 points behind those Azerbaijanis; we always thought we were better than those guys anyway." They don't say it this way, but I think that's sort of the undertone, so it forces significant change by naming and shaming.

Getting into formality is very important around this issue and Hernando de Soto talks about that. People need to be able to pay taxes and participate in a society—to be able to get loans beyond micro-financing, to graduate into the banking system, to be "bankarized". This isn't really an English-language word, but in Spanish it works. I don't know if it works in French, but I suspect "bankarized" probably works better in French than in English. So the formality is very important.

What does that mean for Canada? As I was saying, Canada has this sustainable economic growth strategy. Building economic foundations is one of the sub-themes in the sustainable economic growth strategy for Canada. I think asking hard questions of CIDA on how they are supporting think tanks, how they are supporting a strong rule of law, how they are supporting countries.... If countries want to move up on the "doing business" rankings that the World Bank produces, how is CIDA at a bilateral level helping governments to do that?

That's what CIDA can do. They can provide this sort of policy dialogue. We talk in the development business about policy dialogue. They can provide capacity-building and support policy. It's not a huge amount of money. Canada has a significant role to play, and CIDA has recognized it. It's very important that they hear this committee say "We're really glad that you're building economic foundations; we want to hear more about that, and we think you've got to turn up the volume on that." That's how I think CIDA could play a role and how this committee could play a role in some of its reporting.

Let me just come back to one other thing. I want to underline this issue of development finance instruments. Canada is the only G-7 country that doesn't have a development finance agency. This is a moment of austerity. I'm not suggesting to this committee that you ought to go and build another bureaucracy. I don't know if there's an appetite here in Canada for that at the moment. I cannot imagine that there is. I do think that CIDA could perfectly well have some additional instruments that can allow for this, to help to share risk, especially in places like Afghanistan and Haiti, in these particularly more difficult places that Canada has chosen as some of its areas of focus. I don't think you should be using it in Ukraine, which is one of your 20 countries of focus. They've got plenty of money.

I'll stop there.

• (1000)

The Chair: No, finish your comment.

Mr. Daniel Runde: I just want to say that I think this committee, in terms of its reporting and asking questions, should be saying they support building economic foundations, which is something CIDA is talking about. This is exactly the sort of thing that Hernando de Soto was talking about in terms of supporting people and getting them into the formal sector, which is what we should be wanting. If they get in the formal sector, they can access bank loans and participate in the legal system.

I do think there's an additional step in which, through sharing risk and encouraging financial organizations, either crowding in or catalyzing private investment, if you've read in that report.... And thank you for reading it—you and my wife and my mother and two or three other people.

The point is, it is very important for Canada not to miss this opportunity. In addition to looking at the policy dialogue, this committee has a big opportunity of looking at this issue of development finance instruments. It's not a huge amount of money, but it will require some additional authorities.

The Chair: Thank you very much.

Moving back over, Mr. Eyking, you have seven minutes, sir.

Hon. Mark Eyking: Thank you, Chair.

You have quite a grasp of development of all different sectors, especially Africa. I told the previous witness that *The Economist* has this whole thing about Africa rising, and it's exciting. If we look at some of the countries, it's going to be hard, but what's going on is exciting for the majority of countries.

What happened in Tunisia was that this vegetable seller was one of those 40% of Africans who just wanted to get into business and

encountered red tape and too much arm-twisting. There are a lot of young people and they just want to go. How does Canada play a role? You have some really good ideas here, especially dealing with the diaspora and this development finance system. And how can we build from that?

The reality is, still in that article, that the average person is getting \$2 a day. We can show leadership. I remember doing projects in Central America, and I was paying \$5 a day but everybody else was paying \$3 a day. People were getting mad at me for paying \$5 a day, but the next thing you knew, everybody was getting paid \$5 a day. Sometimes, as Canadian companies, we have to say let's not be the bottom payer here when we're having all this investment. That should be a role we're playing as Canadians: let's be the highest payers in these places, because it will bring up the whole scale.

I'll go back to the development finance systems, where you're saying we're lacking at CIDA. I think sometimes governments are kind of nervous, because all of a sudden there's one project that didn't work and all the media and the opposition are all screaming bloody murder. That's the way it works. Sometimes we as governments are scared and say let's not go there because somebody might fail or something might happen. What do you think about that development finance system dealing with the diaspora, where there are pools of money, where the government plays a role and it plays a role? You said that pool of money is floating around there, so can you explain a little bit more how that mechanism would be set up?

• (1005)

Mr. Daniel Runde: I think you've put your finger on something that is a common problem, whether it's the World Bank or the UN. You've put your finger on a number of different things. Let me just comment on a couple of them, and I'll come back to your question if I have time.

I agree that Africa is a different story from 10 or 15 years ago, and I think Canada has an incredible role to play. I go back to this issue of managing the extractive industries. This is something in which CIDA has a role to play as part of its policy dialogue investment, making use of provincial governors and experience of provincial governments, especially because you have francophone experience here in francophone Africa, places like Congo, which you referenced earlier in your question to the other gentleman. In my mind, this is going to be an important part of the future of Africa. There are any number of different countries that are witnessing an extractive industry bonanza, and how they manage that money is going to be very important. Canada has a significant role to play.

On food security and agriculture, Canada has a major role to play there on food security issues. I would start with those two things.

Third, on this issue of policy dialogue within the sustainable economic growth sphere, it's around building this rule of law work I was referring to. I think that's going to be very important, because many of the 53 sub-Saharan African countries, as you said, are going to have an opportunity to take off. It's not so much about ODA—that will be helpful in terms of bringing the expertise—but it's about getting the rule of law right. We see this in Ghana, for example, among other countries.

In terms of Canadian businesses, yes, in general I think Canada brings labour and environment standards, including in its mining sector. You guys bring world-class standards to all sorts of global challenges. So yes, I do think standards of conduct of business are an important part of what Canada brings. I completely agree.

In terms of this issue of development finance in the diaspora, I do think there have been a number of experiments using savings and money sent from diasporas and how to catalyze that to use it for bonds or financing. What I would say about that is as follows in terms of the mechanics of it: government could provide some sort of a risk guarantee in terms of how that money is used. Oftentimes what will happen is you'll have to work through a bank or financial institution on the ground in a developing country, so they'll want someone to share risk with. So I think CIDA could have, at the very minimum, the authorities through Parliament to use grant moneys to share risk or create new instruments that are a form of loan guarantee that could be established for the private sector. That would be a way in which the government could play a role.

The Chair: You have a minute and a half, Mark.

Hon. Mark Eyking: We see the Bill Gates and the Rockefeller foundations and how they're going. A whole lot of people are putting money into that, and they know they're going to get failures and successes. They have to have a goal, the millennium villages and things like that. I think it's a problem with a lot of governments. They're scared of failure, right? I don't know if the British or the Norwegians or the Dutch do it differently, but I find we're getting a little hesitant sometimes. I like the idea of mixing it up with the private and guaranteeing it. I think everybody's feeling they're part of the big solution.

Mr. Daniel Runde: I think this issue on sharing and taking risks is very hard for civil servants. They get burned once or twice, it hurts their career or it's embarrassing, and it's hard. So you have all these disincentives.

I think it requires leadership from the top, from ministers, but also from the civil service leadership to say they're going to provide the cover to take some calculated risks, and if we fail, we need to be able to.... To the extent they're able to say here are ten good things that happened, and obviously you're right, it's not the way of the world, but even in philanthropy this is hard. Private philanthropy has a hard time with failure too.

A number of organizations, like the Hewlett Foundation, try to talk about their failures in a more open way, but it's hard. It's culturally very difficult. You've put your finger on something very important. But I do think that the leadership of ministries, whether the president of CIDA or the minister, to the extent that both of them give some bureaucratic cover to some very capable civil servants, I think that's one way to deal with it.

• (1010)

The Chair: Thank you. We're almost out of time.

Mr. Dechert, you probably have time for a quick question.

Mr. Bob Dechert (Mississauga—Erindale, CPC): I'll be very quick. I'm going to follow up on Mr. Eyking's questions.

Thank you very much for your presentation.

You've mentioned diaspora communities. Canada is the largest new immigrant intake country on a per capita basis in the world, and we have significant diaspora communities from all these countries and there are many very successful Canadians from those diaspora communities.

In addition to the loan guarantee suggestion you just made, how else can we leverage those communities—their language skills, their knowledge of local business cultures and markets—to encourage them to make investments, employ people from those countries in their businesses in those countries?

Mr. Daniel Runde: This is a great question.

I would start with CIDA's 20 countries of focus, and I would crosswalk it to the diasporas. I would start by mapping that.

I think you could engage with diasporas in a number of ways. One question is can CIDA use its ODA money here? Why do I ask that? Because DFID, for example, several years ago used ODA money to publicize the cost of sending money from Western Union versus other money senders just to make it transparent and make it easier in immigrant communities. One of the issues we talked about is how we reduce the cost of remittances.

DFID said they were going to let the market work; they were just going to make it more transparent. They used a small amount of ODA money. You could see it in the immigrant communities, they had little cards that said this week this is what you can get from Western Union, and you saw prices starting to go down for some reason. I don't know what that was, but the point.... Well, there's that.

Coming back to this issue of the collective work of development, I also think they should be working with Canadian NGOs to encourage them. You could even create an RFP to say you're going to create a diaspora volunteer corps that does short term.... It doesn't have to be a peace corps; those are big-ticket, expensive programs. But there's often a very sophisticated private sector with diaspora linkages here in Canada, and it seems to me that as Canadians you could put out an RFP, and with a little glue money from CIDA you could build some sort of capacity.

They could also partner directly. Some diasporas are more organized than others, so it can work with some of the more organized groups.

Going back to can we use CIDA money in very limited amounts to build the capacity of diaspora communities to organize themselves better so they can do these sorts of things, I'm not saying huge amounts of money, but small capacity-building grants to do that.

I think there are some opportunities to partner with the NGO sector, to partner with diasporas, to leverage volunteerism. I also think in a number of these countries that Canada has made as a focus there is often a conflict component to it, so I think it's increasingly important to leverage these diasporas in terms of their language or contact skills. So how you're hiring, who you're hiring, and how you're engaging them could be on a short-term consulting basis in places like Haiti or Pakistan or Afghanistan, where Canada has significant investments and is going to be there for a long period of time.

Thank you.

The Chair: Thank you, Mr. Runde. Thank you very much.

Once again, if there are any materials you think would be beneficial to the committee, you could send them through and we'll make sure they get to the members. Even some of the links you mentioned would be great.

Thank you very much for taking the time to come up here. It's been very informative. We appreciate your time.

Mr. Daniel Runde: Thank you. It's been an honour and a privilege. Thank you very much.

The Chair: We'll suspend for a minute to bring our next witness in, and then we'll go from there.

•(1015) _____ (Pause) _____

•(1015)

The Chair: Could we have all the members come back to the table so we could get started with our last witness?

Once again I want to thank Dr. Robert Schulz, who is a professor at the University of Calgary, for being here today.

Dr. Schulz, we'll turn the floor over to you. You have ten minutes for your opening comments. Then we'll go back and forth, as you witnessed with the last two witnesses, to try to get some questions in.

Thank you very much for being here. I'm going to turn the floor over to you, sir.

Dr. Robert Schulz (Professor, Haskayne School of Business, University of Calgary, As an Individual): Thank you very much.

First of all, it's good to be here.

To summarize my comments, what I'm talking about is that smarter money from the Canadian government and collaborative networks can produce sustainability and long-term results for people who need help. I don't really have any silver bullet, but I hope to be able to provide some silver thread to sew together some existing parts that exist in Canada today.

Going back in international development, my first experience with that on a very intensive basis was with a student whom I mentored in the late 1970s. He wrote his master's thesis in African history, and I helped him focus on business. He discovered that the NGOs were 13

times more successful than government-to-government money in Africa.

He took that master's thesis and is now a very senior manager at CIDA. His name is David Foxall. I hope that through our government, I'll be able to find him, because they moved him around quite a bit and he's difficult to find.

Currently I'm a director for the Fig Tree Foundation in Calgary. It's a non-profit organization that networks 45 NGOs, including CAWST, the Centre for Affordable Water and Sanitation Technology, which involves water and sanitation throughout the world; Light Up The World, which involves solar-powered lights; Opportunity International; and many other organizations. One of the things we found is that most NGOs spend a lot of money on infrastructure and don't necessarily collaborate, so we have a round table of 45 NGOs talking with each other and sharing best practices.

In addition to that, one of my former students, Avik Dey, was the chief financial officer for Remora. He was in the Llanos Basin in Colombia looking for oil and gas. Unfortunately, the company was sold, and now he's available again. The key aspect he presented—he and I had the same idea—was to network the receiving organizations.

In South America, most companies have to spend 1% of their capital expenditures and revenues in social enterprise. They do that only on their own. They don't collaborate. The concept that we have is to form a network in Canada of NGOs that should be working together with companies that are in the receiving areas, which are putting money in for oil and gas or extractive industries. Get them to network together, and then we can source what's actually needed after doing a needs analysis on the local scene.

There are also some new technologies, which would be available to developing countries, in coal, energy, and water. I'm a director of a very small skunk-works company in Calgary, which has major breakthroughs in coal with a very low CO₂, irrespective of where Canada is in the Kyoto accord. In addition to that, the intellectual property is not necessarily in the university, and this inventor has had major successes in many areas for coal, hydrocarbons, and water purification.

In Africa, part of the network again is John Waibochi of VirtualCity in Kenya. He won the \$1-million Nokia prize for the best IT application in Africa and the world, where he takes smart cards that the farmers have and he's able to drive corruption out of the supply chain. I asked him why he's not dead already, and he said because they make the pie bigger for everyone.

What I'm trying to say here is that there are many puzzle pieces that I know of, and other puzzle pieces that people know of in Canada. It would be very helpful if this committee could help sew these pieces together.

Another foundation was mentioned by the previous speaker—the Aga Khan Foundation, which is based in Ottawa. And CAUSE and CARE are already involved in international development. Indeed, in Calgary there's a very large Ismaili Muslim community. I've done the academic awards for that community for 15 years. Elizabeth Florescu is the research director for the millennium development goals. She lives in Calgary. So there are lots of opportunities for networking.

The key aspect that I want to encourage again, and I'll stop here, is that smarter money and collaborative networks produce sustainability and long-term results. One of my faculty colleagues, Loren Falkenberg, is a co-author of a paper called “The Role of Collaboration in Achieving Corporate Social Responsibility Objectives”, where again they talk about collaborating networks.

The key aspect here is whether the government in Canada and the private sector can co-lead—work together—to help more people and spend less money doing it.

Thank you very much.

• (1020)

The Chair: Thank you, Dr. Schulz.

Why don't we get started with questions. We're going to start over here on my left with Madam Sims.

Ms. Jinny Jogindera Sims: Thank you very much.

Thank you for your brief comments.

One of the things I think you pointed out is the need for collaboration and for people to be working together. I think all of us in this room will agree that when you have five, ten, or fifteen different groups working in an area it really does make sense for collaboration to occur. Otherwise, you could all be working at odds with each other.

The other point I think you made is that there is a role for the public sector, government, to play in our international work.

One of the things that is pushing, I would say.... And you must have heard the previous speaker, as well, who mentioned the growing role of the private sector and why there seems to be an imbalance in some ways that we are worried—from our side anyway—could increase the role of the private sector, but decrease the role of the public sector. And this thing is the freezing of our CIDA funding to do our international work.

At the same time, we do recognize that the private sector does play and can play a very effective complementary role to the work done by CIDA and through CIDA.

How do you see CIDA supporting some of the initiatives you have talked about or some of the work that you see us doing abroad? Do you see it as a critical part of our international work?

Dr. Robert Schulz: I think CIDA can play a major role and already does.

It would be helpful for CIDA to document its successes in the field, because there's not enough documentation of why things work in the field and why they don't, which could then be made available to the private companies that are in the same geographic territory. In

addition to that, CIDA could provide the meeting and the co-lead, if you will.

I'm a co-author on a book called *Corporate Integrity: A Toolkit for Managing Beyond Compliance*. The first author is Donna Kennedy-Glans, former vice-president international for Nexen. She went all over the world. The key aspect we found is that corporations have different levels of what they would call ethics or corporate responsibility. Some manage only with the compliance level, just the rules, and that's level five. We actually go to ten levels. So one of the things that CIDA could do is to try to get the corporations to move to a higher level of understanding of what corporate responsibility is all about.

It's not just about following the rules, but at the end of the day we want corporations to spend their money wisely so that there's sustainable development, and it's not just the money and product that's coming out of a country, but what's left behind. The key aspect for that would be for CIDA to try to find someone like Bill Gates or Warren Buffet in Canada to also be a co-lead in this, because they are at level ten in their levels of integrity.

So there's a lot of work there for CIDA to do, and it's all possible, in my opinion.

• (1025)

Ms. Jinny Jogindera Sims: Thank you.

Over to Jean-François.

[Translation]

Mr. Jean-François Larose (Repentigny, NDP): Dr. Schulz, thank you for being here. Your presence is greatly appreciated.

The private sector's record in developing countries is somewhat of a problem to my mind. If one is very familiar with history and the different eras, one knows that everything began with an army that marched from country to country with private interests in mind. In time, governments intervened, with broader intentions, and I am thinking here of the United Nations. We have now moved on to another stage, and yet there are more and more errors being made. It always seems that we come up with formulas that involve calculated risks, but that is something else altogether. There is an oversimplification that I would call the sanitization of the idea. It consists in going to a neighbour's while having in mind an idea of what is required for each of the countries. And when things get complicated, it seems no one is able to understand.

The private sector is more problematic for me because we always come back to the fact that even here at home, in our own backyard, in our own country, we have difficulty agreeing on the right approach. Oftentimes, the public sector has had to bail out the private sector. During the last economic crisis, it was public money that was used to pull the United States out of the crisis.

Good intentions are always welcome. However, the problem is that the private sector is constantly at the mercy of fluctuations owing to the international economy. The good intentions remain, but the course of a corporation is excessively influenced by this market.

My question is a simple one. Regarding the percentage of influence of the public sector versus the private sector, you talked of cooperation. I am in full agreement with you. The problem is that the cooperation being considered at present is very simplistic, relying greatly on finance and leaving a little too much room for the private sector.

In Africa, I find that this looks a little bit like the Far West, because there is very little regulation. Here, at home, there is a lot of lobbying under way to deregulate anything that comes under government control; however, these very same companies want to venture out into these countries with the belief that they are providing some benefit.

Does Canadian leadership not lie precisely in this cooperation, the purpose of which would be to regulate and to ensure a better balance? I do not know if you get my question.

[English]

The Chair: Dr. Schulz, you've got about a minute and a half to answer.

Dr. Robert Schulz: It seems to me that the issue always is whether the glass is half empty or half full. I think most corporations say they're doing more than they've done before, and many people would say they could be doing more.

My view is, there's more that could be done and there's a role for the public sector to help corporations do more and to manage the compliance as well. The key aspect is getting the chief executive officers of the large mining companies and the large oil and gas companies that are involved in international business in the room together with the government and no media and say, "Let's talk about how to really be serious about helping people and spending our money wisely." If that's a simple solution, let's do it, because it hasn't been done yet.

The Chair: Thank you very much.

Mr. Dechert, seven minutes.

Mr. Bob Dechert: Thank you, Mr. Chair.

Thank you, Dr. Schulz, for being here today.

On the answer you gave to a previous question, I've got two questions. What role can the Canadian government play in policy development to utilize core competencies of the Canadian extractive industries in international development? Secondly, in your opinion, are there a number of things holding private companies back from playing a larger role in international development? If there are, maybe you could describe those to us and what maybe the government can do to try to alleviate some of those issues.

• (1030)

Dr. Robert Schulz: On the government lead, I've already described the government calling for a summit of five or six of the senior people in extractive industries, getting them in the room together with the government and saying let's see if we can work better on this. If the lead comes at the CEO level for the companies who say they're interested in corporate responsibility, the government says okay, let's do it.

The second aspect is what's holding companies back. Part of it is that the companies themselves want to promote their own initiative for some companies, rather than a collaboration. Companies would say that if they put money into a collective pot then they may not be able to get the concessions they want or the ability to go into foreign countries. So there's the rub. Yet many corporations are already working in health and safety, they're already working in policy in terms of representatives, as you said, of government. I don't see any reason why companies can't work together to spend their money wisely, along with the government's money. If there's a matching of NGO money by the government along with the corporations, that's working together. They're saying, "We're going to go put our power system into Africa. We'll build a network off the satellite. We'll take all the schools in the neighbourhood and give them all access to the Internet. There are computers there. We are already running power batteries. We'll go charge the batteries for the schools in the neighbourhoods." That's working together.

The pieces are all there, in my opinion. The networking isn't there. The Government of Canada can take the lead.

Mr. Bob Dechert: From your experience, can you give us some examples of Canadian companies that are doing good international development work, and perhaps some places where more can be done and how the government can support that?

Dr. Robert Schulz: In terms of international development work, the extractive industries are ready with technology in terms of the work they're doing in zinc, for example, which you've already heard about.

The key aspect here is that each company is doing its own individual part, but we need to do a little better in terms of leveraging the collective that's there.

Mr. Bob Dechert: I'll defer to Ms. Brown.

Ms. Lois Brown: Thank you very much.

Thank you, Mr. Schulz, for being here. I really appreciate your discussion.

I had the opportunity to be in Zambia a couple of years ago. After meeting members of their parliament, I met with members of the extractive industry and many other companies doing business in Zambia. Zambia, as we know, has come out of a socialist regime and they are anxious to see companies come in now and provide expertise and development in the area. But the Canadian companies we met said that they're caught in this no-man's land. The Zambians say that in the past, companies provided schools and these companies aren't providing schools any more; they provided roads, and they're not providing roads any more. If you talk to the extractive companies, who pay an enormous amount of tax to the government.... The government has a policy of providing the schools and providing the roads. They're caught in this tension, shall we say.

How do you see us helping to alleviate those tensions? Are there things that Canada can do as bridge-building—in the metaphorical sense—to assist in lowering the temperature for our companies to go in and do that kind of development work?

Dr. Robert Schulz: It seems to me that there is a lot of information at the grassroots level that never gets to the top level in corporations. Most people who are in corporate responsibility or international development work are off to the side in corporations and relatively junior. Those people have to be positioned with the CEOs. That's why, if the government provided the opportunity to get the CEOs together on some of the issues that you just presented and asked how could we do this better, it seems to me that the CEOs would then reach down through their own organizations, put the people around them and ask, "How can we do this better?" So that's recognition by the local governments in terms of what is and is not being done.

In terms of schools, if someone provides books or computers to a school, but there are no teachers to teach the students, or if someone provides laptop computers but there is nothing to charge the batteries with, or if someone provides water but there is no one to fix the water well, then at the end of the day the money goes in, but it's not sustainable. The whole issue is sustainable corporate social responsibility, not just one-way giving so that then when the companies leave nothing happens.

Ms. Lois Brown: One of the observations I've made when I'm in Africa is the lack of teachers. I've suggested to them that less than a hundred years ago in Canada we had young people who went from our secondary level of school to teaching little ones their one-plus-ones, and that they are missing a resource they have available to them in regard to having their older students become the trainers.

What we really need is trainers of trainers to go in there, assist them, and put that resource back into their own school system. There seems to be some interest in doing that.

This is not really a question, but an observation. Hopefully we can get some of our corporations involved in that kind of program.

• (1035)

Dr. Robert Schulz: So I'll turn it into a question: What can we do? We could have internships for students, including MBA students, who would love to spend a summer internship in Africa trying to help companies build. But they're also prepared. They aren't just going in there unprepared. In addition to that, Global e-Training, which is a company that's run by two of my former students, has online training programs in many different trades, programs that are available all over the world, and they would like to do that.

Again, the pieces are there: we just have to find a way to sew the pieces together.

Finally, one of my faculty colleagues, Joe Arvai, has done behavioural decision-making in Africa. What he found was that many people don't understand the choices they have. They have to be able to understand the choices for water and for schools and other choices, including the government. He is a Stanford fellow whose office is right next to mine at the Haskayne School of Business.

So again, we have Canadian resources that are in place and ready to go, and the government could then provide some additional sewing to get these pieces to go together.

The Chair: Thank you very much.

We're now going to move over to Mr. Eyking. Sir, you have seven minutes.

Hon. Mark Eyking: Thank you, Chair.

Thank you, Dr. Schulz, for coming here to give us your perspective on this.

When you talked about putting the pieces together, it reminded me of when I went to Yemen. The face of Canada that was in Yemen just about ten years ago was that everybody knew about Nexen and they also knew about the Canadian Wheat Board, mostly about wheat itself. The kids would buy wheat at the shops and they would ask for "Canada".

I remember meeting both groups, who were on the trade mission with us. Nexen was a really good corporate citizen there. They were helping with the simple things in Yemen, like teaching people how to use seat belts. They had various things going on. They were kind of taking the lead; our government wasn't taking a lead there. They told us that there were a couple of things they needed there, and one was an embassy, because Yemen had an embassy here. A small embassy—that was one request.

There was another request. Yes, it was good that CIDA was sending computers to these girls' schools, but why didn't we send young people to train these girls? That whole thing would evolve from.... Imagine teaching in a society like that, where women or girls are pushed aside, and there you are, teaching them how to use computers and the Internet. It would open up their world. So you see a situation in a country.... We often talk about Africa, but there are other fledgling countries, and we have this great opportunity.

You also mentioned that we should raise the bar. I see people like those from Nexen being the lead on that. You would bring them in with all the other CEOs and say to them, "Look, you have to go a little further than just getting off the plane, going to the oil field, and coming back to do a little fundraiser". That's the thing.

Sometimes, though, I think these companies are a little nervous to step a little further. I think that's where you need that set-up where you can teach these other CEOs. We've talked previously about even CIDA being nervous sometimes about doing things in certain areas, so how do we do more of that? Talk to me a little bit more about how you would engage these CEOs in working together with our government.

Dr. Robert Schulz: Well, we have two aspects. One is, let's back up on Nexen and Yemen, because the co-author of the book was a vice-president international for Nexen, who actually implemented all the programs you saw. That's the good news.

Hon. Mark Eyking: It was amazing.

Dr. Robert Schulz: The bad news is that Nexen has lost the concession in Yemen.

Hon. Mark Eyking: That's right.

Dr. Robert Schulz: So even though there was a lot of good work done, the host country didn't give enough recognition or appreciation for the work that was done by Nexen.

Actually, the CEO for Nexen at the time was Charlie Fischer, who is one of our MBA grads from the Haskayne School of Business. I know him quite well.

If you put people of good will who are CEOs—this doesn't mean they're all like that—in a room together by industry, by sector, and asked what they were doing to ensure best practices at the CEO level and also to ensure best practices at the CSR level, I think it would be a great step, because if the companies can share their best practices and also connect with the NGOs in the same geographic region, then as the previous speaker said, we stand a chance to have good things happen.

Remember, it's smarter money, collaborative networks, sustainability, and long-term results; otherwise, we just have a continuation of what's happened so far, wherein there is lots of good will but not a lot of results.

• (1040)

Hon. Mark Eyking: Recently CIDA has been criticized for NGO gridlock, with many NGOs saying we're getting the job done, but the funding is not available. There is nothing wrong with any department taking a second look at things; that's a thing to like. Where do you see that, though? Do you see that CIDA should maybe have a bit of an advisory board to deal with some of this traffic of NGOs coming in and out the door looking for something? Should there be a mechanism whereby the government might get advice from groups such as yours saying, let's have a third party to help assess the gridlock?

What do you think about the gridlock that's taking place now, with NGOs coming to Ottawa trying to get funding or trying to move forward?

Dr. Robert Schulz: The problem we found with the Victory Foundation is that the NGOs operate very independently. If you have someone doing water in Ghana and someone else doing lights in Ghana, they don't necessarily talk to each other. What we're trying to do is get the NGOs themselves to talk to each other.

If I were CIDA, I'd find someone to sit in on all the meetings for the Victory Foundation and get to be known by each individual agency and maybe even put some money on the table and say, "Here is \$500,000 for five projects of \$100,000 each. You go and figure out how you're going to work together in a geographic region"—one of the regions Canada is already in—"and you have our money. But you have to come up with a plan for how you're going to work together." If you put the money on the table, I think the NGOs will cooperate. That's been part of the problem on the NGO side.

Hon. Mark Eyking: It's similar to how Gates and Rockefeller foundations had their millennium goals; you're saying let's have more of a "whole community" approach, whereby you have those various things you explained, and CIDA should say "you get back to

the table and then come to us with a whole community approach for a certain community, region, or country", and go that way.

Dr. Robert Schulz: Again, it's collaborative networks. I think we've covered that lots of times today, and that's good.

Hon. Mark Eyking: But we have to set the way we do things differently here.

Dr. Robert Schulz: But the government has to do things a little differently. Part of that is that it provide funds, and not just for one agency or just one region, but saying: "Here's the money. You have to work collaboratively on the ground, you have to work collaboratively on the delivery side, and you have to work collaboratively with the industry. If you do that, maybe we'll match part of what you're doing. But you have to have a plan for how you're going to work together."

Right now, as nearly as I can tell, there are not very many plans for NGOs to work together and not very many plans for corporations to work together, and the government is in the middle hoping it will happen. But the possibility is there, if you take the lead today.

Hon. Mark Eyking: So the government's role is to create that environment, probably.

Dr. Robert Schulz: It's to be a facilitator. I call it co-leading or co-branding, with not just the government in charge, but with everyone working together. At the end of the day, I think it's possible. I think it has already started, and I hope it continues at a much faster pace than we've seen so far.

The Chair: Thank you very much.

Ms. Jinny Jogindera Sims: Chair, I have a point of order. I know we're getting close to our adjournment time; I want to make sure I get to make it today.

We've had about four or five meetings on this study that we're doing. One of the concerns we're beginning to have, on this side of the table, anyway, is that we've only had one opposition witness called. We have suggested witnesses, by the way, who would really have balanced out the discussion and who are Ottawa-based. We're not seeing the problem as a logistical problem—to call opposition witnesses, if they're so far away, or inaccessible—but more as a political one.

At the committee level we were really hoping we could work collaboratively and have balance as we debate this issue. Here we are talking about a huge cultural shift in how our development policy works and about possibly changing direction, so we need a balanced debate. So far, we're feeling that the study is so one-sided that it's difficult to get into a debate or a fair discussion.

My question is, how many more meetings do we have for this study? We're really hoping that now we will begin to get more of the other point of view, so that we can have more balance as we move forward.

Mr. Bob Dechert: Mr. Chair, is this not committee business?

The Chair: Well, it's certainly part of committee business, as far as that goes, but it goes to the deeper question that, probably in the new year, we should have a meeting to discuss witnesses, as we've talked about doing, to determine what we want to move forward with.

• (1045)

Mr. Bob Dechert: For the record, the government has not put any limitation on who the witnesses are. There is no direction from our side of the table. I think it's just a matter of logistics and of the clerk calling and setting up meetings with witnesses when they're available. There has been absolutely no direction from this side of the table as to who the witnesses should be.

Ms. Jinny Jogindera Sims: Chair, I want to thank my honourable colleague for the comment he has made. I appreciate it, but if you were sitting in my seat, you would look at the situation and would see why we're feeling the way we are. It's a very strong feeling that we all hold.

Mr. Bob Dechert: We're nowhere near the end of the study.

The Chair: Okay.

Mr. Eyking.

Hon. Mark Eyking: I half agree with the NDP, but I think we have some really good witnesses. When we group them together, we

really get a synergy going. The witnesses we have had in the last few meetings suggest a statement about where many of the private-sector initiatives are going.

That being said, we have to do the same thing if we look at having more NGOs or whatever. I think it's good to group them together; you get a really good snapshot. I agree with the NDP that we have to move towards others too, but let's group them together, so that you don't have too much of a mix going on. When we come back, we should—

Ms. Jinny Jogindera Sims: Chair, on the point of order, in no way was my comment on the quality of the witnesses we've had or anything they had to say. I want to have that on the record as well.

The Chair: In the first meeting when we come back, then, we'll have a look at the witnesses. As Mr. Dechert said, there are still a number of witnesses we've been working through, including the opposition witnesses. The reason things moved forward this way was that we changed the nature of the study, so new witnesses had to come from the opposition, and we had already started through with some of those.

The point is taken. In the first part of the new year, we'll have a look at witnesses.

Thank you very much.

Doctor, thank you very much.

The meeting is adjourned.

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