



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Foreign Affairs and International Development

FAAE • NUMBER 029 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, March 28, 2012

Chair

Mr. Dean Allison

Standing Committee on Foreign Affairs and International Development

Wednesday, March 28, 2012

• (1535)

[English]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): I call the meeting to order.

Pursuant to Standing Order 108(2), we'll commence our study on the role of the private sector in achieving Canada's international development interests today.

We want to thank and welcome Dr. Sabine Luning, professor of cultural anthropology and development sociology at Leiden University, who has joined us via teleconference from the Netherlands today.

Can you hear us on the phone?

Dr. Sabine Luning (Professor, Cultural Anthropology and Development Sociology, Leiden University, As an Individual): I can hear you perfectly well. Good day to you.

The Chair: Excellent.

Thank you very much for taking the time to join us. I'm just curious: what time is it where you are right now?

Dr. Sabine Luning: It is 9:30 in the evening.

The Chair: Thank you very much for arranging your schedule to meet with us today.

Dr. Sabine Luning: You're welcome.

The Chair: Why don't we start with the opening statement that you have for us, for around 10 minutes? We'll do that, and then we'll take the opportunity to go back and forth across the table here to follow up with some questions.

I believe that you have set an hour aside for us. Is that correct?

Dr. Sabine Luning: Yes, absolutely.

The Chair: Excellent. Thank you very much.

Why don't we start, then, by having you give us your opening statement?

Dr. Sabine Luning: Thank you very much.

I want to thank you for inviting me.

Let me be a bit precise about what my background is. I'm a lecturer in the anthropology department of Leiden University in the Netherlands, and over the last 20 years my research has mainly focused on west Africa and on Burkina Faso in particular.

I've lived in Burkina for several years, working as an anthropologist in a bilateral development project, and over the last five years I've

done research on artisanal mining and company community relations, with particular reference to Canadian exploration companies operating in Burkina. I've also done field work in Mali, Ghana, and Guinea.

In west Africa, large-scale explorations for mineral wealth and mining almost always occur in rural areas where access to land for agriculture and artisanal mining are crucial for livelihoods of poor local populations.

I'm focusing my research on the tensions, opportunities, and expectations these—

The Chair: Professor, I'm just wondering if you could slow down a bit. We have to have translation here, and the translators are—

Dr. Sabine Luning: Okay. I'm sorry.

The Chair: I'll give you a few extra minutes if you need them, so go right ahead.

Dr. Sabine Luning: Fine, all right. I'm not going to repeat. I'm going to carry on. Do you think I should recapitulate briefly?

The Chair: No, carry on. That would be great.

Dr. Sabine Luning: The mining sectors of countries like Mali and Burkina Faso have undergone substantial changes over the last 20 years. Burkina Faso has made a shift from dominant state intervention to a sector giving ample room to private companies.

In this process of liberalization, tasks of the state, NGOs, and private corporations have been redefined. I think that a marriage of the public-private partnerships between CIDA, NGOs, and Canadian mining companies has to be assessed in relation to the institutional setting in which the mining operations and development initiatives are taking place.

I fully agree with Professor Bebbington, who made a statement in your committee on February 29 that the link between mining and development cannot be determined on the basis of individual projects. Exploration and large-scale mining operations in countries such as Burkina Faso trigger complex processes of social change. Whether these social processes can be seen to help or hinder development is a major issue. This question is at the heart of the debate about whether resource endowment is a curse or a blessing for developing countries.

Even researchers collaborating closely with the International Council on Mining and Metals, the ICMM, emphasize that structural arrangements are crucial to preventing developing countries from getting trapped in the resource curse. Dr. Dan Haglund, working for Oxford Policy Management, portrays the situation for a country like Burkina Faso this way: "In Burkina Faso, the mining sector accounted for 2% of exports in 2005, but by 2010 its share had risen to 41%."

This resource dependence is, of course, a challenge, and may generate wealth, but it is also risky. A rapid surge of revenue can only lead to development if, first, state institutions have sufficient capacity and discipline, and second, if mining can be connected to other economic activities so as to trigger multiplier effects. This would prevent, say, Dutch disease and real exchange rate problems.

In this situation, development is foremost a matter of institutional development, and this entails proper strengthening of state structures and strategies for spinoff into other sectors of the economy. These requirements force us to think about partnerships and mining companies in relation to two issues: first, institutional development and division of responsibilities, and second, the relationship between mining and economic development.

I'll talk about institutional development and division of responsibilities first.

The current trend in foreign direct investment in mining in developing countries has changed the relations and tasks of corporations and host states. As owners of subsoil resources, states are the authorizing instance. The state organizes access and monitors mining—ideally, that is. A report by Dr. John Ruggie called "Protect, Respect and Remedy: a Framework for Business and Human Rights" makes a convincing case that many developing states have weak governance structures. They often lack capacity to regulate and survey the corporations they host. There is a governance gap between the weakness of states and the impact of strong economic forces and global actors that has to be accommodated in the country.

In many cases, reinforcing these structures is far from simple and is hindered by political cultures marked by corruption and patrimonialism. In a recent report on the political economy of the mining sector in Burkina Faso, Oxford Policy Management again gives a rather gloomy image of the political elite of Burkina Faso. The mining sector is linked by control, co-option, and corruption into the hegemonic government, a category into which the World Bank labels this situation in Burkina.

I think the current discussion in Canada on public-private partnerships should pay special attention to how these initiatives affect the relation with, and the position of, the host state. If we agree that development is institutional development, then capacity-building for the host state should remain high on the agenda. In my view this could require, first of all, a clear division of tasks and responsibilities.

• (1540)

In particular, in countries such as Burkina Faso, in which the history of large-scale mining is still young, governance capacity-building should be centre stage.

However, mining companies that have to be authorized and monitored by that same state cannot do this. Support for institutional capacity-building should be organized in bilateral public-public partnering. In this light we have to ask whether the current forms of partnering between CIDA, NGOs such as Plan Canada, and mining companies do not risk being counterproductive. If institutional development is the central goal, these partnerships may blur boundaries, responsibilities, and identities even further.

So far I've argued that mining companies should keep a distance from responsibilities assigned to public authorities of the host state. In what follows I will emphasize that such a distance should be matched by the closest possible commitment to their responsibility in and for the local setting in which they operate.

Now I'll turn to my second point, which is the relationship between mining and economic development. Here I will turn to the partnerships in Burkina Faso and in Canada.

The partnership of CIDA, Plan Canada, and IAMGOLD in Burkina Faso and the public-private partnership in Ghana deserve to be elaborated upon, but for time reasons I will confine myself just to the latter.

In Ghana, CIDA works together with World University Service of Canada and Rio Tinto Alcan in a project to train community members to strengthen governance structures. In the meantime, however, the Rio Tinto Alcan mine associated with this project was sold to a Chinese company. In a question and answer leaflet given out by the World University Service of Canada, it is argued that this situation proves the partnership's integrity. It states that Rio Tinto is no longer working in Ghana and does not stand to profit financially from its support to this project. However, this situation implies that the current partnership is disconnected from responsibilities directly linked to the mining operation, which is now in new hands.

This broadening of involvement—

The Chair: I'm sorry; can we get you to slow down just a little again?

Dr. Sabine Luning: Oh, I'm sorry.

The Chair: You were doing well, and then you speeded back up. Thanks.

Dr. Sabine Luning: I'm going to slow down a bit.

The broadening of involvement in development initiatives is risky. This situation of partnership creates a disconnection from the responsibilities directly linked to the mining operation, responsibilities that are now in Chinese hands. This broadening of involvement in development initiatives is risky. It adds to vagueness about responsibilities and it allows companies to move away from commitments related to their mining operations.

We should not forget that CSR was primarily developed as a response to resistance against mining operations. Loss of livelihoods, ways of life, and threats in local communities triggered resistance, and CSR was a response to this. CSR is an acknowledgement that companies have responsibilities beyond their employees; they are also responsible for people who may be negatively affected by mining operations. Issues of compensation, redistribution of wealth, and offsetting are based on the idea that mining inherently disturbs social and ecological environments. It's the company's responsibility to mitigate social and environmental damage caused by its operations, a responsibility that I think should be mandatory, regulated, and monitored.

The public-private partnerships should not open doors for mining companies to walk away from these on-site responsibilities. Therefore, I would like to argue that the goals set by the public-private partnership can be achieved only by, first, assigning the different partners clearly distinct tasks and responsibilities, and second, maintaining an awareness that the first job is to prevent resource curse and negative adverse effects.

The goals formulated by the Canadian public-private partnerships set pertinent benchmarks for this task. CIDA has singled out three areas of intervention: children's rights, food security, and livelihoods. These goals imply that companies have to organize mining without menacing local food security and livelihoods. This makes land use into a major issue. In a poor and largely rural country like Burkina Faso, food security and livelihoods are primarily related to agriculture, rearing of livestock, and artisanal mining.

I would argue that Canadian mining companies such as IAMGOLD and SEMAFO take their responsibilities for their mining operation as their main focus for development targets.

In the mining operations of both these companies in Burkina, lessons can continue to be learned. In 2008, SEMAFO paid cash to compensate farmers for loss of agricultural lands. How this has changed the subsistence economy and the social relations within communities made headlines at the time. SEMAFO did abide by the rules, but these rules need to be looked into.

The report of 2002 by the MMSD warns of the negative effects of monetary compensation for land—unsustainability of livelihoods and social relations. For instance, these cash inflows have adverse effects on the position of women.

I think development efforts of companies should remain focused on on-site subsistence issues, with food security and livelihoods as a benchmark. "Land matches mouth" in countries like Burkina.

Of course, mining operations also generate jobs and can create livelihoods beyond the traditional subsistence activities. Indeed, with about 2,200 employees, the IAMGOLD mine is the biggest private

employer in Burkina Faso. Moreover, the company has initiated activities for market gardening.

However, this did not prevent tensions building up around the mine. Just this week the roads to and from the mine were blocked by youth demanding that IAMGOLD live up to the job promises they made.

I am fully aware that these issues of job promises are complex, but they show the importance of firm commitments and strategies in the field of job creation and procurement. Local populations and national host countries rightly demand that mining have a tangible link with development. In my view, this gives all partners involved a strong incentive to urge mining companies to stay put, so to speak, and focus their efforts on land issues and economic spinoffs directly linked to the site where they mine.

• (1545)

I'm particularly concerned that the current trend for Canadian public-private partnerships, together with a broadening of a form of offsetting, may allow for moves away from the real tasks, responsibilities, and sites of social and environmental challenges.

In conclusion, I recognize that currently public-private partnerships are only part of the CSR programs of companies. In fact, the amount of company money involved in these initiatives is rather marginal. These initiatives are, however, presented as a trend for the future. With that in mind, I've tried to argue that the new public-private partnerships risk blurring responsibilities. Moreover, responsibilities of mining companies risk becoming disconnected from the sites and issues that really matter to local populations.

The new public-private partnerships should not lead attention away from two central tasks, one for public actors, the other for private enterprise. For the public actor, the Government of Canada, the tasks should continue to be focused on bilateral public-public partnerships that are crucial for institutional development, in particular in young mining countries such as Burkina Faso. For the private enterprise, for Canadian or other multinational large-scale mining initiatives, the focus should be on proper processes of negotiation with local populations and a focus on social and environmental mitigation in order to prevent economic exclusion and development deficits.

Thank you.

• (1550)

The Chair: Thank you very much. We're going to start with the....

Go ahead.

Mr. Jean-François Larose (Repentigny, NDP): I just wanted to know if the guest has translation.

Dr. Sabine Luning: Yes, I do have translation.

The Chair: Thank you.

We're going to start with the opposition. Ms. Sims, please, you have seven minutes.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): I want to thank you for taking the time to share your trip with us, especially this late into the evening. I also want to thank you for the very reflective and informative presentation that you have made to this committee.

I heard you talking about the need for that separation between the public and the private that is necessary if we are not to blur the lines between our developing of institutions and building capacity in governments, compared to our need to invest in order to mitigate social and environmental harm that could occur or the enrichment that we need to do in order to diversify.

On February 29, 2012, Anthony Bebbington appeared before this committee. He stressed that any effort made by mining companies to foster development cannot simply focus on projects and must focus on institution-building and regulation. Do you agree with this statement?

Dr. Sabine Luning: Well, I agree with the fact that we should not equate development with simple projects. We should, indeed, look at development as a part of a wider social process. That's also something that Professor Bebbington emphasized very strongly in his comments and statements to the committee.

Of course, I do agree that companies should sit together to organize frameworks like the EITA, the extractive industries transparency initiative, and sit together with multilateral organizations, as well as governments, in order to set up frameworks. That is also in Burkina now visibly having an effect.

In that sense, I would agree with Professor Bebbington that these initiatives playing out in Burkina Faso at the moment put some pressure on the Burkina Faso government. I said earlier that Burkina Faso is to, a certain extent, a difficult country to work in due to patrimonialism and elite networks.

Ms. Jinny Jogindera Sims: Thank you.

I'm going to carry on, because we have very limited time.

Dr. Sabine Luning: Okay.

Ms. Jinny Jogindera Sims: One of the things that Anthony Bebbington said, and I think you alluded to it too—though not that issue of the need to separate the public and the private, and also the need for the public-public partnerships in order to grow institutions—was that a Latin American minister told him, “I don't know if Canada has been quite so discredited in its history.” Another official told him, “As far as I can tell, the Canadian ambassador here is a representative for Canadian mining companies.” You alluded a little bit to that need for separation.

In your opinion, what are the most important measures or actions that should be taken in order to ensure that mining activities contribute to the economic and social development of the regions where these activities take place? Is there a logical or specific order or sequencing in which these activities or measures should be taken?

Dr. Sabine Luning: It's not so much in terms of sequencing as it is in levels, I think. I would absolutely, if mining is to contribute to development, insist upon my second point: first of all, mitigation.

Before we start talking about development, we have to ensure that companies are organized in such a way that they can prevent damage, right? I think on that level, that is the first step to be taken.

I think the second issue, also alluded to by Professor Bebbington, is that we should look into the fact that the streams of money that come into the country—and in a country like Burkina, quite massively now—are organized by state organizations in such a way that they set up proper public institutions and benefit the population.

In that respect, strong regulation of mining companies to control them in their activities, with a strong framework and control on the host country on the other hand, would make sure that the revenues coming in, which are quite massive, can enter into the public domain properly.

• (1555)

Ms. Jinny Jogindera Sims: I think there is agreement that what we're all looking for is long-term sustainable development.

Dr. Sabine Luning: Of course. Yes.

Ms. Jinny Jogindera Sims: It is in long-term sustainable development, as you will know, that the public sector, like CIDA, has a critical role to play. How important are both capacity-building and regulations for achieving this long-term sustainable development?

Dr. Sabine Luning: I think they are very important.

Also, let me make clear that I'm arguing for the separation of tasks, right? I'm not arguing against some of the tangible development projects that are now being carried out. Indeed, I was referring to the initiatives being taken in Ghana as an example. For instance, WUSC is now working toward training people for community representatives and governance structures; that is exactly the sort of initiative that is necessary if we want to work towards more sustainable development as a spinoff of mining.

I'm not arguing against the type of activities being proposed there, but I'm arguing that it might be very sensible to not have this blurring of partnerships that occurs when the tasks of mining companies, NGOs, and government and CIDA are mixed together.

Indeed, I think what is happening in Ghana could be a very good example of an activity that could take us further into a proper way of organizing mining in a sustainable way by organizing civil society also in its capacity to negotiate.

Ms. Jinny Jogindera Sims: Okay. Thank you.

One thing you have clarified for me very clearly, and have reinforced, is the need to keep separate the mining interests from building institutions and building capacity. You don't want there to be that kind of pressure or conflict that could develop there, because it could be seen that people are being driven into...or institutions are being developed only to serve the mining company.

I like the way you explained all of that, and the need to have distinct tasks with clear lines. I especially liked your comments about land use. As you know, monetary compensation is not always enough, because land use and food security, and also developing a diversity of industry, become really critical.

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

Ms. Jinny Jogindera Sims: Thank you.

Dr. Sabine Luning: Thank you very much.

The Chair: We're back over to the government side now, and I'd like to welcome Ms. Brown.

You have seven minutes.

Ms. Lois Brown (Newmarket—Aurora, CPC): Good afternoon, Dr. Luning, or rather good evening, where you are.

Dr. Sabine Luning: Good afternoon.

Ms. Lois Brown: Thank you very much for your commentary today. I really appreciate it.

With the exception of Mali.... I have been in Burkina Faso, Ghana, Togo, Nigeria, and Benin. I've spent some time there. As part of the Canada-Africa parliamentary delegation that went there, I had the opportunity to visit the Essakane mine in Burkina Faso.

I'm going to refer to a report that was tabled in the House of Commons a year and a half ago. I'm going to commend that to the committee. I know it's been written in both official languages, Mr. Chair, so I will ensure that copies are spread.

We had the opportunity to visit with President Compaoré and have a lengthy discussion with him about the things going on in Burkina Faso. With regard to the \$450 million investment that IAMGOLD had made in Burkina Faso, he told us, first of all, that they had found suitable conditions to invest. He said that procedures had been cleaned up and a framework had been arranged to encourage that kind of investment.

We also had a meeting with the Minister of Mines, Quarries, and Energy, His Excellency Abdoulaye Abdoukader Cissé. He told us that the country had gone from issuing 12 mining permits in 2000 to 430 mining permits today. Canadian companies lead with 15 permits, and they have seven mines in production.

During our visit to the IAMGOLD mine, we were told that the mine is 90% owned by IAMGOLD and 10% owned by the Government of Burkina Faso, so when we're talking about capacity-building, what I saw that IAMGOLD had done there was nothing short of remarkable.

In order to accommodate the people of the village of Essakane, they purchased property, and the Essakane community participated in that discussion. They have built a whole village. The most important thing I saw that they had done was to build slab-on-grade foundations for the residents to have their homes built on. That meant they were no longer confined to spending much of their day rehabilitating their houses; they had time for more productive activities.

We learned that there are now some 1,800 contract workers. Priority is given to local hires. Over 1,000 young people have been trained in areas such as construction, carpentry, welding, and plumbing. Mr. St-Pierre, who gave us the tour of the mine, pointed out that as a result of the demand for skilled workers in the mining industries, salaries for them are higher than the national average. Whereas the average salary in Burkina Faso is \$1,200, workers at the mine are paid between \$4,000 and \$30,000, depending on their

trade. They're giving literacy programs. We saw the hospital or clinic and the skills training facility they've built.

In building public-private partnerships with these corporations, first of all the country is not only getting tax dollars from the corporation itself but is now able to get tax dollars from the individual workers who are now contributing to their country.

I saw some remarkable things in Burkina Faso. It gives me great hope for that country and for their process in becoming an independent, self-reliant country. They're still looking for CIDA involvement; I know that. I think Canadians would relish the opportunity to help with that capacity-building, because we see real results happening there.

Do you have any comment on that?

• (1600)

Dr. Sabine Luning: Thank you very much for your description of the visit to the IAMGOLD mine. Of course I'd like to comment on it.

First of all, I think I would support a lot of the initiatives you are referring to. I've argued very strongly that mining companies have a very strong commitment to on-site mitigation. I think that IAMGOLD, in a lot of the examples you are giving, is doing jobs at the mining site. I think in that sense that a lot of things that have happened and that also have been reported on are going okay.

One of the things that is now appearing is that there is a lot of resistance still. It's not just simple, and we all know that. People from IAMGOLD must have told you how complicated the processes are, with the strong and fast influx of wealth. That's why I refer to the issue of compensation for land. These influxes of wealth have to be catered to. They may attract a lot of people to that place. That's why I'm saying that one of the things IAMGOLD has to continue to do is mitigation. Taking care of problems that occur is a continuing process.

They've now put in place facilities, which they've done well, and a lot of housing facilities. I'm familiar with that story. Reprom has done that for IAMGOLD. What you were just referring to is very well documented.

However, we should really bear in mind that this is the start of a big mine. There's a large amount of money coming in, and a big effort is made in the beginning to relocate people and give them compensation and new housing. However, I'm arguing that IAMGOLD should move away from doing general development initiatives that are portrayed as just doing altruistic things, such as the schooling of people. I'd rather see mining companies continue to monitor very carefully the processes around their mines, because problems will continue. It is a difficult situation that they have to address. That is something I want them to continue to focus on around the mine.

Now in the papers it's clear that there are big protests around the IAMGOLD mine. The mine is cut off at the moment, so cars can't get to it. That is an indication that social development will be accompanied by problems and inequalities. People from the mining company will have to continue to really focus attention on doing this in a manner that will not exclude large groups. That's why I'm emphasizing procurement. That's why I'm emphasizing job facilities around the mine.

Also, don't make promises you can't keep. That's why I'm insisting that these very vague sorts of associations of mining companies with development initiatives may also trigger expectations the companies cannot live up to. They should be very careful with that.

However, I'm not contesting a lot of positive news you're giving.

• (1605)

Ms. Lois Brown: Dr. Luning, I know we're out of time, but I just wanted to stress that President Compaoré told our delegation that Burkina Faso had a phenomenal relationship with Canada. Many Burkinabés have been educated in Canada, with many of them taking that expertise back to Burkina Faso. I think that's one of the most positive things.

The Chair: Thank you very much.

We're going to move back to the opposition side.

Mr. Eyking, you have seven minutes, please.

Hon. Mark Eyking (Sydney—Victoria, Lib.): Thank you, Mr. Chair, and thank you, Dr. Luning.

I myself am the son of Dutch immigrants, and I always admire Holland's international influence, for such a small country and population. It seems to engage its public very well in participating in international initiatives. I admire your country for doing that.

What we have here with the present government is a shift. We previously had hundreds of NGOs, and now there are going to be a lot fewer carrying the ball for our international aid. As we see, we're embarking on using more companies and mining companies to carry that ball. That's what our debate is all about here today.

At the end of the day, the nature of companies, especially mining companies, is to make a profit for their shareholders. Many times, it's a very fickle industry. Commodity prices come and go, and you have alluded to the fact that sometimes they are bought out by other companies, which could be Australian or Chinese.

There is concern about who is left holding the ball when they leave or go bankrupt. We have instances even in North America—in Canada—of companies having left communities with a mess or employees with no pension plan.

As we embark on getting companies to carry our foreign aid, what should we be watching out for? It's not just what we're hoping they will do, but they're dealing with the taxpayers' money. How do we set benchmarks for transparency? How do we make sure that if something goes bust—a commodity price or a company—and communities are relying on something to happen where land has been transformed for different things...? Should we not have our own watchdog to make sure that these communities are protected?

The worst thing is that some great big initiative might happen with this company—it all sounds good, and ribbons are cut—and five or ten years later there is a community sitting there asking what happened.

Dr. Sabine Luning: You're asking me whether this public-private partnership would not allow more control over companies. Is that what you're saying?

Hon. Mark Eyking: I'm wondering how we can make sure as Canadians that these communities are protected, if these companies go bust or are sold—something you alluded to—to a Chinese owner with a different philosophy on aid. Do we need to have these companies post a bond?

I'm just thinking overall. We've had this problem with pension plans from mining companies when they go bust. Now we have public money doing these initiatives. How do we protect the communities to ensure that they are being taken care of? Should there be a bond by the company to make sure they fulfill the commitment they said they were making?

Dr. Sabine Luning: There are the long-term commitments that companies have to make. One of the problems you see occurring in countries such as Burkina Faso is the contingency of the mining sector as such. I said in my introduction that I have been working particularly on Canadian exploration countries in Burkina Faso. We have known, in particular over the last few years, that this is a sector with a lot of failing and buying of companies and joint ventures.

This is a very tangible problem on the ground. Communities are confronted with an exploration company coming in and making big promises that they're going to build a mine and that the communities are going to get jobs and water facilities, etc. Of course, they only explore in the beginning, and then they may move on if they do not find any possibility to going to the stage of building a mine. That happens more often than not.

In that sense, I think you're very rightly pointing to the fact that the sector is one that has many changes and changeovers, in the sense that they make promises and then people just disappear, which I've seen happening a lot, and they don't know where they have gone. Then another company comes in at one point and starts making new commitments, but perhaps to the neighbouring village. You can see all sorts of conflicts easily building up.

In that particular context, I think it's very important that companies that enter a particular site and make promises should be controlled, or at least should formulate what these promises are and should be able to live up to them. That also refers to what will happen after they leave. There should be something like a rehabilitation bond or an institutional way of organizing things such that it is assured that livelihoods that were there prior to their arrival are still in place or at least guaranteed after they're gone.

I think that would be a very good—

• (1610)

Hon. Mark Eyking: Doctor, I'm sorry, but I have one more question for you. It deals with companies.

We can only expect so much from them because they're mining companies—

Dr. Sabine Luning: Exactly.

Hon. Mark Eyking: —but dealing with the governments at hand, Botswana, I hear, is doing a fairly good job of getting the royalties from their mining and investing back into their communities. How do we create that bridge between new governments that are coming into democracy and encourage better governance in these countries so that the royalties from mining could be used for the public good?

Do you see examples? We can only ask our mining companies to do so much if they're embarking on this. Should we play a role in that as a government?

Dr. Sabine Luning: I think so. I think that's why I'm insisting that the environment has to improve.

Of course, we know there are many conflicts, including examples in Burkina Faso. I've just heard President Compaoré being mentioned, but of course he is also identified as being a dissenter of what is called the hegemonic government.

In that sense, I think there is a very important task for the government to reinforce and connect with the government in Burkina Faso to see if you can put in place a better framework and ways of monitoring and organizing the commitments that companies engage in with communities, as well as monitoring the government itself so that it is working better and more efficiently—not embezzling, but locating money where it should be—

Hon. Mark Eyking: But CIDA would have to have a hands-on approach to make this happen.

Dr. Sabine Luning: Pardon?

Hon. Mark Eyking: Canada would have to have a hands-on approach and make sure this is happening. You couldn't just totally rely on the mining companies to make—

Dr. Sabine Luning: Exactly.

In my presentation, I really tried to insist that it is very important for the companies to do the job right at the sites where they operate, and to be careful and be aware that they are working in an environment that is very often difficult to operate in. They should stay away from tasks that should be done by the government. That's what I'm trying to argue is a task for the companies.

The Chair: Thank you very much.

Dr. Sabine Luning: On the other hand, there is indeed a task for public-private partnerships and bilateral partnerships in order to reinforce the institutional capacities of the host government that has to manage the companies and also operate itself in a better way.

The Chair: Thank you, Doctor. That's all the time we have for this round.

We're going to start our second round, which will be five minutes of questions. We will go back to the government side and Mr. Van Kesteren.

• (1615)

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):
[Member speaks in Dutch]

Just for the benefit of everyone, I was just saying that I too have Dutch heritage, but I was born here.

I appreciate your testimony and I find it very interesting. There is something that needs to be stated, and we have to keep our eye on the ball, as we say here: to my knowledge, at least, governments—and, you may argue, possibly socialist governments or communist governments—have never produced one cent of wealth. It's private industry that does produce wealth.

In this country we have a grand tradition of extraction and mining. We are, I think, foremost in the world. We've proven that we're very good at this. We have a particular company, Talisman, that once was extracting oil in the Sudan. I'm sure you're aware of it.

Dr. Sabine Luning: Yes, I've heard of it, for sure.

Mr. Dave Van Kesteren: Under enormous pressure from a number of groups, that company folded up their tents and went home, and today the Chinese have filled that gap.

The reason I say this is that we must recognize that extraction is going to happen. We must recognize also that the idea of companies using what we call a “social conscience”, a new term that's developed in the last 20 years possibly, is something new, and it has been evolving. I would argue that it has been evolving at a very positive trend.

The other thing I would argue is that free societies like ours and yours do a much better job at developing resources and making a positive contribution to society.

The other thing that I think needs to be pointed out is that we often forget, coming from Europe, how civilizations are carved out. We don't forget that here in North America, because we see the wilderness, the hinterlands, and we see how the loggers came in first and were followed by the settlers and then, after the roads had been built, by industry. That's a normal procedure. I think what we've experienced in North America is being experienced today in a lot of the third world countries. Fortunately, the countries and the nations that have the greatest control demand that we do it at a level that is beneficial to those in those third world countries.

Having said that, I just want to remind you exactly what we're doing here. How can we, as a government—foreign affairs, in this particular case—help other countries? We all agree around this table that we want to better the lives of the people in those third world countries. What is the best way to do that?

Would you agree that the free societies—and notably, I think, Canada—are in a much better position to do that than societies that don't have that freedom? I speak specifically of China.

Dr. Sabine Luning: I'll answer the question, but first, with regard to Talisman, I think what actually happened in that case was at the time very specific.

In fact this company was Canadian, but it had its home, by the way, in Amsterdam. It had a subsidiary in the Netherlands. Talisman was indeed put in a certain position and pushed, through Canadian choices and ethical standards, to move out of Sudan, and I think Canada can congratulate itself that it has done that. That is exactly the sort of accountability that Canada and society should ask from their companies, and they should withdraw if at any point they operate in a setting in which they can only be contaminated by, or implicated in, violence and civil war.

It is a fact that afterwards another company may come in, but I think you should be very careful not to lower standards—human rights standards as well as livelihood standards—just because others would not have those standards either. There I would just say—

● (1620)

Mr. Dave Van Kesteren: I have to interrupt, because we have a very strict chairman.

The Chair: Actually, your time is up. I apologize.

We're going to go to Mr. Larose for five minutes.

[Translation]

Mr. Jean-François Larose: Thank you, Mr. Chair.

Ms. Luning, thank you for your participation. Your presentation was most interesting. What struck me most was balance. Also, the recognition of the importance of government, social stakeholders, citizens, non-profit organizations and also the mining companies, who do contribute something.

I also appreciated the aspects you raised when you mentioned state discipline. You also mentioned institutional responsibility and a very clear division of tasks.

When I look at the direction that CIDA has taken so far, I am quite concerned. When the minister testified here, she mentioned she was considering other avenues, which is quite laudable, because I believe one must always have an open mind and listen carefully.

That being said, let us take the example of an organization that has been working on sustainable development for several years and which lost its funding overnight, without reason: I am talking about Development and Peace. We do not understand. It is worrisome to have a government that mentions that mining companies should play a bigger role, which does not seem to match the principle of balance. Especially since each country has its own particularities. Citizens know what they need. There is a long history of problems with many mining companies in our own country, and we are very democratic with respect to regulation.

Would you have any comments about this? Have you any other examples of countries in which mining companies have taken up a bit too much room and where such a balance does not exist? What were the negative consequences?

[English]

Dr. Sabine Luning: You're asking me to give examples of where it did not work at all, and mining companies got so much leeway that —

Mr. Jean-François Larose: I don't know if the translation was good, and I'm bilingual.

What I'm asking for are specific examples of where balance did not exist and the mining companies ended up having more than they should have had. As well, what were the negative impacts?

Dr. Sabine Luning: I'm not sure I can answer that question right away, because in many countries, in the current moment, mining companies have a lot of room to manoeuvre, and that is one of the things we should point out. That's why I have argued very strongly for this separation.

In many countries that are now liberalized, we see that certain mining codes that have been introduced have been taken from mining company examples or have been informed with the help of mining companies. In many more situations you could say that the balance is on the side of the mining companies already, because they have played a large role in helping to set up the legal frameworks within which they operate.

That's why I think it's so important to stress much more separation between these tasks: it's because we've seen, even in a formal way, so much blurring of influence, and that has set the balance to the advantage of the companies at the expense of other public interests.

Is that a good answer to your question?

Mr. Jean-François Larose: Yes, thank you very much.

I'm going to pass my time to my honourable colleague Hélène Laverdière, Mr. Chair.

Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP): Thank you very much, Mr. President.

Thank you for your presentation. Unfortunately I missed part of it, because I had other commitments. I have already had a report that it was very interesting.

I have two questions for you. We often hear some of our colleagues around the table here, or otherwise, saying that what is key is that you increase the revenues for the states, both revenues from mining companies and tax revenue from people working at the mining companies. To me it gives the impression sometimes that it's like throwing money at the problem and thinking that the problem of underdevelopment will be resolved by throwing money at it. I'm quite skeptical about that. Examples such as the Congo make me wonder. I'd like you to comment on that.

I have another question, which is more of an economic question. Are there developing countries that run the risk of suffering from the famous Dutch disease?

● (1625)

Dr. Sabine Luning: Of course. Let me answer the first question.

You talk about the Congo. I have already alluded to Burkina Faso, which is a very different country, but which also has certain problems to which money is not always a solution; rather, it can be a problem. That's why I've insisted so strongly that revenues and taxes can be better negotiated.

Indeed, if there are trends towards higher prices for minerals, then of course I think the division should be better and the host country should benefit. In order for that money to arrive at the right place, you need proper institutional capacity-building. That's what I've emphasized very strongly.

Of course, there is this issue of the Dutch disease. This is one of the things that was also very strongly addressed in the Haglund report that I mentioned at the beginning of my presentation. It is very difficult for countries such as Burkina Faso, with a sector that is currently booming very fast and substantially, to not have these effects on other parts of the economy.

I think Professor Bebbington, in his statement on February 29, rightly emphasized that you should not take development to be just a project, but look at the larger picture and the larger institutional activities. In that sense, I think some of the initiatives now being carried out by Canadian NGOs to set up training to see if there can be spinoffs of the mining revenues into other parts of the economy are crucial.

In that sense—in economic terms as well—there is a lot of work to be done to make this into revenues that contribute to the public good and to other parts of the economy, to make it into a poverty reduction exercise rather than just increasing inequalities.

The Chair: Thank you very much.

We're going to move to our last questioner of today, Ms. Grewal.

You have five minutes.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Dr. Luning, thank you very much for agreeing to speak to our committee and for sharing the knowledge you gained from your research.

I understand that for 15 years, large-scale mining companies have started engaging in corporate social responsibility with the aim of contributing to developing local communities affected by their operations. Correct me if I'm wrong, but you have suggested in your work that frameworks for corporate social responsibility fail to incorporate structural features of social processes.

Could you please expand on this point in layman's language? Thank you.

Dr. Sabine Luning: Thank you very much.

This is an important question. What I have indeed stressed very strongly today is that perhaps CIDA should first of all cater to contingencies around the mining site.

I'm very strongly insisting on that. The reason is that mining has effects on livelihoods, because it's a form of land use that may be conflicting or competing with other forms of land use that already exist.

In that sense, I want to come back to one of the comments made earlier about settlers and the way extraction has been important in Canada. I do think we have to be careful when we make these analogies, because in Burkina Faso and other west African countries, the land is full of people and the land is being used. It's not a frontier where mining enters into an empty land; it's already occupied. In that sense today, I really stress that CSR should first all cater to a proper way of dealing with these land use issues.

Of course, in addition to that, I think it would be very important to try to see if, in a more structural way, mining can contribute to wider economic growth. I think that on the issue we were talking about—Dutch disease—and spinoff into other sectors, I can see that mining companies could work towards initiatives.

I think some of them are already doing that, working towards job creation. In particular, procurement is very important in that respect. We have to see that the spinoffs from mining itself enter into other economic sectors and activities that would benefit nationals in the country.

That's why I think those are two issues CSR should focus on for the companies.

• (1630)

Mrs. Nina Grewal: For some time, the committee has been investigating the role of the private sector in achieving Canadian international development interests.

Professor Luning, you discussed in some of your research projects that African societies have been completely dependent on technology that has affected all forms of daily life. This technology is essentially foreign in origin, and this technology that mining countries use for the extraction of their desired resources has come to shape many forms of social interactions in the various communities.

Can you please elaborate on how societies that rely on mining companies and their technologies are negatively affected by these technologies that are meant to guide them?

Thank you.

Dr. Sabine Luning: I have been involved in research, but I didn't want to suggest that technology always comes from elsewhere. On the contrary, we've been working on a research project in which we've seen the inventiveness of technologies within Africa and by Africans.

In the field of mining, it is interesting that some of the technologies used in large-scale and middle-scale operations can be not just competitive but can also complement one another, and that is an issue that we should all think more about.

That is a field that I've been doing my own research on. Sometimes these forms of mining are seen as completely contradictory. I would argue that since livelihoods are at stake, we should pay much more attention to assigning ore bodies and deciding what ways of mining are best suited for particular parts of the ore bodies. We should also take into account that large-scale mining can take place in certain areas of the ore bodies, whereas additional mining or mid-scale mining can take place in others. I think there are complementarities to look for that would also open up room for more forms of livelihood from additional small-scale mining.

Burkina Faso is a country that could help us, because Burkina Faso has a regulation that is making it possible for artisanal mining to be legal. There is a lot of work to be done, but large-scale mining, or Canadian mining, does not necessarily have to drive out other forms of mining; it can be performed next to it or in addition to it.

The Chair: I think Madam Groghué has one quick question before we—

[Translation]

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

Good afternoon, Ms. Luning, and thank you. You stressed the importance of maintaining public bilateral agreements with respect to development in general, and specifically in Burkina Faso since this is a sector that you are very familiar with. You also stated that private projects must be regulated and you emphasized the importance of regulation. Do you have a legal framework that you could propose to this committee? How could that legal framework be set up?

[*English*]

Dr. Sabine Luning: I referred to the 2002 MMSD report, in which there are good examples of frameworks. It was put together through many years of effort. We see 10 years later that some of these elements are still there—I'm thinking in particular of this issue

of regulating compensation for land use in a better way—and are still not being picked up. I'd refer you to that particular report.

As well, something we could all do is make better use of the knowledge that is currently being produced—not use it as paperwork, but translate it into action.

The Chair: Thank you very much, Doctor. We appreciate your staying up late at home to talk to us. With that, we're going to adjourn the meeting for a time.

Thanks, Doctor.

[*Proceedings continue in camera*]

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