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Chair

Mr. Dean Allison

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● (1530)

[*English*]

The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)): Pursuant to Standing Order 108(2), our study on the role of the private sector in achieving Canada's international development interests will continue today.

I want to say thanks to our guests for being here.

We've got Bonnie Campbell, who is a professor for the Faculty of Political Sciences and Law at the University of Quebec in Montreal. Bonnie, welcome, and thank you for taking the time to be here today.

And then we've also got Nolan Watson, who's the president and chief executive officer and founder of Nations Cry, but also representing Sandstorm Gold and Sandstorm Metals and Energy Ltd. Nolan, welcome to you, as well.

Why don't we just get started?

Bonnie, if you'd take the first ten minutes or so, then we'll move over to Nolan, and then we'll have the members ask some questions in follow-up. That will round out the hour.

Ms. Campbell, I'll turn the floor over to you.

Dr. Bonnie Campbell (Professor, Faculty of Political Science and Law, University of Quebec in Montreal, As an Individual): Thank you very much for the opportunity to address the committee. Greetings to you.

My contribution will be centred on the relationship between mining and promoting economic and social development. It draws on several decades of research in this area. It draws as well on my participation as a member of the advisory group to the national roundtables in 2006-2007 and as a member over the last four years of the international study group named by the Economic Commission for Africa, which in December 2011 put out a report, to which I will refer, called *Minerals and Africa's Development*.

I will say at the beginning that my brief presentation will make three points and come up with six recommendations. There's a text I brought, in English and in French.

First, I would like to question a central premise of much of the ongoing discussion. The thinking and strategies, whether abroad or in Canada, concerning developing mining activities have rested on a hypothesis that the investment in the mining sector will drive growth, which will bring development and reduce poverty. In Canada this problematic assumption is illustrated by what Mr. Pierre Gratton wrote:

> Long-term sustainable growth and prosperity are driven by the private sector, and forward-thinkers in the development aid policy field recognize that the effectiveness of aid can be enhanced when aligned with private sector investment.

This affirmation is at the root of the erroneous formulation of arguments put forward to justify certain strategies. It illustrates a lack of awareness of important debates going on, notably in Africa. And more deeply, it suggests a clear misunderstanding of what is at stake when one faces issues related to international development.

Let's begin with a fact. Investment in the private sector of itself does not translate into sustainable economic and social development. There is in fact no historical example anywhere on earth where sustainable growth, social and economic development, and poverty reduction took place through private investment in the absence of appropriate public policies and state interventions needed in order to plan, to regulate, and to monitor investment so that the presence of private investment would be harnessed to meet development objectives determined by the countries themselves.

My second point is that it is essential that Canada be listening to where policy discussions and proposals are at now in Africa. If we're concerned about the policy relevance and effectiveness of current Canadian initiatives with regard to mining and development, it is absolutely essential to pay attention to the recommendations coming out of leaders and experts on the African continent, and notably the economic commission.

What has the commission been saying? One thing is that the problems confronting the field of natural resource development 30 years ago are very much present today—that is, the colonial “enclave nature” lack of local transformation. Consequently, past strategies are now outdated—inappropriate in the present context because past strategies have failed to deliver development. What is needed is a fundamental change of paradigm.

But there's more. The manner in which the mining sector was opened up to investment has brought stringent forms of liberalization. But more than the disappointing results with regard to development, it has brought a stringent withdrawal of states, a transfer of what were considered state functions to private actors. Whether service delivery, clinics, schools, roads, security, or rule-setting implementation, what used to be of the state's domain, we now are looking to companies. This pattern of sidestepping the state has created many problems, not just for the development of communities, but for companies and for the countries themselves.

For companies, because of this transfer of responsibility, it has blurred the lines of responsibility and accountability between companies and countries. It has left communities looking to companies. It has created weakened states, incapable to monitor, incapable to do follow-up, and in case of conflicts, companies and communities are pitted against one another.

● (1535)

This sidestepping of the state, by suggesting companies can gain better social licence or legitimacy for their operations by offering social services, runs the risk of undermining—and this is a key point—a precondition for building responsible governments and the basis for democratic practices; that is, the need for governments to offer social services to their populations and to be held accountable by their populations.

The heritage of these past patterns, deficient development implications, and asymmetrical relations between companies and countries is now contested on the African continent. Thinking now is that mining must be driving industrialization. Nowhere on earth is there historical experience of industrialization without appropriate policies.

The Economic Commission for Africa in its report talks about building linkages and pushing regional integration. None of this, of course, is the domain of companies. The model of the past, driven by industry, is considered outdated. Policies now are calling for more strategic intervention of the state.

I'll now speak on Canada, which is my third point. How are we contributing? Where are we in this conversation about the mining sector's contribution to development?

Current partnering strategies of CIDA, which propose to use aid budgets to reinforce corporate social responsibility, run the risk of further blurring lines of responsibility and accountability, and aggravating problems of legitimacy for companies. Such externally initiated CSR strategies could reduce the motivation of governments to fulfill their responsibilities. This is what the Economic Commission for Africa is saying.

At present there is not sufficient coordination between state planning and investment and corporate strategies. There are many grey areas, which make it very difficult to monitor to know who is bringing what, under what terms, and how this can be evaluated. So before companies go in, there must be appropriate frameworks in place.

I will conclude very briefly with three recommendations that summarize more generally what I have said.

First, it is absolutely urgent and essential that in Canada we distinguish between policies that promote commercial and economic interests—CIDA's mandate—and those that promote sustainable development. We should be looking at and listening to what is coming out of the African continent. It is imperative to make sure that CIDA's mandate is aligned with what African leaders of the United Nations Economic Commission for Africa and the African Union are calling for.

Another key point is that everyone here recognizes that Canada is a leading country in terms of the number of mining companies, not only in Africa but in Latin America. But to date—and this is extremely important—we do not have mechanisms to monitor the behaviour of the companies. Sweden does, Norway does. I could speak of that.

The present situation is very problematic. Companies are going into situations where there are not necessarily frameworks in place. There's not the capacity to enforce. There's likely to be ambiguity about responsibilities, and there is every possibility—we know this is going on in many corners of the world and in increasing numbers—of violent conflicts taking place.

I can give you examples that I know first-hand. I have studies from Africa where I have been. I can also give you examples of where this is happening in Latin America, Colombia, Peru, and Mexico. You know these. These are not individual cases; these are systemic problems, because there are structural origins, and Canadian responses at this point are not at all adequate. In terms of what this means for Canada's reputation, we are now being faced with mounting accusations of violations with no mechanisms to follow up on these problems.

It is absolutely indispensable that we have an overall framework and strong mechanisms to monitor behaviour, to ensure compliance, and to ensure that the obligations are respected. Canada's reputation depends on this.

I could develop more if there are questions on these points.

Thank you.

● (1540)

The Chair: Thank you very much, Dr. Campbell.

We're now going to move over to Mr. Watson. Thank you for being here. The floor is yours. You have ten minutes, sir.

Mr. Nolan Watson (President and Chief Executive Officer, Sandstorm Gold & Sandstorm Metals & Energy Ltd.; Founder, Nations Cry): Thank you very much, honourable members of Parliament and ladies and gentlemen. I am humbled to be here before you today.

I would like to give you a bit of background on myself. I'm the president of a small charity that's building and operating schools in Sierra Leone. I'm also the president and CEO of a mining company that has investments in North America and South America, and although I've been recognized as one of the top 40 under 40 in Canada for my business achievements, most people don't know that my business career actually almost never got started in the first place. I went to drop out of university to become a humanitarian while I was in the faculty of commerce at UBC, but fortunately I learned something before I did. What I learned is what I want to talk about here today, and that is that business, if conducted properly around the world, can be more effective in alleviating poverty and accomplishing our international development goals than charity can or government can.

Over the last number of years I have actually seen this first-hand in Sierra Leone. There are hundreds, and potentially thousands, of not-for-profit organizations operating in Sierra Leone, as well as many government organizations from around the world. Yet in 2010 Sierra Leone's GDP was only $2.2 billion, which is very, very low. There are three British mining companies that are actually now going in and starting operations in Sierra Leone. Those three British companies are expected to take the GDP of Sierra Leone from $2.2 billion to approximately $8 billion, and those three British companies are going to alleviate more poverty and accomplish more development goals than any government organization or any charity has been able to do in that country.

As a result of that, I believe that the Canadian government should view businesses as a key to accomplishing our international development goals.

I realize I only have a couple of minutes here, so I'm just going to talk about two examples where I think we could potentially improve. The first of those is protection. With protection of our businesses internationally from foreign corruption and expropriation risks, our Canadian businesses can thrive. The second point is facilitation. How can we facilitate those Canadian businesses to accomplish our development objectives and—and this is an important “and”—have those businesses fund the majority of that development themselves, so the Canadian government doesn't have to do it?

Talking in a little more detail about issue number one, which is protection, in Sierra Leone, for example, if you're a Canadian company and you get approached by a foreign official and you get asked for a bribe, you have two choices. You can pay the bribe and go to jail in Canada, or you can lose your business and have your assets expropriated.

It's not a coincidence that those three companies operating in Sierra Leone that are going to change the country are all British. If you're a British company operating in Sierra Leone—their government is much more involved there, and IMATT is there—when you get asked for that bribe, you have a third option. You can go to those government officials, tell them what's actually going on—and this happens frequently. They know a lot of the senior government officials within Sierra Leone, and they'll go to them and work back channels and they'll say that so-and-so company just got approached, and we need to deal with this. So the issue gets dealt with before the expropriation happens. It's always easier to stop an expropriation than it is to reverse it once it has already become public.

There is one Canadian company I'm aware of that is operating in Sierra Leone. I'm sure there are more than that, but I'm only aware of one. A few months ago they actually did have their assets expropriated from them, ironically enough. I've been told that those concessions have now just been handed over to a Chinese company. The Chinese government is obviously very active in Sierra Leone as well.

The real problem from my perspective isn't the actual expropriations themselves. The real problem is actually the lack of businesses, or the businesses that don't get started up because of the risk of expropriation. So for every business that gets expropriated, there will be hundreds and hundreds of businesses that never get started in the first place, just because investors and business people are afraid that if they invest in a particular way in a particular country, they will have their assets expropriated.

For example, in the company I'm the CEO of, I would be willing to invest our company's capital in a British mining company starting up in Sierra Leone. I would not be willing to risk my company's capital investing in the start-up of a Canadian mining company operating in Sierra Leone because it is significantly riskier.

So on the issue of protection, just to be very brief, here's one idea that I have; it may be a good one or it may be a terrible one. It's the idea of starting up some form of business stabilization department in the Canadian government whose goal is to be there and answer the phone when Canadian companies encounter foreign corruption. Then the issues can be dealt with before expropriations and foreign corruption happen, so the Canadian companies feel they will be supported, and investors feel there will be support for Canadian companies when they make those investment decisions.

● (1545)

The risk is that if we don't do things like that, Canadian companies will choose to stay home rather than invest abroad. If those Canadian companies are going to be an important part of our international development goals, we need to support them.

I'll move on, in the interest of time, to improvement opportunity number two, which is facilitation to get companies achieving these development goals and paying for most of them. The Manning Centre completed a study last year that stated that the Canadian people are trusting the government less and less to accomplish objectives directly. Personally, I think we have a great government, and I don't think this is a reflection of this current administration. It's more a reflection of the general frustration with the inherently limiting factors of government.

I personally think it's because of something I've nicknamed the “Cathy principle”. Cathy is an orphan girl. She is a real girl. She is in Sierra Leone. Her mother died when she was three years old. Her father died when she was five. She was put into an orphanage at the age of five. For eight years she has been living in that orphanage, available for adoption. No one has adopted her. She's thirteen years old, and she has no parents and no future.

Last year my wife and I got permission from the High Court of Sierra Leone, and we became Cathy's guardians. We got permission from the Ministry of Social Welfare to bring her to Canada and to adopt her here. We bought a much larger house so that we would have an extra bedroom, because we already have two daughters and she would be our third. And it looks like we may not be getting permission from the Canadian High Commission to bring her to Ghana.

I don't raise this issue for personal reasons. I raise it to simply illustrate what I call the Cathy principle, which relates to decisions that should be very easy. Any person you talk to on the street would know what the right decision is here. But the reality, and I understand this and I am sympathetic to it, is that whenever government entities are involved in making decisions and become afraid of making the wrong decision, they become incapable of making the right decision. That is the Cathy principle.

I'll say that again, because I think it's an important principle. Whenever a government entity becomes too afraid of making the wrong decision, they become incapable of making the right decision.

The Cathy principle means that decisions that should be easy or no-brainers become very complex. It's because of this Cathy principle that our government needs to recognize the inherently limiting nature of governments, which hampers their effectiveness in accomplishing our international development goals directly.

The good news is that the Manning Centre also found something else. It found that Canadians are actually trusting our government more and more to act as a facilitator of these things we are trying to accomplish as a government. As a result, I believe and the Canadian people believe that the right role for our government is one of facilitation.

To that extent, the public-private partnership, the model CIDA has recently engaged, for example, in Burkina Faso, I believe is the perfect model the Canadian government should be trying to do more of internationally. Therefore, my strong recommendation would be that the government continue to explore and improve that public-private partnership model.

One way the government could improve that P3 model is to make companies feel as if they are getting a reputational benefit from the activities so that CIDA can extract as much money as possible from these companies. For example, if a P3 builds a vocational school, and the charity puts its logo on it and the Canadian government puts its logo on it, the reputational benefit to the company of being associated with that project is very valuable to that company. And I think our companies should be expected to pay for those benefits. By hiring a few senior executives whose sole role is to negotiate with companies, CIDA could potentially extract hundreds of millions of dollars of additional funding from companies for P3 projects.

On a side note, I know that the recent P3 in Burkina Faso has drawn some public criticism. The papers said that some people viewed it as government funding of social programs for a multi-billion-dollar company. I disagree entirely with that view. To the extent that the government can contribute less and can negotiate with the companies to contribute more, public opinion will back these more strongly, especially in the economic condition we find ourselves in today, with the government not having a lot of money.

With that, I want to conclude. We have the opportunity to protect our companies better to allow them to flourish internationally. We have the opportunity to facilitate to have them accomplish our international development objectives.

I think we have a great country. I think we have a great government. We have great companies. We have great charities. And I think we can change the world if we all work together.

Thank you.

● (1550)

The Chair: Thank you very much.

We're now going to start with members' questions. We're going to start with the opposition NDP.

Ms. Sims, you have seven minutes.

Ms. Jinny Jogindera Sims (Newton—North Delta, NDP): Thank you very much.

As I was listening to your presentation, Nolan, I really felt that some of the issues you raised about protection for companies and things—that maybe you should be before a different committee, talking about trade and things. The very sad story you told of a daughter you're trying to adopt should really be told before the immigration committee.

Today I really want to focus on our international development. It comes as no surprise to anybody here that, on this side of the table, the NDP feel very strongly that aid shouldn't be used to benefit profitable corporations or to finance activities they should be doing anyway, such as cleaning up environmental waste or training workers, or even investing in building the odd school there, or whatever you do. We believe the private sector can play a role in development, but we need to see transparency and accountability to make sure that these programs are reducing poverty in a sustainable way.

My question is to Bonnie. I think you would agree. In your presentation you warned that partnering strategies, such as the ones being pushed by our Minister for International Cooperation, run the risk of blurring the lines between public sector and private sector actors. We had a previous presentation on that, which highlighted the dangers of when the lines get murky and that intertwining happens. Could you expand on your critique of these partnering strategies?

Dr. Bonnie Campbell: Yes, thank you.

There is in fact a real danger that certain countries whose budgets are not sufficient to supply social services will not only be de-motivated but also very pleased to leave the room for companies or whoever, so this leaves an ambiguity in terms of who is responsible.

The Economic Commission for Africa has come out and said we're not completely.... Chapter 6 of their report is on corporate social responsibility, but before this goes ahead, there has to be a framework. There have to be public policies. For example, if a clinic or a school fits into a public strategy, that means that when the mine is finished, something will go on and there is public accountability for what's being created.

This is absolutely key. What we're seeing—from the standpoint of researchers and people working with the ECA—is that if you bypass local political processes, you are delaying bringing in governments that are going to be accountable to their people.

We have seen this for the last 20 or 30 years. So it is high time that people say that there is no reason on earth why the African countries should just be destined to export raw bauxite or raw gold. These resources need to be transformed locally. That implies strategies. That implies planning. That implies public responsibilities. And the mandate of our aid budget is to reinforce locally owned developmental strategies that are sustainable in the long term. So we have choices.

Unfortunately, we're completely missing. Canada is completely off the boat. In Australia and Europe, people are lining up to help the ECA. Canada needs to be on that page, not partnering with companies and NGOs that are going a totally different route in situations where there's not the monitoring, not the adequacy of doing the follow-up work and the evaluation. People we work with in Ghana say companies declare all sorts of things in corporate social responsibility. There is no way of checking what goes into CSR. There is no way a company is really going to tell what is going on, because there are no standards. These standards have to be locally owned. That process has to go on before we have this idea that PPP is going to be successful.

● (1555)

Ms. Jinny Jogindera Sims: Okay, thank you very much.

I have a subsequent question.

It's not a surprise to me that we seem to be supporting export of goods rather than developing the economies there, because we seem to be having a similar strategy for some of our own resources here.

Anthony Bebbington testified before this august committee a few weeks ago. He was told by a Latin American environment minister, “I don't know if Canada has ever been more discredited in its history.” Another official said to him: “As far as I can tell, the Canadian ambassador here is a representative for Canadian mining companies.” That gave me goosebumps that day. It really disturbed me.

Can you expand on the impact that this kind of cozy relationship with the extractive industry may have on both overseas development and Canada's broader foreign policy interests?

Dr. Bonnie Campbell: Absolutely.

I was struck, in two west African countries, to know that there were CSR people at our embassies and that these people were non-Canadian. When I tried to talk to them about the round-table process, they knew nothing about it. How can they be the spokespeople for Canada if they don't know? Who do they represent?

This question of mining policy becoming foreign policy.... Recently a journalist who was in Burkina Faso got in touch with me because he wanted to talk to people. I gave him names. I said to speak to the people at the embassy. He said that he wasn't allowed to speak to the people at the embassy. How are the Canadian people allowed to know what's going on? What are our policies if our journalists can't speak to the people at the Canadian embassy?

I will also share with you a personal story related to Canada's reputation, if I can. This is a difficult one for me. It is about our international reputation and what's going on. My life is full of stories, every day, from Peru, from Ghana, and from the DRC. I happen to have a son who is a young lawyer from McGill. He's in Colombia, and he's going around with other young lawyers about impunity. He went recently to a site, Gran Colombia Gold at Marmato. What happened there is absolutely incredible. A young priest was killed. People have been assassinated. Exploration was stopped because of local protests. This Canadian company is going to go on to another place, and there's going to be more violence.

What is happening to Canada? It's another generation, which is already picking up the mess in terms of human rights abuses, violations of the environment, etc. And we, of our generation, sit back, and we have no mechanisms for accountability for what our companies are doing. How long was this going on? In 2007 there was a report. In 2005 there was a report. We are still not even interested in holding our companies accountable for the most basic human rights.

The Chair: Thank you very much.

We're going to flip back over to the government side.

Ms. Brown, you have seven minutes, please.

Ms. Lois Brown (Newmarket—Aurora, CPC): Thank you very much, Mr. Chair.

Thank you very much for being here today. We appreciate your testimony.

Ms. Campbell, I guess we've talked to some very different people. I had a meeting with Dr. Ping of the African Union last fall, who indicated a considerable interest in developing economic ties with Canada. A couple of years ago I was in Zambia, and I had a meeting with the Minister of Trade and Industry, the Honourable Dorcus Makgato-Malesu, who said they were looking to sign a foreign investment agreement with Canada. I was in Ethiopia and talked to the Minister of State for Finance and Economic Development, and he too talked about developing considerable relationships with Canadian companies. We talked about the need for the government to guide private sector development and that there was a real need for that to happen.

I've had conversations with people from SADC, from ECOWAS, from COMESA, and from the EAC, and they are happy with what Canada is doing in bringing foreign investment in.

One of the things we have to look at is that Canada signed on to the Equator Principles in 2005. We have a councillor in place.

We're not saying that everything is perfect. There are still things to be done, but we certainly know that the investment Canada is taking into many of these countries is benefiting these countries. In Zambia, when we were there, the minister said that tax revenues of 30% coming from many of these companies are providing them with resources. These ministers are developing long-term strategies in their countries for health care and public education. Yes, indeed, those structures have to be there.

I was in Botswana. May I first say, Mr. Watson, that you talked about building schools. Are they elementary, my dear Watson? That was just for a little levity.

I was in Botswana. I was at the Essakane mine. I saw what IAMGOLD is doing there to provide opportunities for people in real job skills training. It's not just that they're putting a school in for the short term. They're putting in a school for the long term. They're building hospital clinics. They're building a skills training centre. People who are getting the skills in their training centre are being employed at the mine. Many of them are able to take those skills into other parts of the country to develop businesses, which is a long-term strategy.

I wonder if you could talk specifically about some of the capacities Canada could help put in place. We heard from Mr. de Soto some weeks ago about the need to help in capacity-building. Help countries build their legal structures. Help countries develop capacity in their government structures. Can you talk about how private investment would be partnering with those?

● (1600)

Mr. Nolan Watson: Yes, absolutely.

First, I would say I have talked with a number of government officials around the world. This year I'm going to be on every continent except Antarctica, and I've been in 15 cities in the last two and a half months, so I have, I think, a very good feel for what third world and developing nations want from our Canadian businesses. They want the Canadian businesses there. Canadian businesses are not perfect, and a lot of them do make mistakes, but on the whole they conduct themselves better than most other countries in the world, and arguably the best in the world. Our Canadian government is deemed to be one of the best, if not the best in the world. So these developing countries recognize the benefit that Canadian companies and the Canadian government can bring.

I would agree very quickly with something that Bonnie said, which is that business development doesn't work in the absence of good public policy. So I think there is a role for Canadian businesses to help achieve our international development objectives, but at the same time I think that some level of oversight is important. I think that public-private partnerships could be used as a mechanism for that form of oversight. You've got government officials watching what these Canadian companies are doing much more closely than they otherwise would, and they realize that Canada's reputation is going to go part and parcel with the reputation of those Canadian companies. So to the extent that those P3s provide that opportunity, it might be a way that those good policies can be put in place.

To address the question of capacity-building, there's no doubt in my mind, having been in many developing countries in the world, that one of the main things that the Canadian people and the Canadian government have to bring to some of these countries is capacity-building, both in their governments and in their various other institutions. For example, we are world leaders in the mining industry. Canada has ten mining companies operating internationally for every one that the U.K. has. So we are by nature an international country and we have more experience in mining than most other countries.

I believe there's an opportunity for our Canadian government to start working with some of these developing countries to say how they should be monitoring these mining companies. Here are minimum environmental standards and processes and procedures that they need to follow as a country to ensure that the right things are being done. Here are the various tax policies and procedures, which maybe they don't have to follow, but which we found effective in Canada for extracting the maximum amount of tax from our mining companies. I think that's another important aspect: a lot of developing countries might have high tax rates, but they find they don't end up getting a lot of tax revenues, and sometimes it's because of the lack of sophistication of their rules and regulations.

So there are capacity-building opportunities all over the place. One good example is some of my business partners or people I work with found the world's largest iron ore deposit in Paraguay. Paraguay had mining laws that made it completely impractical to mine or own or maintain concessions in that country. They said they needed to adopt these laws and change things so they could operate there, and they did. Paraguay has mining-friendly laws now that are going to allow it to thrive in the mining industry.

So it can be done, Canada can do it, and I think we're the right group to do it.

● (1605)

The Chair: Thank you.

We're going to move back to the Liberals for seven minutes.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Thanks, Mr. Chairman.

Thank you, Professor Campbell and Mr. Watson, for your presentations and for what I think are some very useful suggestions inspired by the profound experiences of both of you directly in the area of international development or in the area of Canadian companies operating abroad, and particularly in the extractive industry.

I'm struggling a little bit to reconcile views that I think are increasingly seeing things as an either/or proposition. I think there can be a complementary role, a partnership role, for the private sector in achieving some development objectives that the Government of Canada would set. I don't see, however, that you can use private sector money and initiatives to replace what has to be a robust role for a state actor—a governmental agency or department of government—that can develop the government-to-government relations.

As you said, Professor Campbell, often with some of these emerging countries with emerging and developing economies, there are basic rule-of-law issues, basic judicial independence issues. If you have a country where the judges haven't been paid for a number of years and they live off tips, it's not hard to imagine how difficult it is to enforce some contract, whatever the nature of that contract or however legitimate a claim might be.

I wonder whether you would explain, each of you, your view of the concept that private sector participation and corporate social responsibility is not in and of itself contradictory to a country's international development objectives.

By the same token, do you share my worry that we can find ourselves suddenly in a circumstance in which—in error, in my own view—you think you can replace a role for a public governmental agency by simply leveraging private funds?

I'm worried that we seem to think it's an either/or proposition. In my view, in many ways these can be complementary, but one shouldn't be used to offset another, both of which might be legitimate public policy efforts from a government.

Would either or both of you share your views on that notion?

Dr. Bonnie Campbell: Thank you.

This goes back to the initial question about the objectives of this study. There seems to be an ambiguity. Is it about the role of the private sector in achieving Canada's business interest—mining-friendly laws, etc.—or is it about your question, promoting social and economic development?

In the whole discussion—with all my respect, Mr. Watson—you were speaking about "development goals". I beg to differ: I think you're speaking about the promotion of business interests. The very fundamental thing is the blurring between our policies with regard to economic and commercial policy and our policies concerning our development mandate.

This goes back to something that's been around for a long time: thinking that if you simply have investment, it's going to bring development. It's not happening. This is what the report of the ECA is all about; this is where the strategy, which took four years to put forward, has something very interesting to say. We work with mining engineers, we work with geologists—all sorts of people from the mining industry. It's not that there's no place for mining; it's about being very clear about our motivations and about what this study concerns.

Are we here to talk about Canadian development policy? If we are, we should be talking about how the mandate is respected to promote and to reinforce the policies of the countries in which we're operating.

This means a whole lot of things. It's not compatible with what's going on. A study by Ernst & Young suggests that 92% of mining and metal companies have cross-border inter-company transactions. So all this money supposedly is going into the countries, but all sorts of mechanisms explain that much more is coming out. A UNDP report in 2011 suggested that for 38 of the 48 least-developed countries, $246 billion between 1990-2004 has come out in illicit financing.

We have to be paying attention to what is going on about the flows. It's one thing to say that these countries are not robust, but the whole way the corporate sector is working, it means that much more money is coming out of Africa—and there are books and documents to show this—than is flowing in.

If we're serious about promoting development, we have to be much more scrupulous about the kinds of business ethics we have, and also about the legitimacy of regulatory frameworks. We've done books on regulatory frameworks. Countries have been told to keep their taxes low. Companies are saying: "Keep your taxes low. Let us hire contractual labour. But we're going to do CSR studies." It is completely ambiguous to have this kind of position.

You have to be coherent in what you're promoting. Business logic has a right to exist, but it's something very different, and you don't promote it simply by saying that through investment you're going to promote development. That's not going to happen.

● (1610)

Hon. Dominic LeBlanc: Mr. Watson didn't have a chance.

The Chair: Mr. Watson.

Mr. Nolan Watson: If you could take the GDP of a country from $2 billion to $8 billion and accomplish more in a couple of years than 1,000 organizations and government entities have accomplished in the previous decade, then I think that speaks for itself.

But to answer your question, I don't think it's either/or. I think it has to be that you use companies where you can use them to accomplish the objectives you already have. Where you can't use them to your benefit, government needs to fill that role to accomplish the objectives that the companies won't. You can't leave it just to the companies.

Hon. Dominic LeBlanc: But then, Mr. Watson, very briefly going back to your point about the GDP going from $2 billion to $8 billion, is there not a risk that without governmental pressure—international multilateral organizations pressuring those governments, but maybe not that specific one—the $6 billion increase in the GDP will go into a very few hands and end up in bank accounts not even on that continent, and that the poverty of the people will either accentuate, and the violence....?

The GDP in and of itself is a good measure, but how is that prosperity shared? It will never be shared perfectly, but if it's not shared at all, I'm not sure we're any further ahead.

The Chair: Mr. Watson, give a quick response, because we're out of time.

Mr. Nolan Watson: Rght now the Sierra Leone government's entire budget is, I think, if memory serves me correctly, half a billion dollars a year. Those companies provide more than double that in tax revenue, and they would hire tens of thousands of people.

I agree with you that this is a problem that needs to be addressed so that there can be a better dispersion of wealth, but I think it's a pretty darn good start, to double your budget for social programs.

The Chair: Thank you very much.

We're going to start our second round, which is going to be of five minutes.

We're going to go back to the government, to Mr. Dechert, for five minutes, please.

Mr. Bob Dechert (Mississauga—Erindale, CPC): Thank you, Mr. Chair.

Thank you both, Ms. Campbell and Mr. Watson, for taking the time to be here to share with us the benefit of your experience.

Mr. Watson, when you and I last met, you were one of the presenters at the Canada-U.K. Colloquium, which is a very prestigious conference that happens every year between Canada and the U.K. It was in England last December, and the topic, as I recall, was how countries such as Canada and the U.K. can deliver development aid in failed states. Specifically, there was a focus on Haiti and Afghanistan, but Sierra Leone also figured significantly in those discussions.

As I understand it, in addition to being an investor in mining companies you also operate a charity called Nations Cry. You mentioned earlier that you're building schools in Sierra Leone. Did your company invest in Sierra Leone previously? What is your involvement with Sierra Leone?

Mr. Nolan Watson: My company has never invested in Sierra Leone. In fact, we've never invested in Africa. The charity side came before that. So it's just pure charity in Sierra Leone.

Mr. Bob Dechert: So this is something you do of your own initiative.

Tell us about the experience in Sierra Leone of building and operating those schools, and what challenges you found in doing it.

● (1615)

Mr. Nolan Watson: Sierra Leone is a place where there are many opportunities to help a lot of lives. It's a very poor country. The average GDP is only about $1,000 a person per year, and there's not a lot of good wealth dispersion, so it's a very tough place to operate. There are a lot of very poor kids, a lot of orphans. But it's a place with a lot of hope.

One of the criteria we had as a charity going in was to find a country in which we believed the government was doing the right things to allow an economy to thrive, if the right businesses and the right charities came in and actually started making a difference. We felt Sierra Leone was one of those countries, and that's proving itself to be true.

On the charity side of things and the building schools side of things, we found it difficult to raise funding. It's easy for me to raise money in business, to convince people that I'm going to give them a return. It's very challenging for me to raise money for charities—telling them "you're not going to make any money from this".

One of my frustrations operating in Sierra Leone is that the only major businesses I have an opportunity to go to, asking for money to help support schools that we may want to build, are British companies. It would be a lot easier for me to go to a Canadian company that I know, because I do business in the Canadian industry, and say, how be we partner up? It's just not an opportunity that I have.

Mr. Bob Dechert: Is your foundation supported by British companies in part that are doing business—

Mr. Nolan Watson: No, we're solely supported by Canadian private citizens.

Mr. Bob Dechert: Okay. Very good.

Your company invests in other mining companies that are active, I think you said, not in Africa—so presumably in places such as Central and South America. Do you invest in companies that do development work, build schools, build hospitals, invest in training?

Mr. Nolan Watson: Many of the opportunities in mining tend to be in developing countries, which because of the political risk haven't had as much historical mining, so a lot of deposits are still sitting there. One of the things you have to understand in the mining industry is that you will not get a mining project going forward unless you support the community, unless you have the backing of the community, unless you have the backing of the people.

Anytime we've ever been involved in investing in a company that's had to operate in a developing country, they have had to, out of sheer, pure selfish necessity, build schools and build hospitals and those types of things. If you want your permits and you want the backing of the people, it's something you need to do.

Mr. Bob Dechert: Is it true to say that you as an investor look for companies that have that broad vision, because you know they're more likely to be successful if they do those sorts of things?

Mr. Nolan Watson: I would say yes. We are often asked by our institutional investors what countries we are willing to go into and invest in. Often I say that it's not the country as much as it is the company and how they're operating in that country.

If I can invest in a company that I think has the backing of the people because it's doing the right things there, that investment is safer than is an investment in a company that is fighting the people and trying to stop blockades and those types of things.

So we specifically look for companies that already have the backing of the people and are doing those specific types of things.

Mr. Bob Dechert: Can you give us some examples?

Mr. Nolan Watson: Absolutely. We have invested in an asset in Brazil, for example, that is in a very poor community. We've invested in the mining company that has built the mine there. They have gone out and built schools and put programs in the community and have tried to garner the support of the community. They have hired hundreds of local people in the community who otherwise wouldn't have had jobs. There are numerous examples like that.

Mr. Bob Dechert: I have one quick question. You mentioned the idea of—I'll put it in succinct terms—naming rights: the idea that if companies that helped to build schools were allowed to put their name on the school, that would benefit the reputation of the company. Can you expand on that a little? Why is that important to the company? What's the value to a company?

The Chair: Respond very quickly, because we're out of time.

Mr. Nolan Watson: Very quickly, it's that the companies need the support of the communities, and that's one way to get it. It's the same concept as advertising.

I think that if our government is going to facilitate these types of things, they should expect the companies to pay for any benefit they get.

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

We're going to turn it back over to Mr. Dewar.

Welcome back. We haven't seen you for a couple of months.

Mr. Paul Dewar (Ottawa Centre, NDP): I was on a little walkabout.

The Chair: That's good. We're glad you found your way back to the committee.

You have five minutes, sir.

Mr. Paul Dewar: It's good to be back.

Thanks to our witnesses.

Some of the stories we're hearing remind me that my mother grew up in a one-company town not far from here. It was a pulp and paper town. The company supplied the housing. The company supplied pretty much everything. That was fine at the time, but there was consideration for how things could develop. Over time there were institutions built up, there was governance, there was taxation, and lo and behold, if you go to that same town now, you'll find that there is a mix in the economy and in governance, and that it is no longer beholden to just a company.

I say this without prejudice. It's an observation about how things evolve.

It seems to me that we're talking about development in these terms. We are now, in my opinion, regressing to looking at companies providing things that normally would be provided by government. I'm hearing Mr. Watson say it's good to have capacity being built up. It's about how you get there.

I say it's regressive, because when I was in Congo—we talked about Congo—I was talking to government officials and to ministers there and talking about the flight of capital out and the lack of investment in. I was saying you should be doing this and looking at that. They said, why don't you get your act together and talk to other countries, because the flight of capital out of here is enormous, and it's not because we don't want it here; it's because there's a lack of understanding of the capacity we need.

I'm going to put my question to you, Professor Campbell. You see that our government has decided to go down the path of partnering through CIDA with some of the biggest mining corporations in the world. I think you both agree that Canada has the biggest mining footprint on the entire planet. Now we've decided to go down this route whereby we're going to partner with mining companies to help develop capacity.

I want your comment. If you've looked at this, what are the long-term implications of going down this path—I think it was a $26 million announcement this past fall—and working with mining companies to develop capacity?

● (1620)

Dr. Bonnie Campbell: First, I think we're completely blurring what international development means in Canada. Second, we're implicating the Canadian government and the Canadian people in projects for which we don't have the criteria to do any kind of follow-up, and we haven't given ourselves the mechanisms to see what is actually going on on the ground, which is a very dangerous position.

Just before coming, I read last night the most recent Norwegian Council on Ethics report. I'm referring to the 2011 report. Since 2008, two of the companies with which our government is now partnering have been in the list of companies in which the Norwegian government refuses to invest its pension funds. They follow up; they find very telling things. I have never understood why our country, where mining investment is much more important, cannot have the same kind of rigour in following up where we are accountably as a people and as a government. It's not just about companies.

In terms of the impact this policy is going to have, these are projects that are building short-term social licence. They're about charity, not about development. The clock, in terms of where expectations are now on the African continent, is not where it was 25 or 30 years ago at the time of the Lagos plan of action, when these same problems were brought out. The thinking is in a very different place.

Where Canada is now, in terms of understanding the messages that are coming out of Africa and just not paying attention to them, is going to have very long-term detrimental impacts on our own reputation internationally.

Mr. Paul Dewar: I think charity is fine; I have nothing against charity. I think economic development is better. The role of government, speaking frankly from this side, is not just to develop charity; it's about developing economic capacity. I think that's the consensus among most governments.

I thank you for that comment, because I think it's important to look at the long-term interest. We've just seen what has happened with SNC-Lavalin, for instance.

If you want a cautionary tale over there, take a look at what has happened in that case. Once you get into these partnerships, you start to blur the line. Right now, that is going to be fought out in the courts, and Canada's name will be on it, not just SNC-Lavalin's name alone, because you will have been partnering with them.

If you look at the implications of this development policy, in the end what would you like to see us do? You named three things, out of your presentation. What is the one that you would like to highlight the most in terms of what Canada should be doing?

The Chair: Dr. Campbell, that's all the time we have, but you can give a very quick answer.

Dr. Bonnie Campbell: It is absolutely indispensable that we have oversight over the operations of Canadian companies; that we have mandatory ways of doing the follow-up. In the round table report, you had the standards, reporting mechanisms, and an ombudsman. It is absolutely indispensable and urgent that we have this kind of oversight, so that Canadian companies respect international human rights, labour, and environmental obligations.

● (1625)

The Chair: Thank you very much.

We're going to finish up with Ms. Grewal. You have five minutes.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Chair. My question is directed to Mr. Watson.

Thank you for coming to our committee to share your expertise.

As you have said, you lived in a country called Sierra Leone for some time. I too lived in a west African country, a neighbouring country called Liberia. In fact, I lived there for almost ten years, and my parents lived there for 25 years. Both my sons were born in Liberia and left in 1990 when a civil war took place.

Coming to the question, it can be understood that building and operating gold mines is very difficult work, as they are in a remote location with little infrastructure and support and require well-trained professionals to operate safely. Sandstorm Gold's expertise lies not in the first phase of operating mines but rather in the evaluation, analysis, and valuation of gold-mining assets as well as in structuring gold purchase agreements.

The company claims that its aim is to be intricately involved in financing its partners for the long term to ensure that both parties benefit from each transaction. It can be understood that developing countries may become dependent on these mining facilities, as they dictate all levels of social interaction within communities. My question concerns Sandstorm Gold's attitude towards their activities in developing countries.

In your opinion, Mr. Watson, what role does corporate social responsibility play in Sandstorm Gold's operations? What do you feel are the necessary conditions needed to establish and ensure productive and long-term partnerships and relationships between the private sector and local communities?

Mr. Nolan Watson: Thank you very much.

Just to clarify what Sandstorm actually does, it is a business, so it is exactly what you say, but we will go in and will provide capital for someone to build their asset; then we allow them to continue to operate it. So although we don't actually do the activities on the ground, we monitor them in advance and monitor their progress. We monitor their compliance with various things.

We try to focus wherever we can on organizations that we believe are going to be able to operate that mine successfully for decades to come. To that extent, we need to ensure that we are only dealing with people who are doing a good job environmentally, doing a good job socially, doing a good job in getting the support of the community. We spend a lot of time doing that. That's our job.

If we make an investment in a company that is not doing those things, we risk losing the money of our Canadian investors. That's what we focus on.

I have been to many countries. I was in Peru last week meeting with government officials and in remote, very poor communities. There are people there who have no hope of an education and no hope of medical facilities, if certain projects don't go forward in their communities. I am a firm believer, though, that this business needs to be done responsibly and needs to be done in a way that reflects well on Canada as a whole. That's something that I think is very important.

Just to address a previous comment that was made about our reputation being affected by our companies, if we have any misconceptions that our Canadian government's reputation is not currently affected already by what companies are doing, whether or not we support them, we're kidding ourselves. The business that Canadians are doing and the way they portray themselves reflects on us, full stop.

To the extent that we can be involved and have public-private partnerships and do types of things that can provide a mechanism for oversight, so that we can actually monitor the impact of what they're doing upon our reputation, that's very important.

Canada has a lot to offer. Canadian mining companies have a lot to offer. Our Canadian government has a huge amount to offer. I believe that if we work together to find the right mechanisms.... We're in the infancy in this type of model, and there are more oversight things that need to be put in place and improvements that need to be made. But I think we're headed down the right path, anyway.

Mrs. Nina Grewal: Could I stop my time, Mr. Chair? I'll pass it on to Mr. Van Kesteren.

The Chair: Yes, if you had the time, you could do that, but you're out of time.

I'm sorry, Mr. Van Kesteren.

That's all the time we have. I want to thank the witnesses for taking the time to be here today. We appreciate the dialogue and the discussion that goes back and forth.

We're going to suspend the meeting for a couple of minutes, just to get in our new witnesses.

Thank you.

● (1630)

(Pause)

● (1635)

The Chair: Pursuant to Standing Order 108(2), we turn to our briefing on the situation in Mali.

I want to thank our witnesses for being here today. We have George Saibel, who is with CIDA and is the regional director general for west and central Africa. Mr. Saibel, welcome. Thank you for being here today.

From the Department of Foreign Affairs and International Trade we have Patricia Malikail, who is the director general of the Africa Bureau, and Renata Wielgosz, the director of west and central Africa relations.

I believe we have two statements this afternoon.

Patricia, we'll start with you.

Mrs. Patricia Malikail (Director General, Africa Bureau, Department of Foreign Affairs and International Trade): We just have one statement.

The Chair: Is it just one statement? That's perfect. We'll let you go ahead; you're no strangers to committees. We'll have a chance to ask a few questions afterward.

Just to let the committee know, we're going to have bells at 5:15, so we're going to wrap up some time around then.

Thank you.

[*Translation*]

Ms. Patricia Malikail: Members of the committee, Mr. Chair, thank you.

Thank you for inviting us to appear before you this afternoon.

Along with my colleagues from DFAIT and CIDA, we will be providing you today with a brief overview of the very worrisome situation in Mali following the coup which took place in this west African country last March 21, and of the position taken by Canada in this regard.

[*English*]

The coup in Mali is a major setback to the country's development plans and has seriously damaged its territorial integrity. This is a serious blow to a country that shared Canadian values on democracy, human rights, and good governance.

There are 22 Canadian companies that operate in Mali, and Canada has provided support, including two military instructors, to L'École de Maintien de la Paix in Bamako.

[*Translation*]

On March 21, 2012, a coup undertaken by junior officers of the Malian armed forces brought an end to two decades of democratic government. Calling themselves the National Committee for Re-establishment of Democracy and the Restoration of the State, the junta led by Captain Sanogo deposed President Amadou Toumani Touré, usually referred to as ATT.

The dissatisfaction within the junior ranks of the armed forces initially expressed itself through demands to the Malian government for better pay and better weapons. However, these demands quickly shifted to simply deposing President ATT and the members of his government. This coup took place despite the fact that presidential elections, in which ATT was not a candidate, were scheduled to take place next April 29—25 days from now—to elect his successor.

President ATT was able to escape and was not taken prisoner; he is in hiding somewhere in the region of Bamako. However, several personalities, including ministers, remain in detention, despite insistent calls from governments in the region that they be set free.

● (1640)

[*English*]

There's been an urgency in returning Mali to civilian rule given the activities of an alliance of Tuareg fighters, the Mouvement National de libération de L'Azawad, the salafiste movement Ançar Dine, the Mouvement pour l'unicité et le jihad en Afrique de l'Ouest, Mujao, and al-Qaeda in the Islamic Maghreb. These groups have taken key cities in northern Mali—Kidal, Gao, and Timbuktu—virtually cutting off half of the country. This is unprecedented in the history of an independent Mali.

We're also starting to hear reports of the imposition of measures that reflect a more strict form of Islam and of sharia law. The conflict in the north has aggravated an already serious humanitarian emergency due to drought across the Sahel. The United Nations estimates that over 200,000 persons have fled since the start of the year, many to neighbouring countries. According to the UNHCR, more than 23,000 have found shelter in Burkina Faso, 46,000 are in Mauritania, and a further 25,000 are being hosted in Niger, together with nearly 2,000 Niger nationals who had been living in Mali for decades. More than 93,000 are believed to be displaced internally in Mali.

[*Translation*]

Canada reacted quickly and strongly to condemn the coup and to demand the return to constitutional rule. On March 21, as soon as the first news of the coup was received, our Foreign Minister, the Honourable John Baird, expressed his deep concern with respect to the attacks by members of some elements of the armed forces on the presidential palace. He called on the perpetrators of these attacks to immediately withdraw and to respect democracy. He insisted that differences must be resolved by dialogue and democratic process, and not by force, in order to restore security and stability.

[*English*]

On March 24, 2012, Canada announced the immediate suspension of aid programs involving direct payments to the Government of Mali. However, CIDA programs that deliver humanitarian assistance directly to the people of Mali, delivered through international and local non-governmental organizations, will continue. A number of countries, such as the U.S., France, and Germany, have taken similar measures.

[*Translation*]

On March 30, 2012, Minister Baird and the Honourable Bernard Valcourt (Minister of State (Atlantic Canada Opportunities Agency) (La Francophonie)), announced that Canada played an active role in getting Mali suspended from the International Organization of La Francophonie. They indicated that those responsible for the coup must understand that democracy, constitutional order and stability must be re-established.

[*English*]

Canada has also offered assistance to ECOWAS, the 15-member Economic Community of West African States. Leaders of ECOWAS acted immediately on March 27 to suspend Mali from the organization. The leaders failed to return to constitutional order, a condition imposed by ECOWAS on March 30, and consequently the organization imposed sanctions on April 2. These sanctions include a freeze on Mali's accounts at the Central Bank of West African States and the closure of borders with neighbouring states, except for humanitarian needs.

These measures will have an immediate effect on the ability of the state to function and on the availability of food and fuel, putting severe pressure on coup leaders to hand over power. Companies will be affected by fuel shortages and may have to cease operations.

ECOWAS has also announced that it will put in place a military force of 2,000. The modalities of the deployment of this force will be discussed at a meeting of chiefs of defence staff of ECOWAS countries on Thursday, April 5.

The UN Security Council was meeting yesterday and was considering a statement to be issued today. We don't have the final version of the statement, but we're expecting it later today.

I'm going to stop here in the interests of time. If you wish, I can go into details on the reactions of members of the international community and on advice given by the Government of Canada to Canadians, and of course my colleague George Saibel is here from CIDA to answer questions on humanitarian assistance and on assistance.

● (1645)

The Chair: Thank you very much.

We're going to start with the opposition for seven minutes. Madame Laverdière.

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

My apologies to all of you for having been late, but that's one of those moments when I had to be in two places at the same time.

I missed the beginning, but I think I was able to read most of your presentations here.

I've heard that ATT, Amadou Toumani Touré, has now been accused of war crimes, treason, or something like that, by the coup leaders. To my knowledge, at least a few years ago, he was a very respected leader in Mali. In fact, he was a hero in Mali.

How is the population reacting to all of that, generally?

Mrs. Patricia Malikail: Thank you for the question.

This news that Captain Sanogo was going to ask that ATT be held accountable for treason just came to us yesterday. I think the view of the international community is that ATT is the democratically elected leader of Mali. He was well respected for many years.

We haven't had direct reports of the reaction of the population, but we don't see it changing from that same assessment.

Ms. Hélène Laverdière: Thank you.

I haven't been following the situation closely in Mali in the last six months, but very briefly, was he still popular with the population?

Mrs. Patricia Malikail: One of the reasons for the coup, perhaps, is a perception among some levels of the military in Mali that ATT was not empathetic to what was happening to them.

One other reason for the coup was that the Malian army operating in the north felt that it didn't have the equipment and the resources to take on the rebels and the AQIM. When there was, in mid-January, a massacre in a place called Aguelhok of military and police, and ATT continued to put forth his position that a resolution of the difficulties and of the situation with the Tuareg had to be a political resolution, I think the military took offence and didn't feel that his government was being sympathetic to their own situation.

That is where we stand.

We hadn't heard a lot of rumblings of discontent with ATT, because there were going to be elections in the next month, when, if there was discontent, there was a way to resolve the issue. There were going to be elections, and ATT had already announced that he was stepping down, so that there would be a completely new cast of candidates for these presidential elections.

Ms. Hélène Laverdière: Thank you very much.

Regarding assistance to Canadians, I understand that advice has been given to Canadians to leave by all necessary means and that families of diplomatic personnel have been asked to leave the country.

I think most Canadians registered on ROCA, the registration of Canadians abroad. That's my understanding. But are there still many Canadians in the country?

Mrs. Patricia Malikail: Thank you for the question.

We know now that about 207 Canadians have actually left since we issued the statements that people should leave the country by commercial means while these are still available.

We know that there are about 250 Canadians in the country. About 148 of these Canadians say that they're staying, and there is always a group who would do that.

We've also taken extraordinary measures to call people up to find out where they are. There are about 101 who have not responded at all to our outreach.

That's where we stand right now. I think we will continue efforts to get Canadians to leave while there are commercial means, but there isn't a huge number left in the country.

● (1650)

Ms. Hélène Laverdière: Thank you again.

My questions are often very brief. Please don't think I'm being rude. In fact, it's because I want to hear from you more than anything else.

I understand that we have offered help to ECOWAS. ECOWAS seems to be considering military action. What kind of help have we offered to ECOWAS? We want African countries to take matters into their own hands, but often when they want to take matters into their own hands and need help, there have been arguments in the past that they didn't get the help they needed. So my question is twofold. What kind of help are we offering ECOWAS? Also, on a different issue, is ECOWAS really contemplating eventual military action?

Mrs. Patricia Malikail: Thank you again for the question.

We certainly have offered assistance to ECOWAS. We did that last Friday and over the weekend. We've made contact with the head of the commission for ECOWAS, with President Compaoré from Burkina Faso, who is the main negotiator for ECOWAS. Also, this is known to President Ouattara of Côte d'Ivoire.

I think ECOWAS itself is deciding what to do. The situation is very fluid. Everybody's first preference is for a political solution to this crisis, and that means Captain Sanogo stepping down and returning the country to constitutional order. That's the first thing on which everybody is in sync, in terms of what is happening.

We've offered assistance on mediation, and I think we're now also waiting for ECOWAS to decide how it wants to describe its mandate. What are the objectives of what it wants to do in Mali? What is the definition of the mission they're going to have? How will it be mobilized, and what will the composition be?

Once it decides this—it could be as early as tomorrow, when the chiefs of defence staff from ECOWAS are meeting—we'll have a better idea of the kinds of requests they may have for assistance.

The Chair: Thank you.

That's all the time we have, so we're going to move to the other side of the table.

Mr. Van Kesteren, please; you have seven minutes.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

Thank you for appearing before us this afternoon.

This is another sad chapter in the history of Africa. In the last discussion we had, we were talking about assistance and how we can move forward with assistance and can basically better the situation in Africa—which has had a generation of failures; I think we all agree with that. It was brought to our attention that there are some areas in the world, and not just Africa, where there seem to be some real battles going on.

Wouldn't you agree that the northern part of Africa—and I think we've seen the very northern part of the Africa, but the sub-Sahara especially—is in a position of turmoil, much of it the result of religious wars going on? Would you agree with that statement?

Mrs. Patricia Malikail: The situation in Mali doesn't really reflect this: that the root of the conflict was religious. We shouldn't be too quick in saying that Mali is a failure. This was a completely unexpected coup after 20 years of democracy. Right next door in Senegal, we had a president who wanted to stay on be booted out in a democratic election.

I think this took the people of Mali, in fact, by surprise. One person said to me: “We feel ashamed. We were in fact very proud of our status as a democracy for 20 years. We cannot believe ourselves that this has happened.”

The roots of this conflict are in fact internal—how the military was feeling. And it's a faction of the military; we don't even think it's the full military that's involved. It had to do with Tuareg rebels and did not necessarily have a religious motivation.

That being said, some of the groups that are going to take advantage of this situation are Salafist jihadists, including al-Qaeda in the Islamic Maghreb.

● (1655)

Mr. Dave Van Kesteren: That's fair, but maybe I could rephrase it somewhat. We give legitimacy to a lot of these groups, but let's face it: they're thugs. They're people who have gained power, and they get it by guns, and they use the religious aspect. The end result is that we have another unstable country.

You mentioned that our minister was quick to cut off aid dollars, though standing behind the people. But Mali has been a focus for CIDA for quite some time. Could you give a brief description of our programs in Mali and a sense of what accomplishments we have contributed? What programs have been suspended as a result of the coup? Can you just tell us what we still will be doing as a government? I know that we suspended a lot of our programs, but what will we continue to do to help the Mali people?

Mr. George Saibel (Regional Director General, West and Central Africa, Canadian International Development Agency): Thank you very much for the question, Mr. Chair.

Allow me to start by giving you a very brief description of the program as it was at the time of the coup. For Canada, it was a country of focus and, as a matter of fact, the largest recipient in west Africa at the time. It was receiving volumes of assistance in excess of $100 million a year.

It was focused in the areas of children and youth. In that, we were primarily within health and education. We have been in those sectors for some time and have been achieving some considerable results. We have a number of objective measures that can demonstrate concrete, tangible progress that has been realized. Similarly, in education, both with access to schools and the quality of the education received and with more textbooks for young children, these were some of achievements.

On the food security side, we were working in the agriculture area through irrigation, through microcredit, and through the development of markets. Once again, we have a list of some pretty impressive concrete results that have occurred.

Then, with regard to overall governance and oversight, we had a number of programs that were working very well to provide some teeth to the democracy, in the sense that there was excellent oversight. We have a flagship with the Auditor General of Mali, where we're working closing with our Canadian Auditor General. They have become very important in the scheme of things in Mali in terms of providing local oversight to their processes.

So there's a number of significant achievements to point to, and some of these achievements and programs were done directly with the Government of Mali, involving financial transfers to the government. These became the subject of the suspension at the time of the coup, instituted immediately at the time of the coup. This resulted in a significant statement and significant cuts at time of coup. In total, it represented $45.6 million in moneys we withheld that we would have otherwise spent had the coup not occurred. So that's a pretty tangible reaction right there.

In terms of what we're still able to do, in the communiqué issued by Ministers Oda and Baird it was clear that we would suspend financial transfers to the government. I have quantified those already in what I have just said. But in terms of what is continuing, it's support through non-governmental channels, NGOs, international bodies, and humanitarian types of assistance. Where conditions allow, that part of the program is still continuing.

Mr. Dave Van Kesteren: Do I have any more time, Mr. Chair?

The Chair: You have one minute.

Mr. Dave Van Kesteren: Very quickly, I just wanted to mention that on Wednesday the UN council condemned the military coup in Mali and has called for immediate restoration, so I guess that has happened.

The other thing, I guess, that I wanted to just impress on you is that you see how important it is that we have stability, how important it is that we work with governments, and how important it is that—as we feel on this side, at least—the best thing for a nation, a people, is employment for wealth generation. Would you agree that those countries we've been successful in doing this with are much more stable politically than the poorer countries that seem to...? Is that a fair assessment, do you think?

● (1700)

The Chair: That's all the time we have. A quick response, please, if you have one.

Mrs. Patricia Malikail: I don't think it's possible to generalize exactly in that way. I think we've seen in Mali and actually next door in Burkina Faso governments that recognize that the role of the private sector is very important in terms of development in their countries.

A lot of countries in Africa have very young populations. They know that in order to find jobs for these young people, you will need to have a private sector that's vibrant. So it is a force for development, or it can be.

The Chair: Thank you very much.

Mr. LeBlanc, sir, you have seven minutes

Hon. Dominic LeBlanc: Thank you, Mr. Chairman.

[*Translation*]

Thank you very much for your presentations. I had the opportunity to briefly discuss this topic with Mr. Dechert, a few weeks ago. I am very interested in this subject. I have visited Mali a few times. For us in Canada, that was an example of success.

As Mr. Saibel was saying, hundreds of millions of dollars were allocated over time. I am under the impression that we all believed we were successful, that we had implemented institutions that functioned properly.

I have a simple question. Malians were perhaps as surprised as we were, but in a way, the international community's warning system failed. It seems that we and other partners—other countries, other allies of Canada—were lacking information.

[*English*]

I have the sense that there's a bit of a systemic failure. It's not personal to the foreign affairs department or CIDA at all, but the international community, which held up Mali all the time as an example, was caught, I think, in an embarrassing position where this money that we proudly allocated to strengthen democratic institutions, and the Auditor General.... If the Auditor General reports to a bunch of people with machine guns, in a junta, it's not a very effective reporting mechanism.

I'm just wondering what lessons we and other partners are taking from this. How do we make sure that we're not caught in a situation that I think is regrettable? As I say, it's not a blame thing, because the international community, writ large, was caught with this.

How do we make sure that other hundreds of millions of dollars that we're spending...or that other priority countries we've identified aren't suddenly going to wake up one morning with captain whatever as president and a sense that we put taxpayers' dollars into a circumstance that turned out to be unfortunate? I'm just wondering what lessons we're trying to take, writ large, to see if somebody is evaluating other countries to make sure this doesn't happen in other.... Well, I say "make sure this doesn't happen", but how can we prevent it from happening? Perhaps a better way to say it is that we need to try for a bit of an earlier warning system.

Mrs. Patricia Malikail: Thanks for the question. It's an interesting question.

I think I'd start by saying that the people who were most taken aback and surprised by this coup were the people of Mali. Twenty years of democracy, a president who's stepping down because of elections that are going to happen within the month—

Hon. Dominic LeBlanc: He no longer needs to do that, though.

Mrs. Patricia Malikail: He no longer needs to do that.

So it wasn't just the international community that was taken by surprise, it was Mali itself. They never thought this could happen to them.

So far it's been almost three weeks. I don't think we should jump to too-early conclusions that everything that's happened in the last few decades in Mali has not been a success. I think the fact that ECOWAS countries stepped up immediately, if you look at the language of the statement of the leaders, is also a sign of success. The leaders of the countries of west Africa are standing up and saying this is not how we think democracy should operate in our region of Africa.

I think that is a very strong signal. It's quite different from even a year ago, in the situation of Côte d'Ivoire, where it was the UN who took the lead. This time it's ECOWAS saying we're not going to stand for this and we're giving you 72 hours to step down. When their conditions weren't met, they imposed sanctions right away.

So I think we have to let this thing play out. Everybody wants a return to constitutional order quickly. As coups go, there's not been a lot of violence in terms of violence by the coup leaders, so that's also welcome. Unfortunately, of course, it has very, very severe implications for the north of the country.

● (1705)

Mr. George Saibel: Just to add to that, as regrettable as all of this is, and of course it represents reversals in certain areas, I think a lot of this investment has to be seen in the context of a country that started from an incredibly low base, first of all, as one of the very poorest countries on earth.

Secondly are some of the achievements and developments. Regardless of the political shifts, the children will not be unvaccinated. The primary uplift that has been achieved in the country to date will not be removed. The capacity inside the various technical ministries is there and permanent for the country, and is still a significant factor that is available to the country to be mobilized for future uses.

We all regret what's happened. Obviously it's a reversal. But I don't think it's the same as saying that all is lost, that the investment was for naught.

Hon. Dominic LeBlanc: That's a very valid point, and you're right: certainly the health and education aspect of the investment, thank God, will carry benefits hopefully for a long time.

But on that very point, just as a technical question, with regard to the $45 million or so that was suspended or stopped—and appropriately so—does CIDA hold that in reserve, or does it get allocated to other...?

If, as your colleague said, it's hopefully a short-term problem that's evolving quickly to a resolution, your plan, once these institutions return to a normal democratic constitutional circumstance, would surely be to continue that money and not deprive the Malian people of that investment. It's not being allocated somewhere else, is it?

Mr. George Saibel: We still have on the books the operational projects. They are in suspension, not cancelled. Conditions permitting—and political will and so forth, if conditions are favourable—we would pick up the baton again and continue to implement those projects.

In the meantime, some of those activities will continue, such as on the humanitarian front or through channels that aren't directly involving the Government of Mali.

Hon. Dominic LeBlanc: Thank you.

Thank you, Mr. Chair.

The Chair: Thank you very much.

We're going to start our second round. We'll go to Mr. Williamson. You have five minutes, sir.

Mr. John Williamson (New Brunswick Southwest, CPC): Thank you, Chair.

Thank you to our witnesses.

I have just a couple of questions on facts that I'd like to address before we get into some meatier ones.

Roughly how many Canadians are in the country? Do you have any idea?

Mrs. Patricia Malikail: There were over 300. We always run into the issue of who is registered and how many we have.

Mr. John Williamson: Right.

Mrs. Patricia Malikail: Usually as a rule of thumb we think it's about double the number who are registered. We had over 350 at one point, and 207 have already gone now. Our figures are that 250 Canadians are left in the country; and we have nobody, by the way, in the northern parts of Mali—

Mr. John Williamson: Okay—

Mrs. Patricia Malikail: —who is registered.

Mr. John Williamson: Sure. Okay.

I'd like just the quick view, just a snapshot, of the interests between either Mali and Canada or Mali and Europe. For example, just north, in Morocco, I know that there are great ties of trade, commerce, and tourism. Is there anything like that at all?

Mrs. Patricia Malikail: Yes. We had 22 Canadian companies operating in Mali—mainly mining companies. Gold mining was big in Mali. That's where they were operating. A couple of them were quite large, but we also had smaller and medium-sized companies.

Mr. John Williamson: All right.

Is it the belief that the focus should be put on or that the lead should be given to...or not given to, but that ECOWAS should continue to be the lead organization in terms of this...? I ask that because it seems.... I'll tell you where I'm going with it and you can either validate it or suggest that it's flawed.

It seems that when you do have the regional institutions taking the lead, those tend to be the ones that are most successful. I'm thinking, for example, of Australia and East Timor many years ago. This seems to be a good sign, but what is your thinking on that question?

Mrs. Patricia Malikail: I think the international community and some of our like-minded allies, such as the French and the U.S., for example, are very pleased to have seen ECOWAS act so quickly.

Even the African Union, which deals with the whole continent, I think is pleased to give ECOWAS the lead. They feel that those leaders are of the territory and they know the region best. In fact, now the new president of ECOWAS at the political level is President Ouattara of Côte d'Ivoire, who himself about a year ago was waiting to get into power after he was elected democratically and couldn't get back in.

● (1710)

Mr. John Williamson: Thank you.

So what is the thinking telling us on this? Where are we going? It looks like the first response has been quite unified and the message has been sent at least when it comes to credit, relations, and aid. But what's so bizarre here is that, as I understand it—correct me if I'm wrong—this coup happened in part because the military wasn't doing so well in a skirmish or a civil war that was happening, and now it's doing even worse and has lost additional territory.

Where are we going here? Is this looking like a protracted armed conflict? What is this coming down to? Someone mentioned the negotiations that are going to happen to try to determine a return to normal rule. Is that in the cards, or are we going to continue to see a military conflict here?

Mrs. Patricia Malikail: I think it's still possible to return to constitutional rule quickly. What ECOWAS negotiators are banking on is that since the original motivation for the coup was, in a sense, patriotism and nationalism, they're appealing to that and to the leaders in saying, “Look, do not let your country lose its territorial integrity by your actions. We understand that you were motivated by good intentions. Make sure that you're not counterproductive in your actions.” They're being pretty tough with that message.

Mr. John Williamson: Have there been calls from outside forces or even from...? Could this escalate into armed conflict that's going to involve actors outside of the country?

Mrs. Patricia Malikail: In a sense it already has escalated to actors outside the country, because we know that there are several movements involved in the occupation of the north. The first were the Tuareg fighters themselves. We also have Ansar Dine, which is a Salafist jihadist movement. We have also a breakaway movement of that called Mujao; I won't go into the details. We know that there has been support of these two by al-Qaeda in the Islamic Maghreb.

We already have heard, for example, that in the town of Timbuktu the Tuareg fighters are being kicked out by these other Islamic groups, so that is actually the most worrying sign in this whole episode: it's the grip that these other outside groups will have.

It's a complicated situation, because other countries' inclination, I should say, to intervene also depends on what the implications are for the Tuareg. Because originally it was hoped that you could actually come to a political settlement with the Tuareg, which is something that countries in the region—like Burkina Faso, like Niger—also want, because they don't want the Tuareg to be problems in their own countries.

The Chair: Thank you very much.

Thanks, John.

Madame Laverdière, we'll start with you and work our way down. You have five minutes.

Ms. Hélène Laverdière: Thank you very much, Mr. Chair.

Thank you.

If I can be so bold as to compare my assessment with yours—because after all, you are the experts, but I lived three years in the region and have been to Mali very often—indeed, it doesn't look like a conflict based on religion. It's rather a conflict where various groups, including religious groups, try to take advantage of the situation for their own purposes.

Speaking of groups, what is the situation regarding Tuaregs coming from Libya, who left Libya in the recent months, and are now in the north of Mali?

Mrs. Patricia Malikail: Thank you for that question.

I think it's pretty clear that a lot of Tuaregs had left Libya and were mercenaries there. As well, small arms, MANPADS, and other weapons came out of Libya. It only had the effect of exacerbating the situation.

Ms. Jinny Jogindera Sims: I think this points to a truism that democracy is fragile, whether it's in Africa or whether it's right here in Canada.

My question is specifically regarding where you talked about a military force of 2,000 maybe going into Mali. I wanted to know what kind of a role Canada will be playing in that.

● (1715)

Mrs. Patricia Malikail: Thanks for the question.

The 2,000 ECOWAS figure is what ECOWAS has mentioned so far. The chiefs of defence staff of ECOWAS countries are meeting tomorrow. We should know a little bit more about that.

I think we are all waiting to see what ECOWAS intends for this mission. What are the objectives of the mission? What's the mandate they're going to give? Who are they going to include in the mission? Will it just be these 2,000? Will there be a role for others? We're waiting to see that.

The Chair: Madame Groguhé, we have three minutes.

[*Translation*]

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

My question is about population displacement and, more particularly, about the considerable number of refugees. I would like to know how the international community intends to ensure the safety and protection of those people.

In addition, what kind of humanitarian aid can be provided to those displaced populations? We know that the most vulnerable groups—consisting of women and children—flee the quickest.

Ms. Patricia Malikail: Thank you, Mr. Chair.

Currently, displaced people are being provided with assistance.

[*English*]

For example, in some countries we have UNHCR working with these. In other countries, for example in Algeria, it's families on the borders who are taking care of the refugees. Those are continuing in other countries around Mali.

[*Translation*]

Mr. George Saibel: Minister Oda announced $41 million for the Sahel region. That money is for food, but also for the refugees. The International Committee of the Red Cross is to receive $1.5 million to help refugees in the region as well.

Mrs. Sadia Groguhé: So that money is really related to those displacements, in the wake of the coup.

Mr. George Saibel: It has to do with that.

Mrs. Sadia Groguhé: Thank you.

[*English*]

The Chair: The bells are ringing.

I want to thank all our officials for being here today to give us that briefing on Mali.

Ms. Hélène Laverdière: May I ask an informal question?

The Chair: Sure.

Ms. Hélène Laverdière: The officers who took over are rather low-ranking. What are the higher officers doing?

Mrs. Patricia Malikail: We know the higher officers haven't joined the mid-level officers, but neither have they actually spoken out against them.

The Chair: Thank you very much.

The meeting is adjourned.

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