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Chair

The Honourable Robert Nault

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• (1105)

[English]

The Chair (Hon. Robert Nault (Kenora, Lib.)): Colleagues, I want to bring this meeting to order. Pursuant to Standing Order 108 (2), we are doing a study of Canada's development finance initiative. As per the request of the committee, I would like to welcome Minister Marie-Claude Bibeau, who is the Minister of International Development and La Francophonie.

Minister, welcome to the committee.

With the minister are Diane Jacovella, deputy minister, international development, and Elissa Golberg, assistant deputy minister, strategic policy.

Welcome.

Colleagues, we have an hour. We'll try to stick to our time frame. We'll turn the floor over to the minister for her opening remarks and then, as per usual, we'll go straight into questions.

Minister, I'll turn the floor over to you.

[Translation]

Hon. Marie-Claude Bibeau (Minister of International Development and La Francophonie): Thank you, Mr. Chair.

It is my pleasure to join you today to discuss the Development Finance Institution, DFI.

As we all know, in 2015, the international community adopted a new set of global sustainable development goals, or SDGs, to continue to address poverty and inequality. It is always really important to keep in mind that the goal of our new feminist policy, as in the case of sustainable development goals, is to fight poverty.

Those new objectives are based on the idea that all parties and resources related to development must be mobilized. We know that official development assistance has helped generate significant gains over the past few decades. However, it is clear that public sector resources alone will not enable us to reach the sustainable development goals by 2030.

That is where the private sector comes in. It is widely recognized, including in the Addis Ababa Action Agenda, which was developed in 2015, that the private sector is a driver of economic growth. Economic growth also provides greater stability and security in developing countries. The private sector's involvement is key to achieving development results in order to end poverty and inequality.

This is where Canada's new Development Finance Institution can play a key role. G7 countries and many other OECD countries have had DFIs for a number of years to support businesses that want to invest in developing countries. They provide businesses with the funding needed to set up shop and develop commercial activities. That funding is not available from traditional financial service providers.

It has been shown that DFIs, in addition to supporting economic growth in developing countries, could successfully support our international development priorities. In Canada, the consultations we have held on international assistance have indicated that Canadians stakeholders were favourable to more opportunities being available in the country in terms of development finance.

Canada's new Feminist International Assistance Policy also reflects our commitment to working more closely with the private sector.

• (1110)

[English]

On May 5 of this year, I joined Prime Minister Trudeau to announce the establishment of Canada's own development finance institute, which will be headquartered in Montreal and operate as a subsidiary of Export Development Canada.

My officials are working closely with EDC to launch the DFI's operations by January 2018. With an initial capitalization of \$300 million, the DFI aligns with our new feminist international assistance policy. It will be an important tool to reduce poverty, advance women's empowerment, and foster green, inclusive economic development.

This approach is unique and will distinguish us from other development finance institutions in the world. Its success will be measured by its ability to generate long-term development results while becoming financially self-sustaining over time.

The board of directors will have the experience and expertise needed to help the new DFI deliver on its mandate. The DFI will also be supported by an advisory council that possesses expertise in international development and finance. Moreover, day-to-day operations will be led by a managing director with development financing expertise.

It will draw on a full range of instruments, such as debt, equity, and guarantees. To achieve financial sustainability in a reasonable time frame, it will build a diversified portfolio that balances both risks and returns, to have the greatest impact in the field while ensuring its sustainability.

The DFI will also develop a decision-making framework guided by the government's clear direction to focus its work on high-impact sectors to maximize development opportunities. The DFI's framework will ensure that its impacts are real and measurable.

To do this, we are emphasizing the need to work with small and medium-sized enterprises to reach the poorest and most vulnerable in countries eligible for ODA.

[Translation]

The new institution will prioritize activities in areas such as action on climate change, clean energy, agrifood and infrastructure, including infrastructure related to water management and treatment. Financial services and businesses run by women and young people will also be a priority.

Finally, since the impact of investment on development depends on the success of our projects, the institute will consider the potential for long-term success of every initiative it will support. In some cases, Global Affairs Canada could provide complementary technical assistance to optimize the positive effects on development, especially when it comes to outcomes related to gender equality.

To accelerate its implementation and support business growth, the institute will take advantage of Canada's national networks, including the Canadian Trade Commissioner Service and Export Development Canada's networks.

The last element, but not the least, is that the institute will also adopt a corporate social responsibility framework that will reflect the best practices of other DFIs.

[English]

In closing, it's true that the DFI will be a powerful complement to our traditional development efforts, but ODA will continue to be critical to building inclusive and sustainable growth in developing countries. As minister, I want to use Canada's leadership and all other levers at my disposal to leverage more resources for development.

Thank you. Now I am open to questions.

The Chair: Thank you very much, Minister. I'll go straight to questions.

Mr. Aboultaif, please.

Mr. Ziad Aboultaif (Edmonton Manning, CPC): Thank you, Chair.

Thanks to the minister for inviting me to UNGA for three days. Being there for her meetings was a good start for me in my new portfolio.

The initiative on DFI started under our previous Conservative government. We see now that the \$300 million remains in place. My first question is, where is the \$300 million going to come from?

Hon. Marie-Claude Bibeau: It is within EDC capitalization, so it doesn't have to come from the ODA envelope. It's within EDC already.

• (1115)

Mr. Ziad Aboultaif: Okay.

You have goals and priorities. We know for sure that encouraging the private sector to partner on development projects across the world is a good idea. You've set your priorities already, based on certain criteria that you have set as your goal in order to participate in those projects.

How is the Canadian private sector going to be encouraged more when the finance minister is already suggesting some tax measures that are going to put extra levies on businesses and make it harder for our private sector to compete? It will be less competitive. How is the Canadian private sector going to compete and be encouraged when the tax proposed by the finance minister is going to be a roadblock?

Hon. Marie-Claude Bibeau: First, I don't agree with the context of your question, but I will focus on answering concerning development and the DFI.

Since we have taken the decision to build the DFI within EDC, it will be an opportunity for us to benefit from EDC's network in Canada and abroad. We will benefit not only from their financial products but also from their networks. They already have an important private sector network. It will be easier to reach out and to share business opportunities in developing countries through these business enterprises that are already doing business overseas.

Mr. Ziad Aboultaif: EDC is a for-profit body or business. Is DFI going to be profitable? Is it going to be for-profit too?

Hon. Marie-Claude Bibeau: Absolutely. All the DFIs are profitable in the end, but the idea is that it's not a private financing institution. Making a profit is not the ultimate objective.

The idea is a balance between financial sustainability and having the biggest impact in the field. They will have to develop a diversified portfolio and take reasonable risks, obviously, as it's not private. They have to take a certain level of risk, but they have the experience.

To give you an example, in 2000 the investment through DFIs globally was \$10 billion. In 2014, it was \$70 billion. That gives you an example of how this way of investing in developing countries to stimulate investment in sharing the risk is definitely a good channel. We can see that from our experience.

Mr. Ziad Aboultaif: Speaking of risks, we have a private sector that is going to invest, and we have a DFI as a body that is going to monitor and open the door. Who's going to take the full risk? Will it be the private sector or the DFI?

Hon. Marie-Claude Bibeau: We will have with the DFI—once again, within the EDC—and also with our trade commissioners across the world the experience, expertise, and knowledge of what are the reasonable risks and who are the trusted partners in the field.

We obviously take a bit more risk than a fully private institution, but still, the idea is to be financially sustainable and even to capitalize more to be able to reinvest in development. We will find the right person to manage, support, and accompany to make sure that at the end of the day, with a diversified portfolio, it will be sustainable and we will be able to increase capitalization through the years.

Mr. Ziad Aboultaif: That \$300 million sounds like a lot of money, but really, for going into development and taking this route in business, it's not a big amount. What is your strategy to stretch the \$300 million to go for the longer term? Again, five years is a short term. What's your strategy on stretching that \$300 million?

Hon. Marie-Claude Bibeau: Well, the \$300 million is definitely a good start in order to be able to implement the structure and to get experience and see where our strengths and weaknesses are and how we can improve. Then we need to have the discussion on the lessons learned and find the best ways to improve or strengthen and even increase the capitalization through the years. It's a kind of start-up. We will adjust through the years.

• (1120)

Mr. Ziad Aboultaif: Thank you.

The Chair: Thank you, Mr. Aboultaif.

We'll go to Mr. Levitt, please.

Mr. Michael Levitt (York Centre, Lib.): First of all, good morning, Minister. It's good to have you here before our committee. This is obviously an issue that we looked at back in the spring, but we're certainly happy to have your expertise on the subject here today.

I want to start with a couple of more general questions. How will Canada's development finance institute distinguish itself from other DFIs? We've heard reports of other DFIs and analysis of the U.K. and the U.S., but how is the Canadian version going to distinguish itself, particularly in terms of the return on investment of the \$300 million in initial capital?

Hon. Marie-Claude Bibeau: Our DFI is linked with feminist international assistance policy. We have given an orientation to the board of the EDC and the board of the DFI to come. We want the projects that we will support to have an impact on our areas of priority, which you can find within the policy.

Obviously, economic empowerment will be a significant element that we want to look at. There's the empowerment of youth as well in terms of businesses, creating jobs, and developing entrepreneurship with youth. These are also priorities.

In terms of sectors of activity, it's everything related to climate change. It could be agribusiness, green technologies, green energy, or water. These are sectors of activity that we want to focus on, because we think it's the right thing to do to foster the economy. As well, we have in Canada the expertise in these sectors, which we can share with developing countries. We want to bring Canadians to engaging with developing countries.

Mr. Michael Levitt: You mentioned Export Development Canada, EDC. What is the advantage of having the DFI as a subsidiary of EDC? Why not set up a separate independent body, as other jurisdictions have done?

Hon. Marie-Claude Bibeau: Our team investigated that in looking at different ways for how we could establish the DFI. The recommendation was to go through EDC.

First, they already have the overseas and international investment expertise. Their team is qualified. They already have all the financial products available. It's much easier for us than having to reinvent the wheel all over again.

Also, in terms of cost-effectiveness, I think it's also a good decision to not start over again and build a full complete support team when we already have experts available, both those from EDC and our trade commissioners in the different embassies.

Mr. Michael Levitt: I want to move now to a question on project life cycles. We know that development projects can take a fair amount of time before they can provide evidence of impact. How will Canada's DFI be able to demonstrate impacts in what really is a very few short years?

Do you have any particular ideas that are going to be used in the beginning as pilot projects, possibly, or shorter projects that may be able to prove the intent of the DFI in a relatively short period of time?

Hon. Marie-Claude Bibeau: Yes. The DFI team is working on developing a results framework. That is one thing. To have an impact and results in the short term, maybe we can also partner with other DFIs that have already started a discussion on different projects. This is a possibility in order to be able to start quickly and, in the beginning, to manage and share the risks with other organizations. We are looking at different ways to start quickly and efficiently.

• (1125)

Mr. Michael Levitt: While I'm certainly in favour of a Canadian DFI, I'm wondering about the impact we can have with a \$300-million investment. As my colleague across the way said, it's not a lot of money when we're talking about these kinds of projects.

How does that amount compare to those of other DFIs that have been out there and have been established for a while? How will that impact the approach that we're taking?

Hon. Marie-Claude Bibeau: I'll give you examples. The Swedish have \$400 million U.S. and the Swiss \$600 million.

We're starting. I'm very open, and I hope this will be a success. I'm confident that it will be a success. We could consider recapitalization when the time comes. I'm also hopeful that later, in a few years, the DFI itself will generate revenues and increase its capacity to reinvest in other new projects.

The Chair: Thank you, Mr. Levitt.

[Translation]

Mr. Aubin, go ahead.

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Mr. Chair.

Welcome, Ms. Bibeau. It's always a pleasure to talk to you.

Canada is following an established path as it implements its institution, so I hope we will be able to learn from the experiences of those who came before us.

I would like to mention an article published in the British newspaper *The Guardian*, which reports on the findings of a study sounding the alarm. According to the article, in 2013, more than two-thirds of investments made by the British Development Finance Institution transited through tax havens. That study was carried out by the European network.

I don't want to get into the details of all the existing examples. However, I would like to know what specific measures you plan to implement to ensure that the Canadian DFI will not fund any businesses that use fiscal planning and use tax havens in their planning.

Hon. Marie-Claude Bibeau: We will indeed learn from other countries' experience.

We spent a lot of time studying other countries' DFIs in order to differentiate ourselves and learn from their experiences. Now that the board of directors and the whole governance structure are being created, the team will establish a reference framework for itself. Earlier, I talked about the reference framework on results, but there are also matters of ethics, transparency and decision-making to consider. So there are different frameworks involved.

We certainly want to learn from those experiences so as not to promote or encourage tax avoidance or tax evasion.

Mr. Robert Aubin: Not encouraging it is not the same as prohibiting it. If I understand correctly, there is no official prohibition in the legislation. The board of directors will set its own rules, and all that is yet to come. Is that right?

Hon. Marie-Claude Bibeau: The rules are actually the same. Since the DFI comes under EDC, all rules that apply to EDC right now also apply to the DFI.

Perhaps my colleagues know whether something specific to tax havens applies to EDC. If they do, I invite them to speak up. Otherwise, we will provide you with a more detailed answer later on.

Ms. Diane Jacovella (Deputy Minister, International Development, Department of Foreign Affairs, Trade and Development): We can check whether there is anything specific concerning EDC, but in all its policies, the government tries to completely avoid tax havens. If there is anything to deal with, we will note it, but the rule is clear, and it indicates that tax havens must be avoided.

Hon. Marie-Claude Bibeau: Thank you for your question. So I will provide you with further clarifications.

Mr. Robert Aubin: Thank you.

We had a discussion earlier this week in the House on a completely different issue, still in relation to international development. You are telling us—and we know this—that Canada is slowing down when it comes to development assistance funding. We are currently at about 0.26%. We are below the OECD average. You said—in your presentation this morning and in the House this week—that you were using Canada's leadership to raise new funding.

How can Canada provide leadership given that it is not ahead of the pack, but rather below the average when it comes to funding, and given the fact that our DFI will also be the smallest of the known institutions?

• (1130)

Hon. Marie-Claude Bibeau: I definitely didn't say that we were slowing down.

Mr. Robert Aubin: No, I am saying it.

Hon. Marie-Claude Bibeau: Oh, oh! I just wanted to clarify.

I really believe in what I said. In all the consultations we have held over a year and a half, even two years if we include my first roundtables, people asked me for three things—and this is not the first time you are hearing me say it. They asked for leadership, a good policy and money.

Yesterday, we once again met with Kristalina Georgieva, the second in command at the World Bank, and she told us that they needed Canada's leadership. The World Bank wants us to be at all the tables. Our trademark, the name “Canada”, has a very high value right now, and that is what we want to emphasize. That's really what I want to use to seek out new donors. It's not just a matter of moving funds, but of seeking out donors who are absolutely not involved in development right now.

Mr. Robert Aubin: So that's still to come. It's not here right now. It is a wish, an orientation, but so far, Canada has not brought in new funding.

Hon. Marie-Claude Bibeau: The global fund is a good example. The fact that we hosted the Replenishment Conference of the Global Fund to fight AIDS, Tuberculosis and Malaria shows that people want to be associated with Canada's leadership and its name. People currently want to get closer to Canada. So this is a way to make that possible, and there will be other ways.

Mr. Robert Aubin: I assume you will come back to talk to us about that.

Hon. Marie-Claude Bibeau: With great pleasure.

Mr. Robert Aubin: The British newspaper I mentioned also reported that the country's Development Finance Institution was investing more than \$260 million U.S. in the constructions of gated affluent communities. That is light years away from development and from a concrete response to sustainable development objectives and to the fight against poverty on the ground. How will your institution ensure that such deviations are not funded?

Hon. Marie-Claude Bibeau: Our objectives and orientations are clear. We really want to strike a balance between development and the promotion of entrepreneurship. However, there must be an impact on entrepreneurship among women and girls. We want to take action in the areas of the environment, agriculture and financial services to stimulate economic development locally. Therefore, I don't see how an affluent neighbourhood project could meet the Canadian DFI's eligibility criteria.

Mr. Robert Aubin: Thank you.

The Chair: Thank you, Mr. Aubin.

Mr. Sidhu, go ahead.

[English]

Mr. Jati Sidhu (Mission—Matsqui—Fraser Canyon, Lib.): Thank you, Chair.

Good morning. I've seen first-hand the great work you're doing in Colombia and Guatemala when it comes to agriculture, but I was looking at the paragraph under "Background" in our briefing notes. It mentions empowering "women and young entrepreneurs", but not agriculture.

My background is in agriculture, and I'm very keen that the countries we invest money in should be sustainable when it comes to food. What do you have to say about that?

Hon. Marie-Claude Bibeau: Agriculture and agribusiness is definitely one key element of the policy and the orientation that we have given to the DFI—I'm sorry if it's not clear enough in the document—especially when we talk about women. I've travelled a lot, and obviously women are really, really engaged in the agricultural business and in the informal business.

DFI might be a good occasion to give them access to financing, where they can go from the informal market to the formal market. With access to financing they can develop a business and work in the value chain in different ways that economically empower women. The agricultural sector is definitely a key sector for that.

Mr. Jati Sidhu: It is. Okay.

Hon. Marie-Claude Bibeau: Oh, yes, it is.

Mr. Jati Sidhu: Thank you.

Second, we're talking huge money under DFI—like, trillions of dollars, \$3 trillion to \$4 trillion, at some point—and in 2016 only \$142 billion was disposed of. I know that we're going to do our fair share, but how do we encourage the other partners to meet that goal of \$3 trillion to \$4 trillion someday? Do we as a country have any input, any influence, or are we just going to be the leaders coming up with our commitment and the rest of the world follows us?

You did mention that other countries are chipping in, but it's a long way to go. Where do you see us going with that, with the trillions of dollars that we anticipate to be spending one day?

● (1135)

Hon. Marie-Claude Bibeau: I just want to make sure I got your question right. If you're referring to the needs, if we want to reach the SDGs by 2030, we would need between \$5 trillion and \$7 trillion, while ODA actually is \$142 trillion.

This is your question? Okay. I just wanted to be sure.

Yes, this is exactly why we have to give as much as possible through the normal ODA channel, but we have to leverage new money from new partners. Yes, I think Canada has the capacity, the leadership, and the brand right now to lead the way, to lead the way and bring money in the sectors that we think will make the greatest difference in the field. This is exactly what I'm working on right now with Ambassador Blanchard at the UN. Ambassador Blanchard is co-leading a group of friends, with his colleague from Jamaica, on financing SDGs. Yesterday Madam Georgieva from the World Bank was here to talk about innovative financing in different ways.

So this is really the idea. For example, we want to bring the countries from the gulf region on board—we think we can find some money over there—to get them interested in different sectors of development and to accompany them in this. We want to involve the private sector. When I talk about the private sector, I'm talking about

businesses, philanthropists, and even millennials. I want to re-engage Canadians widely. The DFI is one way to engage the private sector, but in a more general way it's important to find new friends and new donors for development.

Mr. Jati Sidhu: The private sector is coming up pretty strong. I see that they're chipping in 13 times more than the governments are. I think we need to encourage the governments around the world to step up to the plate.

Finally, the committee would be very keen, as DFI develops, to know the outcome, the results of the money we spend. Do you know if we have a mechanism in place? Are you going to come back every six months or every year to let us know how we're making out, or do we have a mechanism in place?

Hon. Marie-Claude Bibeau: The results framework is being developed now. DFI will officially report to us, to Parliament, once a year through the EDC, as the EDC does. But there will be a specific report on the DFI.

Does that answer your question?

Mr. Jati Sidhu: As long as we know that the money is working as we want it to around the world. Will the committee know the results? That's my concern.

Hon. Marie-Claude Bibeau: Yes, absolutely. They're working on the framework. We will stay in touch. Obviously, this framework and the results we are looking for will be directly linked with the SDG targets and indicators of results. We don't want to duplicate the work.

Mr. Jati Sidhu: Thank you so much.

The Chair: Thank you, Mr. Sidhu.

My colleague was asking about how you'll report to Parliament. I suspect that there will be an annual reporting mechanism through the Export Development agency as a subsidiary or something of that nature, so that Parliament will be informed not only about the dollars that are spent, but about the direction and strategy. Would that be correct?

Hon. Marie-Claude Bibeau: It will be exactly the same process as EDC right now, but with a specific report on DFI. I would always be open to coming back to talk to you about the progress if that is not enough.

● (1140)

[Translation]

Does the EDC report concern only figures or is there also a report on activities and orientation?

Ms. Diane Jacovella: There will be an annex specifically on the DFI.

[English]

Hon. Marie-Claude Bibeau: The report will also include data on results and orientation.

The Chair: Thank you, Madam Minister.

Madam Vandenberg, please, for her first questions as a new member of our committee.

Ms. Anita Vandenberg (Ottawa West—Nepean, Lib.): Thank you.

[Translation]

Welcome, Minister.

I would like to begin by congratulating you and the government on Canada's new Feminist International Assistance Policy, as it will make a difference not only for women and girls, but also in terms of the effectiveness of the assistance provided in general.

In that regard, I would like to ask you how Canada's Development Finance Institution will help the country reach its sustainable development objectives, especially SDG5 regarding gender equality.

Women's financial inclusion is a key element for ensuring equality. According to the World Bank, in developing countries, women are 20% less likely than men to even have a bank account. However, in those countries, between 30% and 37% of small businesses are owned by women.

How will the new DFI ensure that women will benefit equally from private investments? How will the financial inclusion of all vulnerable and marginalized groups, including women, be part of the DFI's mandate?

Hon. Marie-Claude Bibeau: Thank you for your question, and also for asking it in French.

Canada's Feminist International Assistance Policy must absolutely be reflected in our DFI. That is imperative.

For starters, we will ensure that our governance has the required competencies in terms of gender equality. EDC has its board of directors, and the DFI will have one, as well.

There will also be an advisory committee that will provide the board of directors with advice. Currently, we are making sure that those people have all the competencies with regard to gender equality and climate change. As for our key priorities, we are making sure we have the necessary competencies in governance.

DFI staff will be provided with the training they need to have appropriate responses and to be able to support businesses, so that their projects would have a real impact on gender equality on the ground.

There are areas of activity we want to get involved in. The policy states that women must be consulted locally. Private businesses can easily do that, and we will strongly encourage it. Consultations are being held to ensure that projects meet local needs. With our projects, we are doing more than consulting women; we are promoting their economic empowerment.

This must become second nature in all areas of activity, and that is highly likely and even desirable. The opportunity to engage women is a way to ensure success for businesses. I am often told so, especially in developing countries.

When it comes to entrepreneurship or the reliability of employees we hire, women are more likely to be punctual in their training, among other activities. It is very beneficial for private businesses to get women involved locally.

Ms. Anita Vandenbeld: Thank you very much.

In some countries, women cannot become owners, take out loans or register a business without their husband's permission.

Will the new DFI include not only financial education, but also women's economic rights?

Hon. Marie-Claude Bibeau: It is not easy to know whether the DFI will have an impact on that. The DFI is a complement to all our programming and policy.

What you mentioned is certainly among the priorities of the feminist policy. The governance component relates particularly to that. We want to ensure that the technical assistance we will provide to the countries will help guide them locally to develop policies that take into account people and needs.

First and foremost, this is simply about existing and having an identity. Subsequent events—such as obtaining the right to own property, the right to vote or the right to have a business—arise from that. Those are issues of concern to us, and they are priorities in the feminist policy.

● (1145)

[English]

Ms. Anita Vandenbeld: We know that this is going to include in the documents technical assistance, the expertise that we can provide to countries in order to increase development as well as the private sector investment. Will we be providing things such as financial literacy for women and other marginalized groups, things that are barriers to their being able to start businesses and enter the economy?

[Translation]

Hon. Marie-Claude Bibeau: We will be able to do those types of activities mostly through our development programs. The technical assistance projects that will support the DFI's entrepreneurship projects will go through the department. Those projects will be directly related to technical assistance in order to support a company that wants to do business in Senegal or wherever. It's more about technical assistance.

When we say that we want to increase women's skills in finance, we are thinking more about creating a bilateral project, since that is very much in line with our priorities.

[English]

Ms. Anita Vandenbeld: Do I have more time?

The Chair: No, not really.

[Translation]

Hon. Marie-Claude Bibeau: Développement international Desjardins actually already has similar projects under way.

[English]

The Chair: Thank you, Ms. Vandenbeld.

We'll go to Mr. Genuis, please.

Mr. Garnett Genuis (Sherwood Park—Fort Saskatchewan, CPC): Thank you for being here, Minister. I'm sorry to have come in a few minutes late. We had a bit of a room mix-up on my end.

Maybe you anticipated this question from me. I want to ask you just a bit about Canada's aid to Burma. We've had a lot of discussion recently about the crisis affecting the Rohingya. I know that there have been some initiatives around assistance to Rohingya refugees in other countries, but I'd like to hear about Canada's aid within Burma itself.

I was looking over some background on this. I'm curious to hear if you have a bit more information on the support to decentralized governance in Burma, which was provided through the Forum of Federations. What exactly is the mechanism for that and how is that going in light of the problems?

I have a secondary question on that. There was an announcement—I think a year and a half ago—of around \$40 million for democratic development. I'm wondering if that goes through your department or if that goes directly through Foreign Affairs. I'm curious to hear some more information, but maybe you're not the right person to ask. If you do know about that, what's happening with that as well?

[Translation]

Hon. Marie-Claude Bibeau: In terms of humanitarian aid, our contributions to Myanmar since the beginning of the year have amounted to \$9.18 million, of which \$3.55 million has been provided since the beginning of the crisis, August 25.

If I have understood correctly, you are referring to the peace and democracy project, which has been going for awhile. As I mentioned on Tuesday evening in the House, the money is not given directly to the government and is not at risk of being diverted. I want to reassure you that the money is given to trustworthy partners. To be honest, I am not familiar with all the details on other projects, as I prepared myself more to talk about the DFI.

Peace and security issues are the responsibility of Minister Freeland. However, I would be happy to obtain more details on that, as these are issues our two offices are working on. We will give you more details on the Myanmar project.

Mr. Genuis, your question had a second part, but I have forgotten it, and I apologize for that.

[English]

Mr. Garnett Genuis: I understand that funding was delivered through the Forum of Federations for support for decentralized governance in Burma. I understand that these recent proposals are not all for government-to-government aid but work through partners. Of course, there are still a lot of challenges in delivering aid to Burma in the current situation in any event and even in getting humanitarian access to Rakhine.

Is a review going on in terms of recognizing the challenge of delivering this aid and trying to do it in a different way, or are you satisfied that the current structures are still working to get aid there, including to those who are most vulnerable?

• (1150)

Hon. Marie-Claude Bibeau: I'm satisfied with the way we work within the context we have. I am definitely not satisfied with the actors we have in the field, that's for sure—

Mr. Garnett Genuis: Right.

Hon. Marie-Claude Bibeau: —so this is why we have condemned very strongly what's happening. We are advocating for free access for humanitarian workers and humanitarian assistance, that's for sure. We're working with partners who have access. Right now in Myanmar, there is only the international Red Cross that can somehow get access, but it's very limited access, as we all know, so I'm definitely not happy with this.

Mr. Garnett Genuis: Thank you.

In a bit of a different vein, earlier there was some discussion about getting help to the most vulnerable around the world. I read a very eye-opening book over the summer about development assistance. It was making the argument that one of the biggest challenges affecting the poor around the world is basic access to justice. It's something that's often outside our frame of reference, but for many poor people around the world, one of the biggest challenges they face is that their land can be taken away from them and people can be forced into bonded labour, and they don't have an effective ability to take that to a sympathetic police force. Maybe it's an issue of lack of prosecutors or a lack of police training.

I've become convinced through that and some subsequent reading I've done that this is a fundamental problem. If you want people to start businesses and to gain skills to be able to move forward, they must have some degree of certainty that when they make investments in themselves and their property, they're actually going to be able to hang onto those investments and not have them taken away.

I'd be curious to hear your thoughts on that and on what the Government of Canada is doing, if anything, around these issues of access to justice for the poor in the developing world.

Hon. Marie-Claude Bibeau: I totally agree with you that this is a very important issue.

To give you two examples, in Haiti we have a very significant project in terms of training police officers. This training includes gender-based violence behaviour on the way they act. Also, I was in the DRC recently. I visited what we call the "one-stop" project. We were giving medical and psycho-social assistance to women who were victims of violence, but also giving them access to justice through a lawyer and a police officer, and some of them were able to send the perpetrators to jail. That is one part.

You talked about the importance of having confidence in the system in terms of making investments. This is absolutely essential. Once again, in our governance, the sector of the feminist policy is also something that we are working on, because if we want economic growth, we have to provide investors the confidence that they can trust the system. It is something that we are working on in the governance part of it. In terms of the DFI, the projects that will be submitted to the DFI will definitely start where they have a certain level of confidence in the system.

The Chair: Thank you, Mr. Genuis.

We'll go to Mr. Wrzesnewskyj, please.

Mr. Borys Wrzesnewskyj (Etobicoke Centre, Lib.): Thank you, Chair.

Thank you, Minister, for appearing before the committee today.

I have a series of questions that go to the structure and how we intend to actually deliver in the field.

Let me start by saying that it's tremendously encouraging to see this initiative and to see that it's being done within the framework of EDC. EDC is a rare example of doing important and good work. Also, EDC contributes back to the Treasury, to the tune of \$800 million last year, which certainly allows us the opportunity to turn around and say that there are other areas where we could do good work such as this. It also uses the framework of EDC, which, as you said, allows us to launch without having to duplicate, add unnecessary layers of bureaucracy, or reinvent what has already been put in place.

Having said that, I know that many countries have similar programs, and there are very different models. First of all, do we have a list of countries? For instance, the U.S. does its work in 160 countries. Other countries have target countries, and they may do it only in a score of countries. Do we have a prioritized list? If so, do we have a prioritized list that breaks it down into countries that are war zones, for instance, such as Iraq and Afghanistan? Do we intend to do work in those sorts of countries? Are there countries that are conflict zones that we intend to do work in, such as Somalia, for instance? Are there countries that are post-conflict, such as Angola? How do we prioritize amongst those countries?

Also, there are several models of how these DFIs function. Some tie it back to in-country companies and have a requirement that... For instance, the Brits don't require that British companies be involved. The Belgians, Finns, and Danes actually require that Belgian, Finnish, and Danish companies be involved. It's an interesting question, because it goes back to some of the comments that were made previously about offshore structure and extraterritoriality. If the model is that 100% can go in those countries, there is extrajudiciality. We don't have access to go to the courts to chase after this money, but if Canadian entities are involved, there is often a different government structure, first of all, and we have that ability.

That is a series of questions along those lines of how we intend to structure this, and then I have a final question. The briefing notes talked about small and medium-sized businesses. What portion will go to microfinancing? The model in that particular case would be quite different, because most likely that would be 100% local. Some of the greatest successes have been with microfinancing in agriculture. When you do a gender-based analysis, you see that it is so empowering for women in some of the poorest of countries, and there is little chance that this money will end up in some offshore structure.

It's a series of questions. Thank you.

• (1155)

Hon. Marie-Claude Bibeau: On the first question, the list of the countries, first, only the countries eligible for ODA are on the list. We haven't made a priority list. We're talking about business. We want to bring investors to do business in developing countries. We will be I think more responsive in the choice of the countries, but

still, we wouldn't want the full DFI going only to middle-income countries. We want to have an impact on the poorest and the most vulnerable, so some of the least developed countries should benefit from our DFI.

We will be proactive on this and have a reasonable share in the least developed countries. We also recognize that in the middle-income countries we have big pockets of poverty as well. We can still have a big impact on poverty and inequality if we invest in middle-income countries. Once again, it's about finding the right balance.

In crisis-affected countries, I guess we'll see the reaction and the interest in the projects that will be presented to us, but I will say that we would be proactive in this area specifically. When I say "we", it's still the DFI in an independent way, and in our orientation I definitely want the least developed countries to be significantly included, but not exclusively, because, once again, we want to find the right balance between having an impact on development and being financially sustainable.

On Canadian companies, it will not be a prerequisite. Once again, we want to use EDC's expertise and Canadian networks to encourage and to be proactive and to do outreach with Canadian companies to get them into it. It's not exclusive, but we will work hard to have Canadian businesses involved and benefiting from the DFI.

On the SMEs, I see it from two sides. Let's say that for the Canadian SMEs, I think there are definitely business opportunities for them in developing countries, but as well for SMEs in developing countries that are also eligible for the DFI. When you talk about microfinancing, I would refer to my answer to Anita a bit earlier. There's definitely a significant impact on development if we economically empower women through microfinancing. The DFI wouldn't be doing the microfinancing itself, but supporting a project that is providing microfinancing to local organizations is definitely one area we want to look at.

• (1200)

The Chair: Thank you, Mr. Wrzesnewskyj.

Madam Minister, I want to thank you. This wraps up our opportunity to hear directly from you on where we're headed on DFI. I think you have the sense that our colleagues here are all very supportive of the concept of DFI and what it can do and are looking forward to a continuing involvement in seeing where this all goes over the long term. I want to thank you very much for giving us this opportunity to ask some questions.

We'll be submitting a report, as you know, to you and to the government, on our sense of the DFI and what we've heard from the witnesses over the last while. Again, on behalf of the committee, I thank you very much for making this presentation. We look forward to further events.

Colleagues, we'll take a break and be back in five minutes.

[Proceedings continue in camera]

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