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Chair

Mr. Dean Allison

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•(0850)

[English]

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

I want to welcome our witnesses before us today: Yvon Bernier, who is the vice-president of consulting expertise with Desjardins; Christina Dendys, who is with Micronutrient Initiative; and Doug Horswill, who is with Teck Resources Limited. Welcome to each of you.

Hon. Dominic LeBlanc (Beauséjour, Lib.): Mr. Chairman, I have a point of order.

The Chair: Okay.

Hon. Dominic LeBlanc: Sorry, Mr. Chairman, I don't want to take away time from the witnesses at all; I want to be very brief.

At the vote, I mentioned to you a concern I have. I wanted to bring it up as a point of order—or rather, as two points of order, and we can reflect on these and perhaps talk at the beginning of the next meeting.

My first point of order is that this is our third meeting on this particular committee study: the role of the private sector in achieving Canada's international development interests. I am told—and I think it's true—it's the third meeting where we've heard from witnesses who have been suggested by the government side. It takes away nothing from the merit of these witnesses at all, but some of the suggestions made by the opposition haven't been incorporated into panels. As far as we're aware, none of the witnesses we suggested to the committee—or certainly none who we're in contact with—have been contacted yet.

One example, which is sort of disappointing, is that of Andrew Bauer, who's based in New York—and who happens, exceptionally, to be in Ottawa only for today. We tried yesterday—maybe too late—to see if he could be included in this particular panel this morning; it would have saved money. Mr. Bauer's work is focused mainly on governance and accountability mechanisms in the role of international financial institutions and macroeconomic management in developing countries. He might have been a great contributor this morning, particularly with Développement international Desjardins. He focuses on technical assistance, research, and so on.

Three witnesses for two hours is a good opportunity for the committee, but a fourth wouldn't have been that disruptive. Going forward, I'm just worried that we can find a way to balance out, or

not even to balance, because I'm not sure we have separate interests necessarily, but to include the witnesses suggested by opposition parties, who to date haven't yet been integrated into this study. That would be my first suggestion, Mr. Chairman.

Let me address the second point of order now. I apologize—as some of you know, my wife has had some health challenges, which have been sorted out, and there's good news in the end, but I missed a couple of meetings. So I just wanted to understand something from you, Mr. Chair. The original work plan document prepared by the researchers that we were given in October was titled “A study on Africa in the 21st century: key challenges and opportunities, and the role of Canada”. From my colleague Mark Eyking, I know it suddenly changed to a different focus: the role of the private sector in achieving Canada's international development interests. I'm curious to hear from you, Mr. Chair, on how we can.... For us, Africa was an important part of this study.

I have a sense that as we proceed down the road of looking at the private sector's role—which as I said in a previous meeting, I think has considerable merit in and of itself.... I'd like you to reflect, Mr. Chair, on how we can bring a considerable focus to Africa as part of this work, and we can talk at some other time as well. I worry that as we go forward, we're losing what was originally an exciting recognition—which certainly achieved consensus at this table—that we should focus on Africa as a major, if not the key, part of this study. So I want us to be conscious of that as we go forward.

I just wanted to put those two things on the record, and I didn't want to take away time from our witnesses.

•(0855)

The Chair: You mentioned the possibility of Thursday. Why don't we set some time aside Thursday to continue this conversation?

Hon. Dominic LeBlanc: Sure, that would be great.

The Chair: Hélène.

[Translation]

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

I would simply like to emphasize that we also consider the study on Africa in the 21st century very interesting. We thought the document the Library of Parliament prepared to guide us through this study provided a very solid base from which it would be very appropriate for the committee to continue working.

As for the comment my colleague Mr. LeBlanc made, I would say we view the parliamentary committees as an opportunity to work together, to really join forces to work together. Consequently, we believe we can provide the names of relevant experts and witnesses, and, Mr. Chairman, we are assured that our suggestions will be taken into consideration. Thank you.

[English]

The Chair: Sure, and without getting into any major debate right now, I believe we changed the focus of the study slightly to concentrate on this private initiative and development interest. We asked for new witness lists. The government has already submitted theirs. All the names are on the list now, and we're just working through that list. Let's have more of a discussion on it. I have no issue with that. Let's commit some time on Thursday for that.

Okay? Thank you.

We're going to get started.

Mr. Bernier, we'll start with you, sir.

[Translation]

Mr. Yvon Bernier (Vice-President, Consulting Expertise, Développement international Desjardins): My name is Yvon Bernier, and I am vice-president, consulting expertise, Développement international Desjardins.

To provide you with some background, the Mouvement Desjardins, as you no doubt know, is now one of the largest financial institutions in Canada and operates virtually across the country. The Mouvement Desjardins currently has assets of approximately \$190 billion, which makes it the fifth largest financial institution in Canada and the largest in Quebec, and its aim as a financial cooperative, after all these years, is still financial inclusion.

Développement international Desjardins, DID, is a non-profit organization that has been in existence for about 40 years and currently operates in some 30 countries, essentially developing countries, and whose objective is to promote access to diversified financial services, which means financial inclusion. DID, a non-profit organization, cooperates and acts extensively in partnership with the Canadian International Development Agency, mainly in major bilateral, and most of the time highly structural, projects, but always in the context of the Canadian partnership regarding which we have just renewed a co-financing agreement with the Mouvement Desjardins. In short, my comments will concern access to financial services as a development driver for the private sector.

For DID, improving access to financial services for all is an essential condition for development of a community's private sector. The fact that in many countries, more than 80% of the population does not have access to quality financial services constitutes an actual brake on economic growth of the private sector. In this context, we think that it is strategic to work with small entrepreneurs and farmers who create jobs and also to offer the entire population, including its poorest members, diversified financial services that include savings, credit, insurance and transaction services. Consequently, microfinance should be considered as overall leverage for sustainable economic development, rather than simply as micro-credit.

While the cooperative financial model seems, in our opinion, to be particularly favourable to very close involvement by such institutions in the communities they serve, we naturally support financial cooperatives. We support the emergence and development of diverse types of financial institutions in order to ensure maximum access to financial services. Regardless of type, community finance institutions should all operate within the framework of the formal financial industry and in function of its norms, while still adjusting to a primarily informal economy, and focus on a horizon for local ownership.

We also believe that it is necessary to rely on local resources. This would include the mobilizing of savings deposits, which increases the dependence of the communities being served, plus the strengthening of local leadership and democracy that occurs when stakeholders in the community become increasingly involved in the various aspects of the democratic life of their financial institution, and also include local capacity-building, which is the foundation for the performance and viability of the institutions we assist.

DID believes that, in order to have a significant impact on community empowerment and economic expansion, the assistance delivered should aim at increasing the level of institutional professionalism to boost outreach and impact. We also believe that such assistance should focus especially on large cooperative groups, namely institutions whose territorial outreach is national in scope and covers both urban and rural regions.

In West Africa, for example, DID provides support to seven institutions which rank among the leaders in their respective countries. Taken as a whole, these institutions reach nearly 5,000,000 members and clients, 40% of whom are women. They have approximately 1,000 service outlets, employ over 5,000, with the support of just as many elected administrators, and have total assets of nearly CAN\$1 billion, although the average loan amount totals only CAN\$900.

● (0900)

We believe that community finance institutions must deliver diversified financial services that help create value. DID believes that it is of utmost importance to focus on the efforts needed to provide micro SMEs with access to sources of financing tailored to their needs, since lack of access often places a brake on development and consequently on the economic development of these countries.

To fill the gap separating small entrepreneurs from the financial services they need, DID sets up financial centres for entrepreneurs, which we call CFEs. The 10 CFEs created with support from DID in Africa and Latin America have, to date, issued US\$220 million in loans to some 82,000 small entrepreneurs. Using the Calvert Foundation's Social Return on Investment, we estimate that over 53,000 jobs have been created thanks to these institutions.

In the context of a crying need for food security in many regions of the world, developing countries are facing enormous challenges. They must diversify crops, modernize their agricultural techniques and achieve increased agricultural productivity. In order for the men and women working in agriculture to contribute to its development, they absolutely must have access to diversified financial services, such as specialized agricultural loans such as credit for investment or marketing, and crop insurance. It should also be noted that, in most developing countries, nearly 80% of food production depends on the work of women. Indeed, if structural gender inequity is reduced, agricultural yields could reportedly be increased by over 20% on the continent of Africa.

Consequently, in light of these findings, it appears crucial that microfinance institutions make financial resources accessible so that farmers, especially women, may participate fully in agricultural sector expansion and economic growth.

Housing finance meets a rising need within communities in developing nations. One need only think of the current urbanization rate in the major capitals. The impact of sound, well-built homes is enormous, not just on health, education and security, but also on the creation of family wealth, which can be passed on to future generations, and entrepreneurship. These are also prerequisites for community private sector development.

Delivering community financial products and services to clientele living in marginalized regions comes up against major constraints in terms of accessibility, security and cost. In this context, DID believes that introducing innovative and effective technological solutions is an essential condition for secure and expanded access to financial services. Transaction software, mobile applications, mobile banking services, for example, smart cards, biometrics and inter-coop transaction systems are some of the tools advocated by DID to reduce costs and improve service outreach.

For Développement international Desjardins, the emergence of genuine community finance that is truly inclusive requires suitable legislation and supervision with the purpose of improving professionalism in the sector and safeguarding depositors. DID also promotes sound microfinance practices aimed, among others, at preventing overindebtedness of members and clients.

In conclusion, we reiterate that all support for development, including investment, should be placed at the service of local capacity-building and local leadership development. Based on this prerequisite, the impact of aid intervention for development will be multiplied and significant results achieved on a larger scale.

Thank you very much for inviting us, Mr. Chairman. I was a little nervous at the start. If there are any important questions for us, we will be very pleased to take part.

• (0905)

[English]

The Chair: Thank you, and it's all right to be nervous.

We'll hear from your two other partners up there, and then we'll fire the questions.

We're going to move over to Ms. Dendys. Welcome, Ms. Dendys. The floor is yours.

Ms. Christina Dendys (Director, External Relations, Micronutrient Initiative): Thank you. I'm nervous too.

Chair and members of the standing committee, thanks for this opportunity to present some thoughts on this study on behalf of the Micronutrient Initiative. Before I get into some of the meat of the study, I want to say a few words about MI.

As a mom, I know it matters that my son has enough food to eat, but it also matters what he eats. Micronutrients like vitamin A, zinc, iodine, and iron are vital components of good nutrition and human health, yet billions on the planet—that's right, billions—do not get enough of the vitamins and minerals they need to survive and thrive.

Vitamin and mineral deficiencies affect a full third of the global population, diminishing their health and preventing too many from fulfilling their full potential. So for almost 20 years, the Canadian-based Micronutrient Initiative has focused on developing and delivering low-cost and high-impact solutions to address vitamin and mineral deficiencies among the world's poorest populations, and really has grown into a global leader in the field. Our reach and impact are impressive. Last year alone, we reached as many as 500 million people with our programs.

This is all thanks to significant leadership and generous support from the Government of Canada through the Canadian International Development Agency and also from exceptional partners like Teck, which you'll hear from later. But before focusing on MI's partnership with Teck, and because the focus of your study is broadly on aid and the private sector, I thought I would touch on a few areas of MI's work where the private sector has played or can play a role in the success and sustainability of our programming.

One significant win, not only for MI but for the world, has been salt iodization. Iodine deficiency is the leading preventable cause of brain damage, and it can significantly lower the IQ of entire populations. The most severe impacts of iodine deficiency occur during fetal development and in the first few weeks of life, so it's critical to reach women of child-bearing age and young children.

Because salt is commonly consumed even in impoverished areas, it's an ideal vehicle to carry iodine. In fact, the global strategy of choice for preventing iodine deficiency disorders is universal salt iodization. We take for granted when we go to our grocery store shelves that all of our salt is iodized, but that's not true in many pockets of impoverished areas of the world.

Salt iodization represents one of the world's largest and most impactful global health interventions, and it would not be possible without the private sector playing a pivotal role. In the mid-nineties, only about 20% of the world's salt was iodized, and today that percentage has jumped to about 75%.

MI works with small and medium-sized salt producers, providing technical support and know-how, and in some instances even technological applications, to ensure that the remaining 25% of the world's un-iodized salt is iodized. As well, I'll just say that this intervention is literally pennies per person for the amount of impact.

Last month I was in Bima, a very remote spot in Indonesia. I was with some of our staff there, walking through salt flats and meeting with salt harvesters. The harvesters, using wind or pedal power, draw water from the ocean into shallow ponds. Over time, in the heat the water evaporates, and the increasingly concentrated salt is pumped into different ponds until the salt can literally be raked by women, dried, and made ready for processing.

In Bima we're working with these small-scale salt manufacturers to improve their business. We're supporting their efforts to establish a salt co-op that will benefit their bottom line, providing some technical support to help them meet government standards and improve their processing, and providing mobile iodization equipment, which sprays iodine into the salt as it's ground so we can ensure that the salt they produce is infused with iodine, the iodine that will help improve lives and build healthy brains. When you iodize salt, you can raise IQ levels in a population by as much as 13 points. It's an example of where private sector meets public good.

Here's another example. I've brought some props. Forgive me: I'm relentless. What I have here is called *chispitas*. It's a single sachet of what are known as multiple micronutrient powders. They contain a mix of micronutrients—iron, vitamins A and C, zinc—and they're used to add nutritional value to the foods that are fed to small children. If you can imagine being in a rural village—this mix is from Bolivia—where whatever is in the family cooking pot gets portioned out and served to everybody in the family, even to young children who are a year or under two years old, like porridge, for example.... If you open a small sachet like this—which really costs pennies—and mix this in with the children's food, it adds good nutritional value.

In Bolivia, MI worked with the Ministry of Health on a tender for producing micronutrient powders and providing technical support to the private sector producers. The producers were motivated because they had a guaranteed public sector purchaser. In the end, *chispitas* were successfully marketed to end users using the private sector style of social marketing techniques. Again, private sector meets public good.

● (0910)

My last example before going to Teck is to speak briefly about vitamin A.

This little red capsule with a nub at the end—the nub is cut off and squeezed into a child's mouth to get the vitamin A into the child—looks simple, but it's a technological and global health marvel. It costs two cents per capsule. It takes only two capsules a year to ward off blindness, build up immune systems, and help save lives. So let me say it again: two cents per capsule; two capsules a year to save a life.

With CIDA's support, MI has distributed seven billion of these capsules to children around the world. To do so we work with private sector manufacturers to ensure that the world's supply of high-

quality vitamin A is met. So private sector production has to be of the highest standard, because just imagine the technology needed for that little capsule to ensure that it maintains its integrity in blistering heat, or survives transport to some of the world's most remote locations. I've seen these bottles on shelves in clinics in Kenya and in remote health posts in Ethiopia.

Vitamin A scale up helped usher in a revolution in child survival. It's just another example of where private sector and public good meet.

Finally, my last example, and one of the most exciting, involves MI's partnership with the Government of Canada and Teck Resources in the unique private and public sector and civil society partnership called the Zinc Alliance for Child Health, or ZACH.

There's a persistent child killer that takes the lives of more than 4,000 children per day, and one and a half million lives per year, and that killer is diarrhea. It's just that nobody talks about it. You hear about pneumonia and you hear about malaria, but we don't talk about diarrhea enough. It's time to start talking dirty, as I say.

The combination of oral rehydration salt with a strip of ten zinc supplements is a new and extremely powerful treatment for reducing diarrheal disease. Many countries are trying to add zinc to their child health programs, and they're turning to organizations like Micro-nutrient Initiative for help. And that's where Teck comes in. In keeping with Teck's commitment to corporate social responsibility, Teck is providing MI with \$5 million in new funding to scale up our zinc and ORS programming. Their generous contribution is being matched three to one with funds from CIDA, another partner in the alliance.

Our first ZACH project will roll out in Senegal with the support and leadership of the Government of Senegal, and we're looking at up to four other countries where we can have impact. ZACH has the potential to save and improve the lives of children around the world, and in doing so it will not only help Canada meet our Muskoka objectives, it just might be leading the way to the next revolution in child survival. It is also yet another example where private sector and public good intersect, and MI is honoured to be a partner in that.

In closing, MI values the relationship with private sector partners like Teck and sees this partnership as integral to meeting our mission, so we welcome the committee's study.

Thank you.

The Chair: Thank you very much, Ms. Dendys.

We're going to move over to Mr. Horswill from Teck Resources.

● (0915)

Mr. Doug Horswill (Senior Vice-President, Sustainability and External Affairs, Teck Resources Limited): Thank you.

Thanks, Chris.

Teck and its predecessor company, Cominco, have been mining, smelting, refining, and selling zinc for a hundred years. Only in the last decade have we understood that it's not just a product that galvanizes steel and keeps your garbage cans from rusting; it's really a wonder element. It's crucial for human health. Children who are deficient in zinc end up stunted in growth. They end up not incapacitated, but with reduced capacity mentally. Crops that don't have enough zinc are deficient in terms of quality and quantity.

When it comes to tackling the issue of zinc deficiency, there are four uses. First is for acute deficiency. It can prevent deaths from diarrhea or the complications associated with diarrhea. Second is for chronic deficiency, which leads to growth and mental retardation. Third is the actual fortification of foodstuffs, which will affect not only children but the population generally. Fourth, ultimately, is the fortification of fertilizers, which in theory will actually improve the quality of the grain and the rice and so on grown in the zinc-sufficient soils. We can maybe eradicate a problem that today contributes something in the order of 450,000 deaths a year among children under five, according to UNICEF and WHO.

We're very pleased to have partnered with the Micronutrient Initiative and the Government of Canada on the Zinc Alliance for Child Health to try to recognize this role. We'd certainly like to thank the committee for inviting us here to talk about this.

Teck is a resource company, a mining and metals company, based in Vancouver. It has operations in the western hemisphere from 1000 miles north of Anchorage in Alaska through to southern Chile. We produce zinc, as I've already said, metallurgical or steel-making coal, and copper. We sell to markets around the world. We are one of the largest producers of zinc.

We have supported zinc health initiatives directly with MI and also through the International Zinc Association, together with UNICEF.

The world challenge is not that there is an insufficient quantity of zinc in the world. It's really about distributing it and getting it into the hands of the mothers who look after their children and understand the need to get zinc into their diets. It's education, it's distribution, and it's working within the supply chain. But the supply chain isn't so much the issue.

We've been working with MI for quite a number of years to actually formulate the partnership we're now executing, first with the program in Senegal and then, potentially, in other countries, as Chris mentioned. We launched the program last June. We're very excited to be able to continue it. With our resources, MI's knowledge and capability on the ground, the support of CIDA, other partners as we go forward—we're looking to bring other companies and other organizations, such as Save the Children, into this—and UNICEF, we can strengthen health programs around the world.

It's fascinating. As Chris says, we can save lives. For vitamin A, it's 4¢ a tablet or 2¢ a tablet. Treatment with zinc and oral rehydration salt together virtually eliminates the consequences of diarrhea. The zinc strengthens the immune system. The oral rehydration salts rehydrate the body. For 25¢ a treatment, you save the life of a child under five. So the more collaboration and

partnership we can bring to it, the more resources and capability can be achieved.

We are always asked why we are involved in this. It's primarily to save the lives of children, to give back, and to do something we can be recognized for as a company. Our employees are extremely enthusiastic about this. It's amazing to see them and feel the vibrant enthusiasm they have, whether they are collecting money from each other or purchasing from our website. Employees can purchase material that has a zinc and health logo. They really get engaged.

● (0920)

It's certainly not a matter of selling more zinc. The amount of zinc that would be required to meet all of human need would amount to maybe 2% of our annual production—one tenth of 1% of the annual production of the whole industry. It's really immaterial from a transactional point of view. It's about reputation, global citizenship and doing the right thing. Having the opportunity within a product that we produce to be able to contribute so much is really quite exciting.

When you look at zinc deficiency, about a third of the world's population is actually zinc deficient. Zinc deficiency contributes to the death of about one and a half million children per year. Half a million of those, according to WHO and UNICEF studies and other scientific evidence, could be saved through the treatment that I mention. As we've seen the opportunity to contribute to a global issue, we've kind of stood up to the plate and taken the steps that we can take.

As an aside for a moment, in 2008 an organization called the Copenhagen Consensus Center—which some of you may have heard of—asked eight scientists, five of whom were Nobel laureates, how, if they had \$50 billion to spend, they would spend it to make the world a better place. The top of their top ten list was vitamin A and zinc deficiency treatments, partly because zinc saves the lives of people with diarrhea, but also because of the IQ gain of populations in sub-Saharan Africa, Asia, and parts of South America that are zinc deficient. The IQ gain would just add to economic growth. When you see that kind of substantial and well-researched evidence, you think there's nothing better you can actually get into.

Teck Resources Limited is part of the United Nations Global Compact. As such, we have to commit activity and effort to achieve millennium development goals. In Teck Resources Limited's case, we've chosen MDG 4, to reduce by two thirds between 1990 and 2015 the death rate for children under five years old.

What the Micronutrient Initiative was doing meshed together perfectly with our global compact commitments on zinc, and gave us this opportunity. We hope we can take the Zinc Alliance for Child Health, with MI and CIDA, well beyond the scope and scale it's now at. The first program—the one we're in now—is Canadian. We believe that it could be replicated in countries like Australia, where there are zinc producers, government aid agencies, and potentially others. You could have a Zinc Alliance for Child Health in Australia, the U.S., or the U.K. We can bring in other partners from the NGO community, we hope, and Save the Children may be one. We can go beyond that in terms of other partnerships, such as the one that the IZA has with Zinc Saves Kids.

There are organizations around the world, like the Bill and Melinda Gates Foundation, and GAIN, the Global Alliance for Improved Nutrition, that have recognized the importance of zinc and are moving forward. In some ways, we're leading the way. We think our work is quite path-breaking in terms of the private-public partnership that it represents.

Thank you.

The Chair: Thank you very much.

For those who haven't been here before, we're going to both sides of the House here. We're going to start with the opposition. The first round will be seven minutes for questions and answers. Then we'll go to five-minute rounds, and we'll keep going as long as people have questions.

I'm going to start over here with the opposition, the NDP. I'm going to have Ms. Sims start, for seven minutes.

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

First of all, thank you very much for taking the time to come and make a presentation. I certainly found all three presentations very informative. It really shows how much of a difference we can make when we work together. Symbiosis occurs when you can get partnerships established.

The first question I have is more one about process. I hope you will bear with me for that. I'm really pleased to see that you have got your commitment from CIDA. As you know, last year CIDA launched a new process for dealing with applications, called "Partnership with Canadians". That was a new application process for partner groups. I'd just like to hear from you what your experience has been like. For you, Développement international Desjardins especially, you've had your project approved. How did you find this new process?

• (0925)

[Translation]

Mr. Yvon Bernier: We have been cooperating with CIDA for many years now as part of the Canadian partnership. I believe this is our fourth program renewal, as the term of every program is generally four years. To answer your question, I must say we unfortunately renewed our partnership under the old partnership model. That changed a few months after we filed our renewal applications.

However, the new partnership program is being managed under the new rules issued by CIDA. To date, we have had excellent cooperation with CIDA and its managers with regard to the program. As I mentioned, Desjardins has contributed 25%, that is \$5 million from the Desjardins fund to support this application to CIDA.

As the new agreement started about eight months ago, we are implementing programs on a number of continents. Every time, we do it in association with national or regional partners because projects often cover a number of countries. Whatever the case may be, I must say that we have had no major problems in the project approval and management process. It's gone in accordance with the rules and everything has been done within the prescribed time periods.

I don't know whether that answers your question.

[English]

Ms. Jinny Jogindera Sims: It does.

Did you have something to add?

Ms. Christina Dendys: Only that with the Micronutrient Initiative, our funding comes from the multilateral branch, so we don't have the same sort of RFP process to go through. I therefore can't comment. We don't have any funding through the partnership branch.

Ms. Jinny Jogindera Sims: Thank you very much.

Actually, what you've clarified for me is that for the projects you're working on, the funding was under the old system and you have really not had any experience with the new streamlined initiative.

One of the concerns I've had—I was looking for a good-news story, actually—is that, as you know, there was a report done by CCIC, you may not be aware of it, that specifically talks about the impact of this new streamlined approach where a majority of our NGOs are saying they have not heard about their applications yet, approval or disapproval.

What kind of an impact would it have had on your work if your approval under the new process were delayed by eight or nine months and you still did not have approval? What kind of an impact would that have had on the work you do?

[Translation]

Mr. Yvon Bernier: That would have caused a lot of problems. We generally have projects that run over long periods of time. If approval delays are extended, that can have an impact on our partners, for which some activities often require continuity.

I believe that one of DID's development successes is that it had access to this Canadian partnership program, which, over time, has lent some consistency to our actions. We have actions that largely exceed the programming framework of three, four or five years. We are trying a number of ways to keep our partners' support, either through the Canadian partnership or through other interventions, because we are convinced that development takes a certain time, as it does to change behaviour and to acquire skills and competencies. We are doing a lot of work to establish helping relationships which can take various forms, but over long periods.

In this context, I know other Canadian partners that have renewed their partnerships and that are still awaiting an answer for their new programming framework. I believe that most have been cautious and submitted their applications nearly a year in advance. So they've all given themselves some room to manoeuvre. But I think that partners that have not done a good job of planning for the implementation of the new program or for additional delays in the introduction of a new procedure may find it quite difficult to operate.

• (0930)

[English]

Ms. Jinny Jogindera Sims: Thank you very much for your very honest answer. I think one thing you really clarified for me, which other groups are speaking about as well, is the need for that long-term planning and the need for consistency and for predictability, because this study that was done actually talks about the impact the delayed decisions are having on our international work.

I want to get a couple of things into the record. The delays and accompanying lack of project financing are slowing down or stopping international project work, which has a negative impact on partners and communities in developing countries. Forty-five percent of the group responded that was so for them.

They're also saying it is beginning to have a real impact on their overall budgets. Some of them are having to look at how they run their operations and even having to stop work on projects and start laying off staff. I think one of the most compelling quotes for me was that "the organization is not able to plan for its future", because, as you said, long-term planning is absolutely a necessity. And there is also the damage this kind of lack of predictability is having on the role and the name of CIDA, which is so revered internationally, and the way people are beginning to look at us. I think for me it is the imperative nature of our living up to our timelines and also of our making those commitments and letting people know.

People are talking about some of their projects being in jeopardy. I'm pleased for you that your project was under the old system and you're able to carry on.

The Chair: Point of order?

Ms. Lois Brown (Newmarket—Aurora, CPC): Point of order, Mr. Chair.

Just to put this on the record, all of those applications are under review by the minister, and there is no agency or organization in Canada that is going to get funding in perpetuity. There is always a need to review what we're doing and to ensure that the taxpayers' money is being well spent.

The Chair: I don't think that's a point of order, but when your turn comes up you guys can put that on the record as well.

Your time is up.

We're going to move back over here to Mr. Van Kesteren for seven minutes.

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

I'll let my colleague put that on the record. I think that is a very important point.

It's a fascinating discussion here, and I'm intrigued to get another angle on some of this nutritional deficiency.

A question comes to mind as you're telling me this. Has this been the case throughout human history? Have people always had a deficiency of zinc, have they always had a deficiency of vitamin A and all the others, or is there another underlying problem?

I say that because we had the health people in, and of course the health accord is coming up, and we have some great dialogue around that. My challenge was that we're talking about the end result. What are we doing right at the beginning? Are we looking to see why we have deficiencies in these areas? Is that part of the scope—and I'm not being critical, because what you're doing is important—or are we putting all of our energy on the result of the problem and not looking at the problem?

Do you understand what I'm getting at?

Ms. Christina Dendys: I think so. The best solution to nutritional deficits is a really balanced and healthy multiplicity of foods to eat.

Mr. Dave Van Kesteren: So what's going on? Are we targeting areas of the world and asking if it is because of war or because of famine, or have these regions always developed people that are deficient in zinc and vitamin A?

Ms. Christina Dendys: Well....

Mr. Doug Horswill: One of the things we've come to know is that in parts of China where the intensity of agriculture has gone up substantially even though the diet hasn't changed much—it's either wheat- or rice-based—in both cases the intensity of agriculture depletes the soil of zinc. The consequence of depleted soil is that the grains themselves are depleted in zinc. Let's say the aboriginals on the B.C. coast whose diet was fish are not zinc-deficient because they get enough from their foodstuffs. People in the world whose primary caloric intake comes from grain have had an increased problem with zinc deficiency due to intense agriculture. There may be many other explanations, but that's one we've come to know.

• (0935)

Mr. Dave Van Kesteren: Are we doing anything about that?

Mr. Doug Horswill: That's where, as I explained, there's a continuum, from children who are suffering from diarrhea through to fortifying fertilizers with zinc in order to be able to improve the quality and quantity of the grains grown in now zinc-sufficient, rather than zinc-deficient, soils.

Mr. Dave Van Kesteren: So if I understand this correctly, the fertilizers are providing this to the plants so that we no longer have to give supplements. That is the goal.

Mr. Doug Horswill: Fertilizer is a multitude of chemicals. The basic ones are what they call NPK fertilizers. But what agriculturalists understand as they've learned more is that there are also micronutrients that are important in fertilizers. Zinc is one of them, and barium is another one. I'm not a soil scientist, but I think there are other components that are often added.

Today in India there is a very extensive program of adding zinc and other micronutrients to fertilizers. I think there are something like eight or ten different fertilizer companies in India that are selling zinc-enriched fertilizers.

Mr. Dave Van Kesteren: You've answered my question. That's very important, because that was a little puzzling.

Mr. Bernier, did you state that your micromanagement outreach in third-world countries is non-profit?

[Translation]

Mr. Yvon Bernier: Développement international Desjardins is, first of all, a non-profit organization attached to the Mouvement Desjardins. There are two action areas. The first is consulting, that is technical assistance to financial institutions, mainly of a cooperative nature. That is currently under way in about 30 countries. The second action area or activity sector is investment. It also makes it possible to—

[English]

Mr. Dave Van Kesteren: Yes, I have that. Sorry, I'm going to interrupt. I just wanted to understand.

What's in it for Desjardins? Does this give you an opportunity to get into the third world at the ground floor, so that as these countries develop you have an opportunity to develop banking in those third-world countries?

[Translation]

Mr. Yvon Bernier: Not at all. Currently, the Mouvement Desjardins—or the Desjardins banking sector—is conducting no commercial operations in any developing countries. I repeat, Développement international Desjardins is an NGO that is engaged solely in development-related activities and activities related to public development assistance programs, whether those of CIDA, the World Bank, the UN or the International Fund for Agricultural Development. It always associates with a local partner, which is generally a financial cooperative belonging to the local population. We assist local populations when they develop their own financial institutions and we provide them with necessary instruments.

[English]

Mr. Dave Van Kesteren: I understand that, but I think you said you have loaned out a quarter of a billion dollars. Where does that money come from? Does it come from your shareholders, the corporation of Desjardins? Where does that money come from that you loan out to the third-world countries?

[Translation]

Mr. Yvon Bernier: Earlier I mentioned that there were assets of more than CAN\$1 billion in West Africa. That value has essentially been created through the mobilization of local resources. That means that all the financial institutions that DID is assisting are mobilizing national savings. They are mobilizing small savings, and it is small savings that are subsequently transformed into credit for their members and clients. So this isn't money that belongs to Desjardins; it still belongs to local users, to the local populations. The value is created from their own resources.

● (0940)

[English]

Mr. Dave Van Kesteren: I'm just a little confused. You are a public company, and this has a cost. You must have a balance sheet that shows what your costs are. Where do the moneys come from to operate Desjardins development?

The Chair: Dave, we'll answer the question, but that's all the time we have for your round.

Mr. Bernier.

[Translation]

Mr. Yvon Bernier: Développement international Desjardins is a non-profit corporation whose board of directors consists of Desjardins members from the Mouvement Desjardins. That non-profit corporation has a gift of \$20 million from the Mouvement Desjardins that enables it to mobilize the Canadian partnership. We've invested \$5 million in order to receive \$20 million. DID submits projects to the Canadian International Development Agency either through spontaneous proposals or calls for competitive bids in the markets.

DID works with the World Bank in the context of calls for competitive tenders at the international level and with the Mexican government in the context of calls for tender at the world level. So our revenue sources are diversified. Our total revenue associated with Canadian projects represents approximately 50% of our turnover. The rest is allocated among other international funding agencies and governments.

[English]

The Chair: Thank you very much.

Mr. Eyking, for seven minutes.

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

I thank the witnesses for coming this morning.

As a vegetable farmer, I worked a lot in Central America with small farmers in setting up co-ops, so your testimonies are very dear to me, and I'm learning more as I hear from you.

In my experience, once you get rid of the strongmen, the dictators, and people have rights to land and some individual rights, much can be done with small, strategic investments. You have mentioned some of them.

Your testimonies are different, but they all link together in a whole-community approach. You are well aware of the millennium goals and the work that's been done.

I also did some work with the Gates and Rockefeller foundations on this community approach, more or less. I guess that's where I'm coming from. Of course it starts when you get into these communities. You do the soil tests concerning the deficiency in the soils, which has an impact on grains and livestock and humans and water and various things. Sometimes I think we have different organizations out there but maybe they're working in different silos. That's why I like the millennium goals of the Gates Foundation. I'm not saying they were doing a perfect job, but they had that whole-community approach.

In your experience, do you see enough of that? Should there be more of that? Should we, as governments, encourage more of that to set up the parameters? If we have clean drinking water close at hand, the kids don't have to haul it. They are going to school, so there is a whole-community approach. Does there have to be more of that? Are other countries doing that? Should we, as a government, be encouraging that kind of thing?

Anybody can answer.

Ms. Christina Dendys: You've hit on something incredibly important, particularly in the area of nutrition, because we know the only way we are going to make progress is for governments themselves to prioritize this and for it not to be siloed. Nutrition has been forgotten and underfunded, in part because it gets shoved off somewhere and it is not prioritized. There is a movement afoot globally called the Scaling Up Nutrition movement. Canada has been a leader on that, but governments around the world in 21 developing countries have signed on.

It is not just a sign-on campaign that means nothing. Somebody has to be a leader within those governments to say that nutrition, for example, is cross-sectoral. It is cross-departmental. It fits within agriculture, economic development, and health: a variety of divisions within a government mandate and operations.

There is a real move about horizontality and synergies and ensuring they are not siloed, because when things are siloed they don't get done. You have hit on something incredibly important. Canada and the world are recognizing that siloed interventions can be problematic.

Having said that, we need to be cautious that when we try to incorporate something into everything that it doesn't get lost again, right? Using this as an example, vitamin A, which is responsible for saving millions of children's lives, has been integrated into what are called child health days. Those campaigns happen a couple of times a year. So it's a little about not throwing out the baby with the bathwater to ensure that the low-cost, high-impact interventions that breach the most vulnerable also don't get lost in all of it.

A bit of a game needs to be played to ensure that it is recognized as important across spectrums but also that we don't lose progress or traction on the ground that we've already covered.

• (0945)

Hon. Mark Eyking: If you're trying to get these pills to the kids, and half of them are not in school, it's kind of like this Catch-22: in order to get them to take a pill a day or a week or whatever, the ideal is for the teacher to pass the pills out with a glass of clean water. You would think that would be a simple thing in our society, but it's not a simple thing in those societies.

Is reaching these children on the street a problem too?

Ms. Christina Dendys: You know, the price of commodities is so small when you're talking about micronutrients, for example, that really the bulk of the investment is in delivery through health systems and other things, which we do need to be building up. By the way, it's literally two capsules a year—one in the spring and one in the fall. That's it. That's why we've been doing them in partnership with UNICEF through child health days.

Have you heard of these child health days? There are campaigns that are supported by national governments and INGOs and aid organizations. You go out and kind of grab all the moms and kids. You do social mobilization; you get the word out, and moms and kids come. Oftentimes they will be linked with immunization campaigns, or in the past they were linked with polio updates or with bed-net distribution, and you kind of do this social mobilization whereby you bring families together for that one-stop shopping. Apparently, if you go it's enough to bring tears to your eyes, because it's a massive sort of campaign.

Now there's more of a move to really integrate them within health systems, particularly the health systems that are valued by the Muskoka Initiative investments. You can reach people close to home, at the district or community health posts at the farthest mile. You have hospitals in cities and district clinics. Then you have these remote health posts that reach families where they live. This sort of stuff needs to be integrated within that sort of last-mile approach.

Hon. Mark Eyking: I have only so much time. I guess one of my other questions—and I'm in the opposition, and I'm trying not to beat up on these guys—is I think we're looking at a proactive approach and at what we can do better as Canadians. I think we're trying to achieve these goals and get more aid, and sometimes it's easiest just to give to multilaterals like the UN and say “Okay, we did our job, there's the money”, so we don't have to be as accountable. Is that the right direction for us, or should we be rolling up our sleeves more and getting involved in how the money you say is from Muskoka is getting to where it needs to go?

Maybe somebody else can answer that.

[Translation]

Mr. Yvon Bernier: That's a very good question. It's a major issue. We've contributed to CIDA briefs in order to offer our orientations on international aid. In general, Canada is one of the best perceived countries with regard to cooperation. Canadians are held in high regard for the way they do business with local partners, and in that sense I believe they clearly distinguish themselves from a number of other countries that engage in cooperation.

Canada must clearly carry out its own projects as far as possible. However, that depends on the sectors. In some sectors it has to collaborate with major organizations, such as UNICEF and other large global organizations that have extremely specific targets, such as childhood, for example. I believe that's necessary.

However, not all programs must become multilateral programs. Canada at times remains distinctly in the background, except when it makes a financial contribution. We don't really see any contribution of Canadian expertise, the image of Canada that is projected as a result, the influence that Canada can have on those countries with regard to values and ways of viewing development, and so on. All that is toned down when we contribute financially to bilateral programs. Canada has to strike a balance through very broad-based programs and much more specific programs.

Thank you.

• (0950)

[English]

The Chair: That's all the time.

Christina, did you want to add a quick comment?

Ms. Christina Dendys: I just wanted to say it's about results. It's about ensuring that we're having an impact and making sure that we do in monitoring those. There's a multiplicity of ways to get to that last mile, that woman with those four kids. That's what really matters. So if the best way is through multilateral organizations, or the best way is through an INGO, or the best way is through a good government that carries an agenda for the poor, there's a multiplicity of ways. We can't lose sight of who we're doing it for, and we have to ensure that we're measuring impact.

The Chair: Thank you.

Mr. Doug Horswill: As one last thing, as part of a company engaged in this and just learning it, I think that last point is the key one—measuring, monitoring, reporting, and keeping transparency. That's how we run our business. That's how this business needs to be run.

The Chair: Thank you.

Mr. Dechert, you have five minutes for the second round.

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

I thank each of you for your appearance here today and for the good work that your organizations are doing to help people in need.

I want to start with Mr. Bernier and Desjardins. I understand that Desjardins has developed something called Desjardins fund for inclusive finance, which utilizes equity investments and strengthens micro-financed institutions in the delivery of certain financial products. I wonder if you could describe the fund and how it in your view improves the governance of micro-financed institutions in the countries it operates in. Can you also describe the international development projects that you undertake, and in which countries you operate?

[Translation]

Mr. Yvon Bernier: This may be a long answer.

First of all, the Desjardins fund for inclusive finance is a new fund that emerged from an experiment that we've conducted over the past 10 years on an international development fund managed by Développement international Desjardins and a limited partnership to draw a clear distinction among the various uses of the funds.

The purpose of the Desjardins fund for inclusive finance is to make loans—to use capital—to microfinance institutions that deal with the poorest and most disadvantaged clientele. It may do so in the form of loans or debentures with financial cooperatives to provide them with liquidity and especially to offset a medium-term shortage of resources at the financial institutions in developing countries. The local savings being used are a demand resource, and thus are lent for the very short term. And to enable the institutions to meet the regulatory ratios of the central banks of those countries—the institutions that need medium-term capital—we provide that.

The other important action is that we have invested in corporations. We therefore acquire capital and we become a member of the board of directors of a limited company, which is not a cooperative, together with other international investors. This fund serves as a lever to mobilize additional resources.

We are currently working in partnership with the African Development Bank, the Inter-American Development Bank, the FMO of the Netherlands and Bluewater Investment Group, which is an enormous microfinance investment group.

Our approach is always to promote local investment and local ownership. We bring in domestic community investors in the new businesses and, in partnership with the board of directors, provide extremely strict and rigorous governance rules, which makes it possible to form organizations.

Currently, DID strongly supports four financial institutions of this kind in Zambia, Tanzania, Panama and soon Uganda, because a project is starting up there.

All the development projects that we are conducting are scattered across 15 or 20 countries as well. We are taking part in bilateral projects in Haiti designed to support a national financial cooperative institution, the Le Levier federation. We are also taking part in a structural project at the national level with the Haitian government to develop agricultural financing mechanisms.

In Mali, and in fact in four West African countries, we are working with the Bill & Melinda Gates Foundation to introduce new technologies in the financial institutions engaged in microfinance to enable them to go further in the rural areas and to access even more disadvantaged clientele. In Burkina Faso, we are working with the largest cooperative financial institution to develop financial centres for entrepreneurs. In Senegal, we are working with the Senegalese government to support the microfinance sector as a whole through structural actions to clean up the sector and provide technology to the smallest microfinance institutions, and so on. In fact, 40 active projects are currently underway.

Does that answer your question?

● (0955)

[English]

Mr. Bob Dechert: It was very good, and I commend you for all of those projects. I think that's very important to get on the record. I want to move back to something you mentioned in your presentation about the CFE financial centres for entrepreneurs. You mentioned that there are ten and they provided over \$220 million U.S. in loans to 82,000 small entrepreneurs and have created in the neighbourhood of 53,000 jobs. In the time we have left, can you give us just maybe one example of a small enterprise that's been assisted this way and of the types of jobs that have been created?

[Translation]

Mr. Yvon Bernier: Yes, of course.

Consider the example of Zambia, which may be one of the most recent.

In Zambia, the average amount of loans granted to entrepreneurs is approximately US\$4,000. The entrepreneurs are often cabinet-makers, people who work with metal and people who are engaged in various businesses.

So the typical entrepreneur has a small cabinet-making business. The idea is to finance his working capital so that he is in a position to acquire his goods so that he can then process them and to help him finance his marketing. In general, approximately three or four jobs will subsequently be created. Often it's initially a single worker who, with the help of a loan, manages to increase his production.

We also do a lot of housing finance for small entrepreneurs. This is another sector where effects are observable. The idea often is to finance the workshop that is attached to the individual's house or cabin. So we finance construction of an additional part of the house or room, for example, to create the workshop. Here again, jobs are gradually created in that workshop. Some four or five jobs are generally created by the first loan.

It has to be noted that the procedure in the case of an initial loan is extremely rigorous. It is hard to obtain the first loan, but when the entrepreneur's loan history is established, he may subsequently obtain a second and third loan. We are able to assist him until he becomes a more stable entrepreneur if he continues his activities in his field.

[English]

The Chair: Thank you very much.

Ms. Sims.

Ms. Jinny Jogindera Sims: Thank you very much.

Once again I want to commend your commitment to do this work. There is a role for the private sector to play in supporting the work that CIDA does overseas.

One of the common threads that's running through the presentations and that really amplified it for me today is that the private sector is playing a critical role. At the same time, however, when you look at it, the public sector is also playing a critical role. As you said, for every dollar you put in, four dollars of it comes out of CIDA. Once again, it points to the importance of the work we do through CIDA and the international commitments we make. One of you

made the comments about the high regard CIDA is held in, because we don't do all our work through multilateral organizations; we do so much of it in partnership with NGOs and with private enterprise as well.

One of the concerns we've been hearing is that this government has frozen the funding at a certain level. This is going to have an impact on the kind of delivery people are able to make because of the cost. Costs go up. For the projects you're engaged in, how will you manage with not getting the increases that you might expect if there was just a percentage, as it normally was? Will it have an impact on your projects?

Ms. Christina Dendys: It will have a huge impact on our projects if future support from CIDA was somehow compromised. This is due to the sustainability of the work, as my colleague was saying. The goal is to do good programming and then pass it along so you can leave and go somewhere else.

One of the things about the vitamin A story that I haven't told as part of CIDA support is that we're working with national governments so that they take on that programming, so that we actually get out and move somewhere else where it's needed. Predictability of support and sustained support is absolutely crucial to development. Anybody who works in our sector recognizes that the globe is a shrinking place and that aid matters. They would like to see the aid envelope expanding, not decreasing. I don't think that's controversial.

● (1000)

Ms. Jinny Jogindera Sims: Do you have something to add, Mr. Bernier?

[Translation]

Mr. Yvon Bernier: Yes.

I think everyone would like there to be more international aid given the current global context and the needs we hear about every day. Everyone would like international aid to increase and diversify and for more countries to be helped. That's a major wish.

The Canadian population must support governments so this remains a priority and a portion of our GDP or appropriate budgets is set aside.

However, we, individually and as a society, must deserve these projects. It's never automatic. We can never predict 10 years in advance that we'll have a portfolio that will enable us to create 25 projects. Every project is earned, and there will always be projects to carry out. We must add value to projects and thus promote development that is appropriate to the countries in which we intervene.

Every time we look at our budgets and see what is going on, we try to create more and better projects that have more impact, that are able to reach as many as possible and that, especially, are wanted and desired by the communities in which we intervene.

[English]

Ms. Jinny Jogindera Sims: Thank you very much.

I think that's one of the things we're hearing from many of the NGOs that have applied for funding. They're not saying it's their right to be given that, but they followed the timelines we had established. We now have over 50 groups waiting.

One of the other concerns we're hearing expressed is that many times they feel that announcements are being held at opportune times for us to make political announcements. They've given some examples of those, like the Muskoka initiative, which was held off for a certain event. Others have been accelerated.

I want to reiterate the importance of openness, transparency, and us living up to the timelines that CIDA established for itself, because others count on that and live up to their timelines. There is also the need for us to lift the freeze on the funding so we do not damage the very important work we do.

Do I still have time?

The Chair: You're almost over time, but you can finish your point.

Ms. Jinny Jogindera Sims: Thank you very much.

I think the key things you have pointed out to me over and over again include the important role that CIDA has to play, the importance of predictable funding, living up to our timelines, and committing ourselves to projects that have a real impact. When we don't do that as an organization our standing gets damaged internationally, it puts many organizations in jeopardy, and it creates a lot of confusion in the international arena.

Thank you.

The Chair: Thank you.

Ms. Brown.

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

I think it's important, when we are putting things on the record, that Canadians know first and foremost that our government doubled aid to Africa. One of the most important things we did was untie all of our food aid, and we are moving toward untying all of our aid. It's also important that we have joined the IATA for aid transparency to make sure Canadians know that the aid dollars going out there are being spent in the most effective manner to help the most people. I think that's what Canadians want to know.

Mr. Bernier, I'd like to address my question to you if I may. I had the opportunity to be in Bangladesh with Mrs. Dendys when she was in a different iteration. We had the opportunity to view quite a number of micro-finance projects that were being undertaken there. We saw that there was a tremendous impact on the whole community when these women got access to capital and were engaged in their own micro-finance businesses.

From your experience in providing these kinds of loans to communities, can you talk about the impact you have viewed, and let the committee know what kinds of positive results you have seen when women have access to capital and can provide for their families?

•(1005)

[*Translation*]

Mr. Yvon Bernier: We conducted an impact study in Burkina Faso over a number of years to measure the impact of credit, among other things, particularly on women.

That study was conducted together with a network of caisses populaires—the equivalent of the financial institutions called credit unions in Canada—to measure the impact over a period of two or three years.

I don't have all the results to hand. However, I can say that we soon saw that, when credit was granted to women, that credit immediately led to an increase in productivity or revenue from their commercial activities. The women subsequently used their income to invest more in the family, in health and education. So there is an immediate impact on the quality of life of children and family: better nutrition, payment of school fees, access to primary health care. There is an immediate correlation. These are small short-term loans of approximately \$100, which are made two or three times a year. When those loans are increased to approximately \$500 or \$800, the impact in the community is much more sustainable. There's a genuine impact on the size of the business of the woman in question. It multiplies. She can generate an additional job in her own environment or surplus revenue that enables her to reinvest and to grow her small business or crop. The impact is enormous.

I'm talking about Burkina Faso because that's the experiment I know best. If we replicate that across Burkina Faso, for example... Forty years ago Burkina Faso was DID's first partner. Today, the financial institution reaches a million inhabitants of that country. And there's still room as the penetration rate is around 8%. We should reach 25%. A lot of people still are not in the banking system and do not have a bank account or access to a bank account.

This institution alone mobilizes more than \$300,000 and recycles as credit... Now there's a diversity of credit products—that's where we can measure the impact—ranging from credit and small pools for women, the equivalent of \$50, which turn over very quickly, to a financial centre for businesses that offers loans of up to \$10,000 or \$15,000.

It's still network members, who were assisted and who were originally poor, who have improved their situations. Their financial institution has managed to assist them and has made increasingly large loans to them, as a result of which they have managed to develop specialties and are now able to finance their own businesses.

On the agriculture side—these financial institutions are also active in the rural community—this network reaches 10,000 farmers, which is a not negligible figure in that country. It is now being consulted by the country's authorities and the departments of agriculture because, based on its policies, its distribution network reaches a critical mass of producers, either in the form of specialized credit products or in other forms of state intervention which they need to speak with agricultural producers. So there is an enormous impact, but all that is built up over time. There is a maturity...

You always have to keep in mind that institutional support is necessary because capacity reinforcement changes over time. Forty years ago, we started up the *caisse* in a small village in the bush. Today we are introducing high technology so that they can work with cellular telephones to grant loans remotely. We are no longer engaged in the same areas of intervention, but consulting support is still necessary to accelerate these developments.

● (1010)

[English]

Ms. Lois Brown: I had the opportunity to visit one of the projects in Burkina Faso. Money had been loaned to a farmer to improve his herd and to improve the facilities where he was keeping his herd. Now he is providing, through a business, milk to a whole section of town that is raising healthier children. That is really the goal, is it not—to ensure that a community can build. So thank you.

Does Mr. Schellenberger have any time?

The Chair: On your time he has none, but we're actually in a new round. I'm going to turn it over to him on his own time.

You have five minutes, sir.

Mr. Gary Schellenberger (Perth—Wellington, CPC): Thank you.

I've been intrigued here this morning with your presentations.

I have one little story. I remember, back when I was a teenager, I bought some calves at a community auction sale. One of them had a big goitre. When I brought it home, I thought, "I can't spend a lot of money, but I should talk to a veterinarian". I talked to a veterinarian, and he said I couldn't afford him, but if I gave that calf iodine it would get rid of the goitre. Wouldn't you know, I went home and got my mother's iodine drops, I put a couple of drops of iodine in the milk that I fed this calf, and within a week the goitre was gone.

So yes, we don't need all the fancy stuff. If we look at the micronutrients that are natural out there, as you have explained today, those things will work. Most of our foods, at least our processed foods, are fortified. They do have vitamins and minerals or some of these things in them. I do understand what micronutrient initiatives can be in these countries.

My question is on the infrastructure to deliver these programs. Is there an infrastructure, or is it very hard to set up an infrastructure in these areas in Africa, say, to get to these people? Is that infrastructure readily available? Is there a problem getting the local communities involved when you come in with a program? Do we need more community participation? Do the local communities carry on these programs after you leave, and what is the success rate with that?

I know there are a few questions there. I put that out there for you.

Ms. Christina Dendys: You know, it's crucial to get local communities involved.

I don't know if you want to add something to this as well, Doug, but just taking the zinc example, just like here, when children present with diarrheal disease, one of the things is that moms don't always bring them to the hospital or to the clinic or the health post. Of course in Africa many health infrastructures are broken, so what we're trying to do is rebuild.

The way we work is to work through national governments to help them, but also to layer on our value-add to local INGOs that are working in that last mile. I keep calling it the last mile, because 80% of really poor people live very far away from urban centres in Africa. You have to really extend health close to home. That's the reality. We do it through a variety of ways.

Getting back to the zinc and ORS, about diarrheal disease, if you don't get the communities involved, through education and then social mobilization, using all sorts of methods, in terms of recognizing that zinc and ORS is a solution and will help their children be less sick.... I was just in Senegal, in a rural health post. They introduced us to all the grandmothers who had come in as part of the community involvement in this program. The grandmas—everywhere in the world, one would like to say, but in Africa particularly—have a very strong voice. Grandmas are being educated on the nutritional elements of helping to add micronutrients, plus making the local diet more nutritious, and then they're imparting that wisdom to their daughters and their children. That's an example of getting communities engaged and involved in using educational techniques and others to communicate a message so that you're getting closer to home.

Mr. Doug Horswill: My experience is in Nepal. It's exactly the issue of distribution. When we started this program, the CEO and myself felt that it was just about being able to count up the number of pills and the number of kids you save. Once you get into the field, you realize it's a lot more than that.

The issue in Nepal is that there's about 95% availability of zinc tablets, and only 7% use. The difference is primarily in the knowledge that's in the hands of the mothers and other health care workers. The effort is really around training, educating, and bringing people.... There are all sorts of fascinating ways they are doing that, but it's that part of the distribution chain that's the most difficult.

We take it for granted—that quality of food. When you think about it carefully, you realize these mothers are being offered maybe two choices. One has been sold to them for a long time, which is the antibacterial-type approach or antibiotics. What they don't know is that the diarrheas are primarily viral, and this solution has no use. But that's what they've been told in the past, and that's what they're counting on. If you bring something new, they're not confident that it will work. The risk factor is your child's life. So you can understand that they really have to learn and see. It's going to take time. It's sort of the way it goes.

I think this harkens back to an earlier question to some degree—the notion of money and the volume of money. In my mind, the issue, and what I've seen out there, is it's the effective and efficient spending of the money that's important. That involves both a plan and then the monitoring, accounting for, and description afterwards.

What we're hoping to establish through our work with MI and CIDA is a model that allows the mobilization of some private sector money. Taxpayers won't be able to carry the whole load as this goes forward. We really have to find ways to mobilize private sector interests. Ours is one example. There are many others, such as Desjardins, and many of our colleague companies.

We need coordination of the effort, because there is a whole host of different organizations, each with their own particular interests. To some degree, they compete for the same dollars. To some extent, they bring different ideas to solve the same problem. Coordination is important, as well as effective mobilization of dollars from many sources, and the efficient, effective spending of those dollars.

It gets down into questions like "What is the real problem?" and trying to understand it. Is it the supply of vitamin A, zinc, or whatever it is? Is it the distribution system? Is it knowledge? There are people out there who increasingly know those answers, or at least they know them in a particular country's setting. But it may be different from one country to another, so they are starting to share knowledge among themselves. All of that is helping the whole thing out.

•(1015)

The Chair: Thank you very much.

We're going to move back here to Mr. Larose.

[*Translation*]

Mr. Jean-François Larose (Repentigny, NDP): Thank you, Mr. Chairman.

Thank you very much to our guests. What you're doing is very valuable. As a member from Quebec, I am pleased to see the representatives of the Mouvement Desjardins. I am moved by your involvement in international development.

I always find it fascinating to hear guests explain to us, using big figures, big numbers, the problems that there are and the solutions that are being provided on international issues. That always makes us do some serious thinking.

However, I would like us to go back to the initial item on the agenda concerning Africa. Would it be possible for you to give us a much more modest example of a small community where you are intervening through a project, specifically in Africa? Can you explain to us very simply, in layman's terms, the impact you are having on that specific community?

In addition, what impact would be produced if timeframes were imposed? I would like to have a true picture of those people in that small community in Africa who are experiencing the problems, and specific solutions that you have applied. What would happen if unreasonable timeframes were imposed?

Mr. Yvon Bernier: I'll try to answer your questions as well as possible.

I don't know whether you noticed in the text, but earlier I talked about supporting whole groups, groups already deployed that have put immense distribution networks in place in recent years.

We are dealing with that issue at this stage. Direct intervention in the base community is done by the Africans themselves. It is they,

our partners, who are increasingly doing this work using their own resources.

We have fewer and fewer actions where we start from scratch, where we enter a community to establish the first *caisse*. We hope these enormous projects will come up again, but for the moment we are doing more to increase the penetration rates of the existing financial institutions, to reinforce their governance and to bring in technology so that they are able to go further in their communities.

Here's an example of a more limited impact. We are in Ségou, in a small village in northern Mali, where there is only one financial institution. Only the local *caisse* is open, and it must be open three or four days a week. It is mobilizing the savings of the people there. It grants credit, mainly to farmers. The *caisse* reinvests in its community through its surpluses and its network because all the *caisses* are now in a federated network. So it can have community development activities, such as supporting a dispensary or a school, with its resources. So it is contributing with other resources. As a result, a relationship of trust is being established between the community and the base financial institution.

I just thought of a clearer picture that I'm going to give you. During the governance problems in Haiti, no *caisses* in the Le Levier federation's network were attacked. I'm talking about the period before the earthquake. Four *caisses* were destroyed during the earthquake. People joined forces to get them back up and running, and they are still operating. I believe this type of institution is very deeply rooted in the community. The institutions serve the needs of the community and they work.

You also asked me what problems a financing deadline can cause. However, it isn't exactly working that way for us right now. If, for example, the program of support for the Le Levier federation in Haiti stopped, technical support would be withdrawn and programs would slow down.

I can tell you that we did not experience that. Even with all the problems, for us CIDA was really diligent in readjusting the programs. There was no discontinuity between the events on which undistributed funds might have had an impact. We didn't experience it like that. Others may have experienced it in various ways, but that was not our case.

Naturally, if a commitment has been made and that financing is interrupted for various administrative reasons and does not reach its destination, there will of course be repercussions, since a series of activities is under way. In our case, however, we have not experienced that kind of problem recently. Historically, we have previously dealt with that, but not in the past 15 years or so.

•(1020)

[*English*]

The Chair: Thank you very much.

We're now going to move over to Mr. Dechert.

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

I want to go to Mr. Horswill and Teck.

We've talked about zinc and vitamin A and the interesting projects that Teck is involved with in respect to those two elements. I understand also that Teck has what is known as a copper program in Peru. I wonder if you could describe that program for us and tell us how it's contributing to economic growth in that country.

Mr. Doug Horswill: I'm scratching my memory a little to understand. Do you mean in terms of the copper program's developing new projects?

Mr. Bob Dechert: Is Teck operating in Peru?

Mr. Doug Horswill: Yes. We're a partner in a mine called Antamina 400 kilometres north of Lima. Our other partners include BHP and Xstrata and one Japanese trading house.

In the Antamina program, maybe it's the focus on community development you're interested in.

Mr. Bob Dechert: Yes, I'm concerned about economic growth in that region.

Mr. Doug Horswill: There's a set of initiatives partly funded through a tax in Peru called a canon, which is additionally funded by a separate contribution from Antamina to a foundation run by local governments, mayors, and politicians. It funds infrastructure and agricultural opportunities and so on within the Ancash region of that part of Peru. The funding is running around \$60 million a year, placed into trust, but I'm not certain of what the actual spending is. My hope is that they're building a capability to continue productive employment when the mine shuts down.

• (1025)

Mr. Bob Dechert: How many people is Teck employing in Peru? How do you think mining companies like Teck can contribute to reducing poverty in the various nations where they operate?

Mr. Doug Horswill: Antamina's direct payroll is around 1,200 or 1,300. Virtually all of that is Peruvian. There are two or three ex-pats at the senior levels, and technical people are brought in as necessary. The multiplier effect through indirect and induced employment is probably three to one. There are some imports, some supplies, that are brought from elsewhere, simply because they wouldn't be available in Peru.

Between taxes paid to the central government and the canon I just mentioned, there is a substantial contribution to the Peruvian economy from that operation. There are other mining operations throughout the country. I'm not certain what mining amounts to in the total GNP of Peru, but it is significant.

Chile is a country where we also have operations directly owned and operated by us, whereas Antamina is a separate corporation operated through its own management. We have two mines in Chile that together would employ something in the order of 2,000 people directly. There would be the same kind of multiplier, probably a little bit higher, because Chile's mining sector has a more well-developed network of suppliers. It's a major copper producer in the world, number one, actually. Mining and the sale of resources contribute substantially to their current and long-term economic growth. Overall, our company focuses on building local relationships, business relationships, and other relationships to support development. We don't move ahead without community support, so you build that any way you can.

Mr. Bob Dechert: Very good. Thank you.

Mr. Bernier, I understand that Desjardins has started a new credit facility to help farmers in Haiti. I wonder if you could describe that facility and tell us how it will help farmers to become more productive. Could you also give us your assessment of the potential for economic growth in Haiti and how the private sector could play a part in Haiti's reconstruction?

[Translation]

Mr. Yvon Bernier: That's another good question.

The program to implement an agricultural financing and insurance system in Haiti began only a few months ago. That was in response to a request from Haiti's department of agriculture, natural resources and rural development. We responded to it together with the Inter-American Institute for Agricultural Cooperation. The Financière agricole du Québec specializes in crop insurance. We try to ensure, in cooperation with government authorities, that there is a national response there to a national food security problem. We are trying to establish a synergy with stakeholders working in the fields of agricultural input supply and methodologies designed to increase productivity, as well as with others who are establishing commercial channels for local products.

We are managing to get the entire financial sector involved in financing the agricultural sector, not just the microfinance institutions or financial cooperatives, but commercial banks as well. We are providing the banks with training for their credit officers in the methods they must use to analyze a loan portfolio so as to minimize risk.

Then a guarantee fund is constituted. This is a loan portfolio guarantee, of up to approximately 30% of 40% in this case, which provides an additional risk incentive. Haiti is exposed to violent hurricanes and major flooding, in particular. Natural disasters occur there almost repeatedly. We must therefore find mechanisms to control the risk.

Then a crop insurance fund for natural disaster cases should be implemented and become permanent. The idea will be to provide farmers with basic crop insurance. Since we are just starting, it is hard for me to talk about the impact. However, I believe this system should have a leverage effect, result in other investors taking part and increase the funding that for the moment is being generated by the Canadian International Development Agency, but is of interest to the World Bank, which will interest the Inter-American Development Bank.

So there is a spillover effect there. We hope to create a lot more synergy in the agricultural sector and a higher degree of professionalization in agricultural financing. We would also like to manage to innovate in the crop insurance field in a high-risk country. Our activities only started four months ago. We are just at the operational planning stage. It's off to a good start and has been well received.

What was the other part of your question?

•(1030)

[English]

The Chair: You know what? That's all the time we have. He's just over time.

We'll catch you in the last round.

We have 15 minutes left. I have Mr. Wallace, Mr. Eyking, and Madam Laverdière. I'm going to start with Mr. Eyking, we're going to go to Madam Laverdière, and then we're going to go to Mr. Wallace.

Hon. Mark Eyking: Thank you, Mr. Chair.

A recent article in *The Economist* stated that international aid is going to be hitting rough water. It talked about the European Union financial crisis, the U.S. crisis, and the cutbacks to the U.S. budget. We even see it with CIDA; we have sporadic funding.

So when you look at that side of the scale—that it's going to be harder to get funding or potentially harder—and then on the other side you see the need.... When we talk about some of these countries that are getting out of dictatorships, they're going to need our aid to help set up proper governance structures. Also, we have climate change and we have the population increase. So you have the demand side, with the supply side getting shorter.

Doug, you're in the business world, of course. That could create a bit of a problem. You stated in one of your comments that we have to mobilize the private sector. There's an article in *The Globe and Mail* today saying that just with Canadians alone, the average age of a donor who donates to various organizations has changed from the age of 45 to an average of 55 now. There's a concern out there about these individuals, which is that as these people are getting older, they're going to fall off the scale. There seems to be a lack of younger people—I'd call "younger people" those who are between the ages of 30 or 35 and 45—who should be getting in there.

That said, I guess the question is for you, Doug. Going back to your statement, how can we mobilize the private sector? How can we get this generation more into funding? We've had some successes. When we had the Somalia and Haiti initiatives, people stepped up to the plate to match the funds. But my concern is about going forward. When you see those numbers, how are we going to keep that age group seeing the benefits not only as a tax receipt but seeing the whole benefit of funding...? As you said in your statement, how do we mobilize that private sector? But also, how can we mobilize that age group?

Mr. Doug Horswill: I'll go with my colleague's answer. It's a good question without a good answer.

I'll kick it over to your side of the table. In some respects, the politicians are going to have to do something with leadership. It is interesting. I noticed that article and there's been a series before about the fact that donor ages are rising. In other words, the young are not coming in behind.

I do a lot of work with St. Paul's Hospital Foundation and a couple of others locally in Vancouver, and we're noticing the same thing.

Is it pressure on the purse for young people, or somehow there's been a change in ethics? What was it that a generation or two ago

made people, in a sense, in their own lives, more charitable than maybe some of the young people coming through today? How do we establish and engender those values? Those are big political questions, and any one opinion is just one among many.

In terms of mobilizing the private sector, in specific terms what I was talking about were companies who have, as in our business, a need for social licence on a world stage and global citizenship-type initiatives are part of the package of things we do, whether it's in a small town in northern Chile where we're providing school support or health support or a global initiative that really has nothing to do with our business. We're operating in Peru and one of the UNICEF programs is there, but it wasn't put there because of that; it was put there because Peru was ready and they had the requisite health system in place. It's the same thing in Senegal. It's not a country of interest to us from a business point of view; it's part of that global citizenship.

I know many of our peer companies like Rio Tinto and BHP are doing the same sort of thing, and that's good, but it's not enough. Getting down to the citizens around the world, particularly the western world—western Europe, the U.S., Canada, Australia, and New Zealand—and making sure that young people coming through realize that development aid is crucial, that a lot of people are worse off than they are, and how do they help make the world a better place.... I don't know the answer, Mark. It would be....

•(1035)

Hon. Mark Eyking: I have one more comment.

As you see all these budgets around the world, it's interesting that Britain has made major cuts to their budgets, but I think there are two things: in two departments they're freezing their help, but the only one they're increasing is their aid. So they're not going to say they'll rely on the private sector; they're going to maintain the goals they're achieving for the amount of percentage. If you don't get it on one side, if you believe in maintaining your percentages....

Did you have a short comment?

The Chair: He may have a short comment, but we may be out of time.

Mr. Bernier, go ahead with a short comment.

[Translation]

Mr. Yvon Bernier: I have a suggestion.

Earlier we talked about the Desjardins fund for inclusive finance, and I believe similar initiatives could be introduced to attract investors. This would involve small amounts invested in funds mainly intended for development—the finance or microfinance sector is definitely still a priority for us—and that would entail tax benefits so that young people and the general population can save tax points.

I believe these funds could be generated by professionals and be intended strictly for projects with a good internal return. We could create value so that those funds can become increasingly large and permanent.

Initiatives of this kind will perhaps be more appropriate in a future context. They could also supplement public support for traditional development.

[English]

The Chair: Madame Laverdière, and then we'll finish with Mr. Wallace.

[Translation]

Ms. Hélène Laverdière: Thank you, Mr. Chairman.

Thanks to the witnesses.

[English]

Thank you to all.

[Translation]

I'm going to continue in French. I often speak English, so let's go with French this morning.

I must admit that one thing fascinated me. The idea of working together emerges from all your presentations. You talked about working with the communities themselves, as Desjardins is doing, or about working with grandmothers in the context of a number of your projects. There was also what Mr. Horswill mentioned about mobilizing private sector money and then ensuring coordination. Various players are at the table, various points of view are being discussed to bring about a certain efficiency, as are the essential issues of follow-up, evaluation and so on. So it's really a kind of contribution to a broader, more comprehensive effort. That's one of the lessons I have drawn from your three presentations.

I have a brief question for you. In the case of Desjardins' microcredit programs, I was wondering whether, as is elsewhere the case, women were generally better payers than men, as we see in other microcredit programs. Is that the case?

• (1040)

Mr. Yvon Bernier: Yes, definitely, but first I would like to correct one point. We don't really call it microcredit at Desjardins. We call it microfinance instead. A number of financial services may be small but accessible to everyone. That's part of the overall financial sector. It's regulated and supervised and so on, like any financial instrument in various countries.

However, historically, and even today, women are better at discharging their obligations than men in most of the countries where we work. Recovery rates for women are always higher: 98%, whereas it's quite different for men. However, women generally have smaller loans. So the amounts are smaller. The amounts are larger, riskier, for men. Other factors are in play.

However, in overall terms, the way women manage their financial affairs is distinctly superior to that of men in all developing countries. Whether it be Vietnam, Africa, Latin America or Mexico, the framework of reference is the same everywhere. Yes, there is more discipline in that regard.

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

I'd like to make a brief comment before asking my question. I'm going to talk more about the African continent, with which I'm more

particularly familiar. In terms of development, I believe we've moved out of the development era and into the sustainable development era. I think that aspect is very important. It will have much finer, much more strategic implications. At the last meeting, one of the witnesses, whose name I forget, told us about smart investments. I believe we have fundamentally adopted that smart investment principle.

My question is for Mr. Bernier. With regard to the offer of diversified financial services, I am somewhat familiar with virtually all aspects of the cooperative financial model. I know from what you've told us that it is having very positive effects, particularly in Africa, since all investments are reinvested within the community. That same community benefits from them. I find that principle absolutely positive.

However, with regard to the diversification of access to various financial services, what guidelines are you implementing to protect people from overindebtedness, to prevent people from becoming indebted or overindebted?

Mr. Yvon Bernier: I believe there are two parts to that question.

As regards the first part, the idea is to provide technical and technological support to financial institutions so that they can offer financial services appropriate to riskier or more complex problems.

Let's consider the example of agricultural financing. Our partner organizations were doing a lot of financing in rural areas, but were making very few loans directly related to agriculture, in view of the risks inherent in that type of production. What is needed is to propose methodologies, a way of mitigating the risks of their network at the national level, more diversified portfolios, in other words a series of mechanisms. Sometimes we're lucky and we work together with political authorities to provide guarantees or additional funding.

The purpose of that is to reinforce capacities and to develop agricultural financing expertise. Credit training is often offered to agronomists who know the subsidiaries, the sectoral risks and the costs. The same is true of housing and microinsurance. The idea is to include expertise in the institutions to master these new niches. That's where our contribution lies.

As for the other part of the question, there's a lot of awareness and transparency about interest rates. We must ensure that our interest rates are known. When we conduct credit analysis, we must also take information on indebtedness into consideration. If there's no obvious ability to repay, we must deny loans. A lot of financial education is being done in the networks. I say "a lot", but to be frank, it's not the same everywhere. There is a lack of investment in that area. That's an objective that should be achieved in order to avoid leveraging...

I will conclude by saying that this is the problem with microfinance in a number of countries because there is no information. Here there is a credit office, which has information on a borrower's borrowing history, whether that borrower does business with a number of financial institutions. We have no access to that information in those countries. We don't know whether the person has borrowed money from a financial institution. We have to do more research and document our loans. That's why this approach is lengthy and costly. However, it is essential and even mandatory.

•(1045)

[*English*]

The Chair: Thank you very much.

Mr. Wallace, we started a little late today. Do you have any final thoughts?

Mr. Mike Wallace (Burlington, CPC): I figure we're out of time. I have to be back on House duty. I only want to say to Madame that I'm married with two daughters and heavily invested in women in my house. I haven't seen any return yet, but I'm sure it will come.

Ms. Hélène Laverdière: Mr. Chair, if I may, and speaking of women, I promise it's my last point of order. I would like to remind all members that today is the national day of remembrance and action on violence against women. As an MP representing a riding

from Montreal, I know particularly well how important it is to remember and to work toward ending violence against women.

We were unable to attend the vigil today, since we were here in committee, but I would like to take this opportunity to urge all my colleagues, including my colleagues across the way, to reverse their position on the long-gun registry and to do what is right for the women of Canada.

Thank you, Mr. Chair.

The Chair: Okay, thank you.

To our witnesses, thank you very much for being here today. We appreciate your time and your answers. It was very helpful for the discussion today. Thank you.

The meeting is adjourned.

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