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Chair

Mr. Dean Allison

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• (1540)

[English]

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

I want to thank Mr. John Guarino for coming today from Coca-Cola. Thank you very much. We're looking forward to hearing your testimony.

I also want to thank James Haga, who's with Engineers Without Borders. James, it's good to see you here, and thanks for your time.

We apologize for getting started a little late, but now that we're here and we're ready to roll, Mr. Guarino, we're going to start with your remarks. You've got ten minutes and then we'll hear from Mr. Haga.

Mr. Guarino has to catch a plane at 4:30, so I would ask individuals to address their questions to him for the first round at least. James can stick around a bit longer.

So let's get started.

Mr. Guarino, thank you again for taking the time to be here, for making the trip up just to talk to our committee. We're looking forward to your testimony. We're going to start with you. For ten minutes the floor is yours.

Mr. John Guarino (President, Coca-Cola Refreshments Canada): Thank you.

Good afternoon, Mr. Chair and members of the committee, and thank you very much for the invitation.

I'm John Guarino, president of Coca-Cola Refreshments Canada. Joining me today is Sandra Banks, vice-president, public affairs and communications.

I've had the privilege of living and working internationally for the last 25 years and serving markets in Europe, the Middle East, Africa, parts of Asia, and now, very proudly I might add, Canada. I've seen first-hand how the Coca-Cola company and its bottlers strive to make a positive difference in the communities around the world, and particularly in Africa. I have been travelling to Africa for the last 20 years and have visited 25 countries on the continent. I have personally witnessed both the promise and the challenges of this great continent. I love Africa for what it is and what it can be, and I am pleased to be here to share our story.

At the Coca-Cola company we know our business can only be as strong, sustainable, and healthy as the communities we serve. We believe that no company can have a significant impact in sustainability by working or thinking alone. Instead, we must rely on partnerships that connect business, government, and NGOs.

In Canada we collaborate with government, NGOs, other businesses, and local communities across the country to develop better solutions in the areas of active living and the environment. Through our partnership with the Breakfast Clubs of Canada, we have provided Minute Maid juices to school breakfast programs for over ten years. We work with ParticipAction to get kids off the couch and get them active, and with the WWF we are working to protect the Arctic habitat of the polar bear. Those are just a few of the ways we are partnering with others to make a positive difference. I should add that in Canada Coca-Cola operates in all ten provinces and employs directly 6,300 people in more than 50 facilities, including seven production plants.

Coca-Cola has been on the African continent since 1928, when the first bottling plant was established in Johannesburg, South Africa. Today Coca-Cola operates in all 56 countries and territories in Africa. We are one of the continent's largest private sector employers, with approximately 65,000 employees. In addition, it is estimated that for every person employed by Coca-Cola, more than ten people are employed in related industries.

Our corporate social investment programs in Africa are coordinated and implemented by the Coca-Cola Africa Foundation. Established in 2001 in response to the growth and impact of the HIV pandemic, today the Coca-Cola Africa Foundation supports many other community initiatives. In being here with you today, I will focus on four important areas of our investments in Africa. These are health, including undernutrition and disease; women economic entrepreneurship; water; and sustainable agriculture. Given the scale and complexity of today's health issues, it's challenging for one business or even one industry to make a material difference on its own.

As you may know, malnutrition accounts for 11% of the global burden of disease, and it is the number one risk to health worldwide. We are using our beverage expertise to help with undernutrition, and Coca-Cola is working to bridge the protein gap in impoverished nations with protein-rich beverages. Coca-Cola is developing and distributing a global fortified juice product to give school children much-needed vitamins and minerals. We are partnering with government, nutrition experts, and organizations like the World Food Programme and the Howard G. Buffett Foundation to get this beverage into school lunch programs, together with nutrition and physical activity education. Our global partners on this include Cutrale Citrus Juices; DSM, a global science-based company active in health and nutrition; Tetra Pak; and the Global Alliance for Improved Nutrition, an NGO related to the Bill and Melinda Gates Foundation.

Last year we launched pilots in Colombia, Malaysia, and Ghana. So far in Ghana we've reached 2,500 students, and we expect to reach 4,000 students by the end of next month.

Our concern for health and well-being extends beyond undernourishment. Since 2006 the Coca-Cola company has been involved in NetsforLife, a partnership battling malaria in sub-Saharan Africa. To date, NetsforLife has distributed 8.5 million nets, saved the lives of more than 100,000 children, and trained nearly 74,000 malaria control agents.

AIDS, of course, is one of the great health issues of our time. Through the Coca-Cola Africa Foundation, we have formed partnerships with local grassroots and international NGOs to deliver HIV/AIDS education and prevention.

• (1545)

Our partnership with the Africa Network for Children Orphaned and at Risk, or ANCHOR, helps to support over 146,000 HIV/AIDS orphans and vulnerable children across eight African countries.

Building on an existing partnership with the Global Fund to Fight AIDS, we joined with RED late last year to raise money and awareness in the fight against AIDS with our music platforms and other resources.

The world is now close to achieving the first AIDS-free generation of our time by virtually eliminating mother-to-child HIV transmission by 2015.

Coca-Cola is also working with the Global Fund, the Bill and Melinda Gates Foundation, and the Yale health leadership institute to increase access to vital medicines in Tanzania. Using our supply chain expertise, we've joined with Tanzania's Medical Stores Department to develop a new distribution strategy, redesign core processes, and train medical store staffers. We're now working with our partners to replicate this initiative in Ghana, which has an acute need for vaccine distribution.

Around the world, we've seen first-hand the positive impact women's economic empowerment has on the health and well-being of families. In fact, we're striving to enable the empowerment of five million women entrepreneurs worldwide across our value chain by 2020. This effort, called "5 BY 20", was launched in 2010. We expect to reach a total of 300,000 women by the end of this year.

In Africa, our micro distribution centre model has provided business ownership opportunities for women in Kenya, Tanzania, Uganda, Ethiopia, and Mozambique. In Nigeria and Ghana, over 70% of the micro distributors are owned by women.

Water is a very important focus for us, and one closely related to health and women's empowerment. By 2020 we're committed to giving back 100% of the water used in bottling our beverages.

Already we've conducted 386 community water projects in 94 countries since 2005. These projects not only have a direct health impact but they also empower women, given the time many women must spend carrying water, particularly in Africa.

To date, 42 water projects in 27 countries have been supported, in partnership with and co-funded by the United States Agency for International Development, USAID, under the Water and Development Alliance, or WADA, and other partners.

In Senegal we undertook a Water and Development Alliance project to enhance access to water and sanitation for approximately 22,500 people in poor, rural, and remote communities. Our WADA project in Tanzania is providing water, sanitation, and hygiene services to almost 17,000 people living in ecologically sensitive areas.

The Coca-Cola Africa Foundation also has a Replenish Africa Initiative, known by its acronym "RAIN". Our goal is to provide over two million people with access to safe drinking water by 2015. In the Amhara region of northwestern Ethiopia, RAIN has given access to water and sanitation to over 45,000 rural residents. RAIN will launch over 100 water access programs across Africa, including sanitation and hygiene education programs.

Finally, encouraging more sustainable agriculture practices is another focus for us. Agricultural products are ingredients in almost all of our beverages, so the health of our business depends on a healthy agricultural supply chain.

Our juice business is growing significantly. To make sure we can source enough juice to meet the demand, and to help improve the livelihoods of fruit farmers, we formed Project Nurture. This is an innovative four-year, \$11.5-million partnership with the Gates Foundation and TechnoServe, a not-for-profit business organization.

With Project Nurture, we are helping more than 50,000 farmers in Kenya and Uganda to grow mangoes and passion fruit for locally sold fruit juices, building Coca-Cola's business while creating sustainable livelihoods at the farm level. A third of the participating farmers are women.

So far, more than 18,000 metric tonnes of fresh fruit from this project have been harvested and sold. Minute Maid juice drinks using locally grown mangoes from this project will be launched in eight countries beginning next month.

I know I've covered a lot of territory, and I appreciate your attention. I cannot promise to know all the details behind our many global initiatives, but I will do my best to address any questions you may have.

Thank you very much.

• (1550)

The Chair: Thank you.

We're now going to turn it over to Mr. Haga. You have ten minutes, sir.

Mr. James Haga (Director of Advocacy, Engineers Without Borders Canada): Good afternoon, everybody. It's my pleasure to be here today. Thank you very much for fitting me into your busy schedules.

My name is James Haga. I have the privilege of working as a senior director with a Canadian organization called Engineers Without Borders. I've been working with this organization for four years, starting in west Africa and Ghana. I've also had the chance to work in east Africa, in Kenya and Tanzania, and I've been in our office in Toronto for the last three years.

I'll start by telling you a bit about our organization. We have over 55,000 members of EWB, as it's known across the country. We are an engineering-based organization, as is evidenced by our name. We attempt to work in a systemic way, a way you would expect engineers would try to contribute to society, focusing not on symptoms, but on the underlying root causes of why poverty persists.

We have a staff of over 60 people, in five countries in Africa. We focus primarily on three areas of development: first, water and sanitation, particularly via support and maintenance systems, ensuring that the longevity of water resources continues to be accessible; secondly, through agricultural development; thirdly, through rural infrastructure development.

With respect to the subject matter the committee is focusing on right now, I'd like to focus my comments on an innovative new financing mechanism for development aid, one that we believe creates an opportunity for effective engagement between both public and private sector players.

As a leader in international development, the Government of Canada is not only dedicated to improving the lives of people living in poverty, but it is also committed to pushing boundaries in search of better and more effective ways to do such work.

We welcome and support recent commitments by Canada, for instance, untying all of Canada's aid and signing on to the International Aid Transparency Initiative, and being a leader in supporting initiatives such as the G-20's small and medium-sized enterprise finance challenge.

In 2012 Canada also ranked first among all G-8 countries on fulfilling commitments made at international summits, which is a great testament to our country.

The truth is that much of foreign aid does work, and things have been getting significantly better in recent years. Hundreds of millions of people around the world are better off because wealthy countries like ours paid to vaccinate children, dig wells, build roads, and buy school books.

That being said, some foreign aid is misspent. Critics argue that much of it is ineffective and can at times hinder development. Too often money is spent on inputs that fail to achieve the desired outcomes. While many aid programs are successful, others fail for a number of reasons. The primary flaw in the current way of delivering foreign aid is that it tends to strengthen the accountability from recipient countries to donors rather than their own citizens.

Canada allocates close to \$5 billion a year in aid, yet even with our good achievements there is still more we can do to maximize the results of our dollars. In the context of the world's current fiscal reality, more than ever it is important to be creative in maximizing the value of those dollars.

With this in mind, I'm here today to talk to you about an idea for Canada to invest in, which is the new cost-effective approach to foreign aid called cash-on-delivery aid.

Critical to the subject matter of the committee's study, the cash-on-delivery approach provides an opportunity for innovative collaboration between public and private sector players. With this approach, the focus is firmly placed on delivering results in the most effective and efficient manner. Notably, this proposal is not focused on the amount of aid that Canada gives, but instead on making our approach to that aid more effective.

Cash-on-delivery aid is inherently a results-based funding approach. This means that Canada only provides funding once progress towards an agreed upon result has been demonstrated. In short, if results are not achieved, Canada doesn't pay.

Paying for results is nothing new in the world of business, but it's not necessarily the way traditional foreign aid has worked. By starting with the focus on results, cash-on-delivery aid can make some forms of foreign aid more effective, less corrupt, and better able to respond to what people truly need. In doing so, cash-on-delivery has the potential to capture more public support for aid programs that often save the lives of millions of people.

• (1555)

Let me provide a quick example of how cash-on-delivery aid could work.

Canada and the Government of Ghana could enter into a five-year contract that specifies a set of payments and what Ghana must do in order to receive those payments. These would be made public. The contract would set a baseline—for instance, the number of children expected to graduate from high school. The year after that and for five years running Ghana would receive \$20 for every child who graduates up to that baseline number. As an incentive to do even better, additional money could be provided for every child who exceeded that baseline. The results would have to be accurately measured by Ghana. Since school records are often spotty, Ghana would administer a standardized test and count the number of students who took it and make those results public. Once the contract is signed—and the contract itself is a key element of how this would work—Canada would leave it up to the Government of Ghana to choose how it wants to deliver the agreed-upon result and who should do it. This means that the Government of Ghana, hypothetically, would be responsible for the end-product result, although they could choose the most effective and efficient way to deliver that result. It could be through their own public service, contracting a private company, engaging local or international NGOs, or any combination of the three.

Ghana could do whatever it thought was necessary to solve the problem. If it squandered resources or had money carved off through corruption and there were fewer graduates as a result, it would get less money. By definition, donors would not be wasting taxpayers' dollars.

You might be wondering if this approach is working or being piloted anywhere. In fact, it is currently being attempted through a partnership between the U.K.'s Department for International Development and the Government of Ethiopia. They've stepped into a contract. The idea is that the Department for International Development will make grant payments to the education ministry of Ethiopia for the increase in the number of students above a baseline that sit for or pass the national grade 10 exam. Education is just one example of a sector or an issue this model of aid could work through. Currently it is the only area in which this idea is being piloted.

Piloting cash-on-delivery aid would bolster Canada's reputation as a global leader in delivering effective, efficient, and innovative aid. It aligns very well with Canada's and CIDA's commitment to results and to greater accountability. This approach ensures a higher level of accountability for partner-country citizens and Canadians alike. By working through local governments to establish jointly desired outcomes and then gather precise, reliable information about those outcomes, cash-on-delivery strengthens public institutions and motivates political leaders in developing countries to care about measuring their country's progress towards clear goals.

This alone enhances accountability between partner governments and their citizens, which in the long term is absolutely essential for sustainable development. It would also alleviate the sense that a country's problems were being fixed by outsiders, and local officials and citizens would be able to claim ownership over their own progress. Further, because the cash-on-delivery model means that Canada transfers funds only once results have been demonstrated, Canadian citizens themselves can trust that their taxpayer dollars are being used effectively.

To wrap up and review, I believe there are a number of critical benefits to this approach to delivering foreign aid, things that could leverage both private and public sector players, with the defining element being that it puts an emphasis on the result and on whoever is best equipped to deliver that result in view of the partner country government with whom Canada would enter into a contract. This approach would maximize the value of Canada's aid by delivering funds only once measurable progress has been demonstrated. It would provide better and more evidence as to how Canada's aid efforts are making a difference in people's lives. It would increase the efficiency and sustainability of Canada's aid efforts by decreasing administrative burdens on both Canada and our partner countries and increasing partners' freedom and responsibility to manage and deliver on their own development commitments.

• (1600)

This approach would contribute to enhanced global security and the national interests of Canadians by facilitating the strengthening and stabilization of local leadership, political institutions, and civil society in developing nations. It would continue Canada's leadership in improving aid transparency and accountability, an area in which our country has quite recently become a global leader.

I believe that investing in cash-on-delivery aid would be another step in the right direction for Canada's aid policy. While it is certainly not a silver bullet approach, we believe there is considerable potential for this innovative financing model presenting Canada with a unique opportunity to maximize the value for money of our development efforts and lead the world in piloting an efficient results-based aid model.

Thank you very much. I will certainly do whatever I can to address any questions you might have.

The Chair: Thank you, Mr. Haga.

I forgot to introduce Ms. Banks, but Mr. Guarino introduced her. Ms. Banks, thank you for being here as vice-president of public affairs and communications with Coca-Cola.

As I mentioned before, Mr. Guarino needs to leave around 4:30. You can address your questions to whoever you want, but keep in mind that you'll only have him for half an hour. It is suggested that you ask those questions first, but we'll go from there.

Mr. Dewar, you have the first round, for seven minutes, please.

Mr. Paul Dewar (Ottawa Centre, NDP): Thank you, and thank you to our guests.

I will start with Mr. Guarino. You mentioned a lot of work you have been doing internationally in the very comprehensive overview in your presentation today. I want to pull the lens back a bit. Do you or your company have a position on the millennium development goals?

Mr. John Guarino: On the....

Mr. Paul Dewar: Do you subscribe to the millennium development goals, which are looking at increasing aid effectiveness, looking at targets for governments to invest in development and aid. The target is 0.7% of gross national income. For example, Sweden has reached it. The U.K. is looking at bringing in legislation so that as a government they would reach the goal for international aid of 0.7% of their gross national income.

Are you aware of those goals, and do you, or maybe Ms. Banks, have an opinion on it from a policy perspective?

Mr. John Guarino: I've heard of the goals, but our company's view is we tend to not be looking at various goals like that on a day-to-day basis. I can get a detailed statement on anything we may have said on that.

Our approach is generally to work on issues in our local area of operations in terms of how we work with our partnerships, whether it's private sector, NGOs, governments, without looking necessarily in terms of funding goals or anything else. It would be more about agreeing on the objectives we're trying to do on an initiative basis, and who are the right people to bring together in that initiative, and how much we each have to put down, whether it's a company or our Africa foundation, and how we're going to fund that. That's how we would look at each initiative we were doing.

Mr. Paul Dewar: I mention it because you mentioned working with the Gates Foundation, for instance. I believe you also mentioned the Global Fund. These are organizations that have worked with government. I was simply wondering where you were from a corporate perspective in terms of what many have held up as the standard for international development, and that is achieving these goals.

Maybe I could come at it another way. What do you see as the role of government when it comes to international development?

Mr. John Guarino: I think particularly as it's related to many of the initiatives we do, depending on the country, whether in Africa or around the world, we can't do without government support, whether it's federal government, and very often it's local government, local communities. In Africa we may need tribal support to get some of these community initiatives done. It wouldn't be one size fits all in terms of how we work with government. It would be done on a country-by-country basis, depending on what their expertise was.

What we seek are the right experts to address where we think we can make a difference in how the communities operate. That's where we go for the expertise, and then it's working with whoever, whether it's the private sector or public sector, to get it done most effectively.

Mr. Paul Dewar: I'm curious. Do you have estimates about how much of your business—I believe it's grown significantly in the last number of years—is in the water business? In other words, with respect to your market in Canada—and if you have global it would be terrific—how much of the revenue comes from selling water in the beverage industry?

Mr. John Guarino: I don't know the exact number. We could probably get it. It would be well under 10%, probably below 5%.

• (1605)

Mr. Paul Dewar: Would you say it's a growing market?

Mr. John Guarino: Depending on the country. It's not growing everywhere.

Mr. Paul Dewar: Here in Canada.

Mr. John Guarino: Here in Canada we are not growing our normal water business.

Mr. Paul Dewar: No? It's not growing. Okay. If you have those numbers, that would be terrific.

I'm impressed with the recent program you're launching and will have growing in the next month, Project Nurture. I ask you that because some might say, with all due respect to Coke, you're in the business of selling beverages, and if we need to have people who are going to be supporting people to be more self-sustaining in their development of agriculture, or for that matter trying to get access to water, is Coca-Cola the best way to go? You can understand why someone might have that point of view. My argument is not to suggest that it's not good to have people doing good things, it's just a matter of who does that work.

Allow me to just ask you this question in terms of the project you're focusing on right now. You're doing two things, and you admit it in your presentation. On the one hand you're trying to get more people involved at a local level. On the other hand, you quite rightly are saying that for the purposes of your company you're trying to sell beverages, and that your goal is also to be able to sell the beverage locally. Is that correct?

Mr. John Guarino: Yes, we are trying to sell our beverages locally.

I think on water, in the grand scheme of things, we're actually a very small user of total water. We are working, as I said, with USAID, the WWF, and others in programs on water usage. As I said, we are committed to giving back as much water as we use in the bottling of our beverages by 2020, in other words, getting toward a water neutral state so that we're giving back exactly what we use in the bottling of our beverages.

We continue to make good progress against that goal. We report on that goal every year, on where we stand on it. We're doing that through a variety of efficiencies in terms of how we actually run our bottling operations and how we can save water there. The other is looking at other ways we can give back in terms of rainwater harvesting, supporting various initiatives such as watersheds and what not.

It's a little bit of both. It's about our being more efficient, but also our partnering with people to reduce. We have committed to getting to a level by 2020 of giving back exactly the amount we use in bottling our beverages. We think you can do both.

Mr. Paul Dewar: May I ask a policy question that's related to what you just said? You have concerns about the effects, particularly in Africa, around climate change, then. Are you concerned about water? I'm assuming that you're concerned about—

Mr. John Guarino: No. Water is a natural resource, and in some areas there are water scarcity issues, in parts of Africa as well. We've done many studies on that, working with independent firms on water scarcity and how we fit into that. It is certainly part of our planning, where we go in and put in plants to source the water in water-stressed areas. It is all part of everything we look at. We don't rely on our figures; we rely on—

Mr. Paul Dewar: No, I was simply making the point that it's a concern, that access to water is one of the threats of climate change. I was just seeing if you'd concur with that.

Mr. John Guarino: Certainly I don't want to get into.... We are concerned about having access to enough water and that we are able to replenish what we use. There are very different areas where there are water problems.

The Chair: Thanks, Mr. Dewar.

We're going to move over to the government side. Ms. Brown, seven minutes, please.

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

Thank you very much to our guests for being here.

Mr. Guarino, I'm going to address my comments to you because we have you for such a short time. First of all, I want to say that in achieving the millennium development goals, Canada is the only country in the world that has paid up on its financial commitments to the various global funds. Regardless of the percentage that people talk about, it's the actual money in hand that really makes the difference.

Contrary to what my opposition may think, I have run a business, and I know there is nothing wrong with self-interest in business. You need to have a return on your investments in order to grow your business and to continue investing in some of these other good funds you are putting money into.

I'm very interested in this part of your presentation where you talked about the fact that you are enabling the empowerment of five million women entrepreneurs worldwide across our value chain. I wonder if you could expand on that.

You know that our whole discussion here has been about the involvement of the private sector in helping us to achieve our development goals. There are those of us who see private sector involvement and growth in emerging economies as the key to seeing these countries become enabled economies.

I wonder if you could expand on exactly what's happening with women. How are they growing these micro-businesses? What impact is that having on the general economy?

•(1610)

Mr. John Guarino: Thank you for the question.

First of all, given that much of our business is in the developing markets, we feel that the role of women in our business has not been represented properly. Many people think of us as a heavy business—lifting, bottling, cases—but the truth is that we have such a diverse business and we require so many different things that we weren't

always able, particularly in booming economies, to get all the resources we needed.

We felt that the economic impact of women's entrepreneurship was not being recognized, so that's why we instituted this program, 5 BY 20. This is a global program. We go country by country and have objectives for each country. It's a separate department reporting into the senior leadership of the company in Atlanta, where we monitor these.

And it's everything.... It's micro-distribution, which would be a small village where we would appoint somebody who is responsible for delivering Coke and our products to the stores there. We would deliver to them and then they would distribute around to that community, store by store and restaurant by restaurant. We've set targets on that. We would want women to own that business, for example. Then they go out and hire the salespeople and the delivery people who can handle the product and do the deliveries every day.

It has been extremely successful. Needless to say, women have been wonderful managers of this business—across Africa. We know that in many places in Africa in developing markets sometimes maybe they don't get a fair shot at economic empowerment, at owning a business, or at running a business, and they're pretty darn good at it. Also, it is linked not just directly to our business, but to looking at our suppliers as well, and to saying that when we go out and work with advertising agencies and suppliers—whether of raw materials for the production plant or just office supply—we have targets of how many women entrepreneurs we're going to be working with.

That's how we plan on getting to five million women by 2020. It's a lofty goal. We feel we're on track. As you said, we're a business. It's a win-win as far as we're concerned. We're getting the benefit of having all of these economically empowered women supporting our business globally.

Ms. Lois Brown: I've been in Ghana, Nigeria, Togo, Benin, Burkina Faso, Ethiopia, and several other African countries, and I've managed to get Coke in every one of those countries, so you're obviously being successful.

I guess my question is, are you beginning to see the effects of these women managing their own businesses? Are you beginning to see the effects on their own families and how that is working out in their communities?

Mr. John Guarino: Yes. I mean, I couldn't point to scientific data, but we know they're becoming a pillar. Their husbands will still most likely have a job and be gone during the day, but running their own business allows them to be flexible in terms of what they're doing, both in terms of generating income and in terms of raising a family at the same time. Undoubtedly it provides for a more stable household, one that is more economically empowered, is making a little more money, and is able to invest back in the community, so it becomes a bit of a virtuous circle.

So I wouldn't have specific facts to say that these women lead to this, but there's no doubt that it's making stronger and healthier economic and family communities where we're doing this, particularly in Africa.

Ms. Lois Brown: How do you go about finding these women? Do you advertise in some mechanism, or do you have a contact in the village you're looking to work in? How broad a distribution area would they have? What is their potential? I guess that's what it comes down to. But how do you go about finding these people to employ?

Mr. John Guarino: We will advertise for them locally, and that can be very different things in different countries, but we are a very local business. As you said, you can find us pretty much everywhere, so we know what's going on in the areas. We will actively search out. We will say that this is what we're looking for and these are the requirements of what we're looking for.

In terms of what is expected, we don't have big long contracts, but we say here are the ten things that need to be done if you want to run this business. There's a certain amount of investment. We help arrange financing so that they can have start-up funds to do this. We would evaluate them against this performance, but essentially it's about going in, town by town, to find them.

The areas that these micro-distributors serve are quite limited. They might be just within a mile, because much of the time all of the product would be delivered by handcart, or by bicycles or something else, as opposed to.... It's not that big trucks are going in and delivering this product. That's why we're able to get so many. We give them a defined geographic area to service and we protect that area for them.

•(1615)

Ms. Lois Brown: On a different topic, when you're doing your water assessments in a country such as Ghana, which has the Volta River running through it, an enormous river—that river is huge—or in South Sudan, where I was in January and where they have the Blue Nile, which of course is the beginning of the Nile River and is again a huge river, are you doing water assessments in those countries to see how the work you're doing in other places might be offset? Are you working in South Sudan? You talked about Ghana, but those are two countries that have huge water resources.

The Chair: That's all the time you've got.

I'll let you answer the question, Mr. Guarino.

Mr. John Guarino: We are starting business in South Sudan, which is a challenging market. At every facility we have to do a water assessment in terms of the sourcing and look at how we are servicing the water, what our usage rate would be there, and we also look at how we can. We've done them in China, we've done them most recently with the Danube in central Europe in terms of protecting the rivers as a source to ensure that if we're taking from a municipal source.... We all have a stake in making sure that the water source is secure and safe. We work closely with business as well as non-profits. It's a very important part of what we do.

The Chair: Thank you, Mr. Guarino.

We're going to move back to this side of the table. Mr. Eyking, you have seven minutes.

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

I thank the guests for coming today.

I'm going to ask the Coca-Cola questions first, if you guys want to hit the road.

I did a lot of work in Central America in the most remote regions, and I was always surprised to see Coca-Cola there. It could be debatable if it's the best drink in the world, but you're there, and many times you encourage electricity to come to these little outlets. I think that's good.

I know your company sells a lot of healthy juices, and I don't see them much in these remote areas. It's just a comment more than anything, but I think it would be really beneficial, because a lot of these places have poor nutrition and it would go a long way if that could be encouraged.

The other thing I notice with your company in these regions is that you have excellent distribution and storage systems. They are very efficient. I'm wondering if Coca-Cola could help more on distribution to fill some of the needs in these areas. I think your trucks are going that way, and I'm not talking about big bulky items like large food items but everything from vitamins to needles and even to condoms and things that some of these areas could really benefit from. The distribution from Europe or North America to get certain items to these areas is crucial. I know it would change your system a bit, but have you ever contemplated doing that, or did you ever do that in certain circumstances, for instance if there's a catastrophe in an area?

Mr. John Guarino: Yes. I can say first that we are expanding our juice portfolio and getting broader distribution. Refrigeration is part of having shelf-stable products, and the fortified beverage we've rolled out this year allows us to do that without refrigeration.

Specifically, yes. We've talked about it in distributing vaccines in Tanzania. We have distributed condoms before. So in the normal sense of business we will work with local communities because we can have a far greater reach.

We have opened warehouses at times for people to store things they can then supply locally.

So I wouldn't say that it was a formal one, that every truck is going to give 10% of its space, but we have done it and we always look at it. We always give our trucks 100% to disaster relief. We provide bottled water, and the trucks are used to distribute essentials during disasters. Whether it's earthquakes, the tsunami in Japan, the first thing we do is get out clean water and give our trucks to the communities to allow them to distribute what's needed.

Hon. Mark Eyking: When you have your bottling facilities—and there's probably one in each major area—the water you use is of course filtered and cleaned. Do you ever share that water that has to go to your system?

Mr. John Guarino: We take all the water from municipal or we have our own wells. We take it through processing, but it's done literally at the filling process. So the only way to get it distributed is through the bottle. But we have given money to local communities where there's a source well they could put a pipe to and take what they need where we know there's no issue with the amount of water. But at this point we don't open up our water for use in the local communities. If they didn't have it then we wouldn't have it either.

• (1620)

Hon. Mark Eyking: Thank you very much. I'd like to ask you more questions, but I only get one round of seven minutes and I want to make sure that Engineers Without Borders gets a question.

Thank you for coming, James. I've spoken to your group many times. I'm not knocking other NGOs, but your NGO really does yeoman work, because you are getting into these areas with bridges, infrastructure, buildings, dams, and those are the key starting points, whether you are rebuilding an area because of a catastrophe or starting a region. So I commend the work that Engineers Without Borders does.

We've heard that CIDA has cut your funding. Do you have any numbers to show how it has been cut in the last six years?

Mr. James Haga: The question being cuts to aid across the board, or to our—

Hon. Mark Eyking: To Engineers Without Borders and the projects you do.

Mr. James Haga: In fact it hasn't been an issue for Engineers Without Borders.

With the greatest respect to the Government of Canada and to CIDA in particular, our interest is in fact to decrease the amount of reliance we have on government aid. From all the trends we've seen globally, it seems as though public moneys are less available for this type of work. If we can be creative in finding partnership opportunities and other fundraising opportunities, that's in our interest to do, to have the independence to operate as we see fit.

Our organization hasn't suffered from cuts.

Hon. Mark Eyking: You've gone another route to find funding. That's noble, and I think it's the right thing to do. I think that at the end of the day, not just for Canada but for any country, one of the best ways to spend money is to fund Engineers Without Borders. It sets the template for other NGOs coming in.

Do you have any models or recommendations that CIDA should be putting out there dealing with public-private partnerships?

Mr. James Haga: First, I apologize, as I don't believe any of you have notes in front of you from me. That's my error in not having prepared them early enough in advance.

Yes, a great part of what I was speaking to, Mr. Eyking, was a proposal for an aid financing mechanism that would allow, first and foremost, a pay-for-performance relationship between our government and another partner government that puts the emphasis on results being achieved rather than paying for inputs into the concept.

Hon. Mark Eyking: Could you give me an example?

Mr. James Haga: For example, right now the Department for International Development in the United Kingdom is engaging with the Ethiopian government. Essentially, Ethiopia has agreed to graduate x number of girls and boys from secondary school, and they need to pass a standardized test in order to have that graduation. Once they achieve their baseline numbers over a course of five years, the donor, the British government in this case, would provide payment.

The interesting innovation in how this is being done is it puts a great emphasis on the local government, in this case Ethiopia, to manage as it sees fit to achieve that goal, quite frankly without a lot of meddling and bureaucratic involvement from the U.K. government. It empowers and puts the responsibility on the Ethiopian government to achieve that goal. If they achieve it, the British government will provide transfer payments. If they don't, the British government won't.

The Chair: Thank you.

Thank you, Mr. Eyking.

Hon. Mark Eyking: Mr. Chair, if I may, I know Mr. Haga didn't have the documentation, but I would really appreciate some of those examples he gave, and if his brief could come to us, would that be all right?

The Chair: Sure, that would be great.

Hon. Mark Eyking: Thank you, Chair.

The Chair: We're going to start our second round, for five minutes. We'll start with Mr. Dechert.

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

Thank you to our guests for being here today.

Mr. Guarino, I know you don't have much time left, so I'll ask you a question directly.

In your opening remarks to us you mentioned that Coke has partnered with USAID in 42 water projects in 27 countries. I wonder if you could tell us some of the details of those projects, how Coke and USAID are working together to supply new water and sanitation projects.

Also, could you describe to us how, in your opinion, the cooperation between Coke and USAID results in a better or different result from Coke and the U.S. government acting independently on those projects?

• (1625)

Mr. John Guarino: Generally the way these projects with USAID work is that whether there's a sanitation issue with the water or water scarcity in the communities we would be serving, there would be a list of where these places were, and we would work with USAID to ask what we need to put in there in terms of first cleaning the water. Second would be how many places we can get it to if we can't have it pumped or piped into every location in that community. Can we set up three different wells or pumps, if you like, people can come to until there is something there?

One aspect is physical infrastructure to get clean water and get it into people's hands. The other ones would be bigger projects maybe, in terms of the watershed or in terms of water harvesting. We use the expertise of USAID and their funding. We would jointly fund these.

The other area would be not just the watershed but rain harvesting. What are the ways to do that?

We do a lot of things ourselves, but we always seek expertise. They have a lot more expertise than we do about the best way to harvest rainwater in some of these areas and use it and treat it. I'm not a technical expert. I can certainly get a lot more information for you about how those partnerships work.

In terms of your last question, about how we work with USAID and the benefits of it, USAID is very good at what they do. They're very focused in those areas where they operate. We are not the experts, in that we are a business first and support the community second. They allow us to be more effective. We take their expertise on how we can do things properly in that town. They have a lot more of the resources to actually get it done. So it's a little bit more of marrying our objectives and funding them with money, and their people who know how to get things done. They have the engineers, or whatever it is, to deal with the water issues a particular town or village may have.

Mr. Bob Dechert: Is it fair to say that both Coke and the U.S. government brought different skills to the table, and by combining those skills you got a better result for the people in those countries?

Mr. John Guarino: Yes, I think that's fair to say. It's a combination of the two.

As I keep saying, for anything, we can't do it on our own. I don't think anybody can do it on their own in this world. We have to find the right partnerships, businesses, communities, NGOs, governments.... Everything is different. It's not one-size-fits-all.

Mr. Bob Dechert: Okay. I wonder if you could tell us a little bit more about Project Nurture. You say that you're helping more than 50,000 farmers in Kenya and Uganda grow mangoes and passion fruit for locally sold fruit juices. Are you just helping them by buying their produce, or is there more to the program? Are you helping them actually grow those crops?

Mr. John Guarino: The project just started about a year and a half ago, because we realized, as we were expanding our juice business and were able to distribute more widely in Africa, that we were importing fruit into some very fertile areas. Mangoes, particularly, were coming from India to Africa, which we thought was really not what Africa needed, given that properly managed, it can be a very bountiful agriculture market.

We had two approaches. One was guaranteeing that we would buy the output and that we would get it up to quality standards. It required our research and development people and all of our agricultural experts working with the Bill and Melinda Gates Foundation, which actually provides the training and everything else. We provide the specifications. We work with them in the communities in terms of looking at the soil, what needs to be added to the soil, and how to plant. In many cases it's farming 101.

Again, it's a partnership. The NGO is able to go in and do the week-by-week evaluation. We're not in there every week on every farm checking these things. That would be done by others.

It's a combination of both. We buy the output, but up front, we're working with the NGOs and giving them what we need and are then giving them the training, the tools, and the fertilizer or whatever it is. It all comes together as a package.

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

Thank you very much for taking time out of what I'm sure is a very busy schedule to come here to join us today. We'll let you step away from the table, Ms. Banks, as well, and we'll continue to proceed with our questions to Mr. Haga.

Thank you once again for taking the time.

• (1630)

Mr. John Guarino: Thank you very much. It was my pleasure to be here. It was an honour.

The Chair: We're going to continue.

Madame Laverdière, you have five minutes, please.

[*Translation*]

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

Thank you to our guests. I am sorry I was late. It was beyond my control.

Mr. Haga, thank you. One of the points you raised in your remarks seems very interesting to me and should be repeated: most of foreign aid is useful. However, what we most often hear tends to indicate that it's always a failure. It's because, often, the focus is on the failures. However, this is not true of all foreign aid.

Now, regarding the cash on delivery aid process that you mentioned, I would be curious to know more about its functioning

My first question is on the British experience in that area. According to what you say, standard tests are used to predict the number of children who will graduate. Those standard tests, are they approved by the British government? Is Ethiopia deciding which tests to use, and can it modify them at will?

Mr. James Haga: I appreciate your question.

I'll provide you with some details.

[*English*]

To your question, certainly the way in which, in this case, those national examinations are envisioned is set entirely by the Ethiopian government. Ethiopia's National Educational Assessment and Examinations Agency is the body that is responsible for managing that. A core element of the way in which this cash-on-delivery model is designed is that it deliberately does not allow, in this case, the British government to set all of those particulars in how the goal would be achieved. It's really just to say you set this goal and we will help you fund this work if you're able to achieve benchmarks along the way.

Ms. Hélène Laverdière: Thank you very much.

This raises the issue potentially of quality. Of course I figure that for the Ethiopian government it would be easy to make a very easy test that loads of children would pass and then cash in on the results. I have those types of questions, because how do you report on that? Also, if other countries are funding education at the same time and then the Ethiopian government, to take that example, achieves those results with the help of other countries and then gets rewarded somehow from the U.K. government for what it has achieved—I don't know, I'm thinking aloud—is there a risk that some countries see that as double-dipping? If they do it without the help of other countries, then there's a serious challenge, because in many African countries to get the resources to attain results you need the resources. They don't have it to start with. So I don't know if you want to comment on that.

Mr. James Haga: I think that there are, quite frankly, a lot of complexities to how this is operationalized. As I said, I highlighted the pilot that is currently being undertaken in Ethiopia. It is the only pilot in the world being undertaken. So that gives you an indication as to how significant even the number of dollars dedicated to this style of aid are. It is in the early stage, so it is in effect experimental. It is an investment in innovation, and with any investment in innovation there is the possibility of failure. We think that is okay, particularly at a time when you're balancing that investment such that it isn't going to account for such a massive proportion of your aid envelope.

In terms of the specific question in terms of other sources of aid coming in from different donors, in this case the emphasis is on the result. So this contract of cash on delivery wouldn't necessarily meddle in with other donor contracts. That even being said, different donors engage in different ways, some through budgetary support, some through earmarked dollars for particular programs. It's up to the Ethiopian government to use the resources it has to achieve that particular result. I don't have the perfect answer to your question, but in this case it's trying out a new concept of a relationship between the donor and the partnered government.

• (1635)

The Chair: Mr. Haga, that's all the time we have. We're over time a bit, but I wanted to hear the bulk of the answer.

We're going to move over to Mr. Van Kesteren, for five minutes, please.

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

James, it's good to see you again.

For those who don't know, James introduced me to Africa, along with Mr. Goldring, who was on this committee before. And introduced to Africa we were. We went right into northern Ghana. We stayed in the city of Tamale. That was quite a trip, I must say.

Anybody who is introduced to Africa should get introduced to Africa that way. It wasn't a five-star hotel we stayed at; we travelled in taxis with the locals, and it was an incredible experience. I know it's something I will always remember and cherish for the rest of my life. We've built a great bond and friendship as a result. I want to publicly thank you for that experience, and for the hard work that you did.

We went to Ghana, and we did meet with some of the others in Engineers Without Borders. I remember one person in particular we were going to visit, and he had a case of malaria. I believe his parents were from my riding. He asked me not to tell his parents that he was sick because he didn't want them to worry. However, I think they did find out a few weeks later.

James, tell us a bit about what the organization is doing in that area. I want you to tell us about the water project that you've developed there.

Mr. James Haga: If it's okay, Mr. Van Kesteren, I'll give another example, something that is burgeoning for our organization in Ghana.

For those who don't know the country of Ghana, it is coming out of the gates strongly right now. In fact, it's sort of entering into middle-income status. They've discovered oil in the last few years, and they have been drilling and finding ways—they've been partnering with the Norwegian government—to ensure they're going to use those revenues that are generated in responsible long-term ways. The Government of Ghana is actually quite a remarkable example.

That being said, the northern region of the country is particularly underdeveloped and much poorer than the south, and that's where our organization works. Obviously Ghana, in part, is a bread basket for Africa—for western Africa, at least—and there is huge agricultural potential in that part of the country.

One of the biggest challenges is a lack of business skill from within agricultural communities. It is often very small-scale, very subsistence-based farming. So we partner with agricultural colleges. Dave, you met the director of one of these colleges, Dr. Bempong.

We partner with these colleges to work with their students and farmers in the regions throughout rural northern Ghana to equip them with business skills—small things, like bookkeeping, understanding markets better, and helping to facilitate market connections. That's so people who have a great deal of expertise in growing crops in that region are also equipped with the right set of skills to make sure their product reaches market, that they're getting a fair price for that, and that they're connecting to regional markets, and at times international markets as well.

This is something we've been very actively involved with, training thousands of Ghanaian entrepreneurs and farmers in the northern part of the country.

Mr. Dave Van Kesteren: You're still taking young engineers there, graduates, and they're still working with the locals.

This is actually part of a larger study that we've developed, which is finding out how businesses can assist us. Are you seeing any example of that?

I know you and I and Peter took a drive on one Sunday. We wanted to go down to the coast and the capital city. We went right to the ghettos and right to the slums. If we saw anything, we saw a whole bunch of wonderful people, especially young men, who had the strength and the vigour to work, but there were no jobs.

Do you have any ideas for us? How can we engage organizations and businesses like Coca-Cola to set up there, to get the economy going? We saw a real need there, didn't we?

• (1640)

Mr. James Haga: I would say, first and foremost, that all of us as Canadians, and I'm sure the folks from Coca-Cola and others from non-governmental organizations as well, have a shared common interest: we want people's lives to be improved upon. I think there is an absolutely vital intersection there between the public sector and ensuring that there are responsible governments that have accountability to their citizens so there is a functioning democratic system, and also so that at the end of the day people have livelihoods to be able to live the lives they want to live and to be able to get themselves out of poverty.

I think all of us have jobs here in Canada—well, not everybody in Canada has a job, but certainly everyone in this room does—and we're fortunate to have them. That is what Ghanaians want. That is what people the world over want. So I think there are particular roles that governments and foreign aid dollars can play to help establish an environment in which development is truly possible. That is an absolutely vital role to play and a role I think governments are very well suited to play.

That being said, I think it is imperative that Canadian companies and other international firms find creative ways to be engaging, not just in the business they're engaged in, but in allowing some of those benefits to reach the people.

In Africa, in particular, we're not seeing huge amounts of foreign direct investment from Canada, particularly outside of some particular sectors, so I think finding ways to increase that relationship would be really appreciated by a lot of these countries and their governments and their entrepreneurs.

The Chair: Thank you very much.

Ms. Brown, you have five minutes.

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

James, it's very nice to have you here. I'm sorry, I didn't mean to ignore you in my first round, but I knew you were going to be staying with us a little longer. So I ask to be excused.

Mr. James Haga: My ego's bruised, but....

Ms. Lois Brown: I won't comment.

You and I have had some conversations in my office, and you've brought some information to me on the cash-on-delivery aid, which I read. I have a few questions, and I wonder if we could pursue them a little.

First, you've given us only one example of a project between the U.K. and Ethiopia. Madame Laverdière opened up truly a whole basketful of questions by asking about other contributions from other countries.

Has Engineers Without Borders latched onto this as their primary goal for getting aid diverted? Why would you do it just on the basis of one project in one country? What kind of empirical evidence is there that this should be the way we should be delivering aid?

Mr. James Haga: It's a good question.

First, it's not, in our organizational view, the be-all and end-all. The work we continue to operate is in fact not an illustration of this model. We are not engaging in this model, because we are, quite frankly, a different kind of organization, and this is something in which the primary actors involved, at least at the first point, are governments.

That being said, our interest in the cash-on-delivery idea has to do with how that fits into a larger conversation about innovation in development aid. This is an example we believe merits further examination, and if it is done it will illustrate that the Government of Canada is investing in and putting its support behind innovative delivery mechanisms for aid.

So an important way to think about this is not that we start diverting significant proportions of our aid financing to cash-on-delivery aid, but instead to say there is a need for risk-taking in foreign aid if we're going to see transformative effects. So let us try this idea, because there is substantial support behind it. There's been a huge amount of discourse on this for the last couple of years and a number of people of great prominence in the international community, to name a few, have supported it. I'm actually forgetting her name, but there is the finance minister from Nigeria, who recently ran for the presidency of the World Bank. She is a big supporter of this idea, as is former Secretary-General Kofi Annan. As well, some of the top brass at USAID have in fact been looking at this as well, as have some other governments around the world.

It's not to say it is the be-all and end-all; it's just to say there is a pilot being done right now, and Canada has an opportunity to get in on this early-stage idea in order to build the evidence base that could then be used to really have an effective new model of aid delivery.

• (1645)

Ms. Lois Brown: If I could be so bold as to say, Canada does take transparency very, very seriously. We've signed on to the IATI, the International Aid Transparency Initiative. We've shown our commitment to that.

Coming from the other side, I can see why a government from another emerging economy would say "Yes, of course, give us the money".

Right now we have the ability to hold you accountable. You have projects. I've got a whole raft of projects here where Canada has signed agreements with Engineers Without Borders. We've got contributions for envisioning the end of extreme poverty, for instance. We have global citizens in the classroom. We have connecting with Africa through fair trade. We have volunteer sending, 2009-14. We have international internships. These are all projects that the Canadian government, through CIDA, is funding with Engineers Without Borders.

Why would we not hold you accountable when you are a trusted partner with CIDA? You've demonstrated in the past your ability to use the money wisely. You've shown you can take on a project and you're a Canadian organization, so why would we not hold you or World Vision accountable?

The Chair: Ms. Brown, that's all the time we have.

A quick answer, Mr. Haga, and then we're going to move on.

Mr. James Haga: You hold us accountable.

Ms. Lois Brown: And we do.

Mr. James Haga: You should continue to. We have a responsibility to be accountable. We cannot do it all. We don't claim to be able to do it all. It's absolutely vital and core to Canada's development strategy that we engage governments and other large stakeholders in the development scene. We have mechanisms built into the cash-on-delivery model that would allow us to maintain transparency, even if you're not engaging directly with a Canadian NGO.

The Chair: Thank you.

I'll just mention that a week from Wednesday we're going to have Gavin McGillivray, who is the head of the private sector department of DFID, the Department for International Development, in Great Britain. There may be a chance to follow up on some questions on this with him a week this Wednesday. It may be an opportunity to ask what their thoughts are and how the pilot is going.

We're going to come back over here, and Madame Laverdière is doing to start us off. I think she's going to share her time, five minutes.

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

I find the idea interesting, but it raises questions. It doesn't cover everything, because when you're measuring results, if you're talking of graduating students and the number of schools being built, it's very good, but we also know that the basis for development, including for business development, is stability, which means democracy, institutions, a legal framework. When we're talking about transparency, often it comes with *éducation populaire*, mass education. People start asking their government for accountability. In those instances, it's very difficult to measure results, in particular, in everything that touches on democratic development and those kinds of issues.

Would you agree?

• (1650)

Mr. James Haga: In a word, yes, I would agree. I think that cash-on-delivery aid is part of a greater focus on results. That being said, the idea in terms of how other aid models work is not to throw out the baby with the bathwater, because there are other things, and democratic development might be one of them, where this model is not suitable. It's important to bear in mind that it's not applicable on everything. That being said, it could be applicable on several things. There are a lot of studies that have been done in the last two years that would suggest there are real opportunities to apply this model to the area of child and maternal health. We know this is an area in which Canada has led, and it's worthy that we investigate that further. Access to water is another area in which there have been suggestions that this type of investment could be valuable, but it's not in everything. It's too early to say that this is going to address all the challenges you spoke to.

[Translation]

The Chair: Ms. Latendresse, you have the floor.

Ms. Alexandrine Latendresse (Louis-Saint-Laurent, NDP): Thank you for being here.

I will continue along Ms. Laverdière's line of questioning. Before deciding to support the cash on delivery aid, I suppose Engineers without Borders Canada held some discussions and weighted the advantages and disadvantages. Could you share with us some of your concerns regarding that approach?

Mr. James Haga: Certainly.

Ms. Alexandrine Latendresse: No problem.

Mr. James Haga: Thank you for your question.

[English]

It's true that we have spent a great deal of time looking at this issue—in fact, the last two years. As a little bit of context, this is something that as an idea has been developed over the last four years. It originated from some of the top minds on development issues, from something called the Center for Global Development, which is a very interesting think tank in Washington, D.C. They developed this idea in tandem with a number of governments throughout the developing world that have been extremely supportive of this. So it's critical to say that this isn't just a group of westerners saying maybe it's an interesting idea. There are a lot of people in senior ranks in developing countries who are saying that they want this kind of responsibility given to them in order for them to attempt to manage more and to be more accountable to their own development projects.

That said, I'll note that some of the things we have thought about are similar questions. They have been raised by some of you as well. How is it that you truly ensure that a government is held to account on this? One of the key features of cash-on-delivery aid is that you need to have third-party verification of results. You don't just take the word of the Government of Ethiopia, and you don't just take the word of the British government. You must have third-party evaluation done, though there are a lot of in-betweens that need to happen to get there, so there are some concerns about that.

I think there are concerns about the idea that this will be a new, flashy, and sexy idea that will be taken and applied absolutely everywhere too soon, again leading us down a rabbit hole of putting too much money in an idea that isn't going to work everywhere. So the context is vital, and as an NGO and as a government we have a responsibility to apply this only where it's suitable.

The Chair: Thank you very much.

We're going to finish off with the last questioner of the third round. Mrs. Grewal, you have five minutes.

Mrs. Nina Grewal (Fleetwood—Port Kells, CPC): Thank you, Mr. Chair.

Thank you, Mr. Haga, for your time and your presentation.

I understand that your focus is to work with members across the country to improve Canada's international development policy through the coordination of political engagement activities, raising public awareness through your organization's policies towards developing countries, and advancing the recommendations of your organization.

This committee has heard heart-wrenching stories and testimony about poverty, abuse, and corrupt governments in our international community, so I would like to ask you this: what is the best way to halt such corruption and abuse?

• (1655)

Mr. James Haga: That's a great question.

Just to add a personal angle to this, when I was 19 years old I lived and worked in east Africa, in Tanzania. Every day I would get on a minibus and go to work, and we would pass through two or three police roadblocks. Each day, at each of those instances, the driver would have to pay off a little bit of money to the police officer in order to be able to pass through. There are many reasons why that is the case. They are deeply complex. In many respects, I understand why the police officer wants to take just a little bit on the side. They are not even getting paid enough necessarily to take care of their families. So these issues of corruption are not easily solved. Often there isn't solely one person to blame for them.

With respect to the idea that we're speaking about right now, cash-on-delivery aid, I think it attempts to solve as best it can the issue of corruption. It is not the sole focus of why this is an interesting model. At the end of the day, this is about a result, and the result is what matters.

The thinking is that if a government is going to achieve that result, collusion and corruption are less likely to have taken place, because if they have taken place, then we should not have evidence at the end of the day that the result was achieved. As I said, third party verification that is extremely thorough needs to be in place to have some checks and balances to ensure that moneys have been used properly.

Another key attribute of cash-on-delivery aid is that it requires that the government—of Ghana, for instance—needs to make that contract and all of the details of that contract publicly available. That way, the citizens, the Ghanaian media, the Ghanaian parliamentarians, whoever it might be, can see and access that information readily and can hold their government and their leaders to account on what they are supposed to be delivering to their citizens.

That is actually an innovation and an improvement upon which a lot of aid has traditionally worked. It's not going to solve all corruption, but we believe it is certainly a step in the right direction. It gives more incentive, quite frankly, because a government isn't going to get money unless they're able to deliver that result. They all of a sudden have a lot more reason to really focus in hard on ensuring that they're delivering quality services for their people.

Mrs. Nina Grewal: Do you feel that such actions are appropriate for the private sector as a single actor, or should we pursue a multilateral approach with other institutions?

Mr. James Haga: I think there are different ways of doing what we call a "pay for performance" style of aid, results-based. I'm sure many of you are aware of or have met with members of the GAVI Alliance, which is around vaccines and ensuring that.... This is a similar approach in some respects. You're paying for particular benchmarks being met.

There are, of course, many private sector players who are involved in these types of schemes. In many respects, that is a vital community to engage. In the case of cash-on-delivery aid, the real focus that's put on the government we would be engaging with in this contract is choosing for themselves what is the best pathway to success. What that really means is that if they believe that engaging a private sector partner to achieve that result is the best way to success, then that's what they should do. If it means that they engage a Canadian non-governmental organization to help them achieve that goal, that's what they should do.

At the end of the day, the idea is that the result is what matters. What people at a community level, at a country level, receive in terms of services—that's where the rubber hits the pavement, and that's what matters.

The Chair: That's the end of the third round.

We have a fourth round if we want it. Does anyone from the NDP have any questions? Are there any other final questions? All right.

Mr. Haga, thank you very much for being here today. We'll let you go....

Did you have anything, Mr. Dewar?

Mr. Paul Dewar: Yes, I have a question, Chair.

Thank you to our guest for his work and for his presentation today. It was terrific, as usual.

Chair, regarding the schedule and the agenda, we have the supplementary estimates coming through. I just wanted to ask, since I guess part of our committee role and responsibility is to hear from ministers, about the opportunity to have the Minister of International Cooperation and the Minister of Foreign Affairs come to committee regarding the supplementary estimates. So the request is to see that we invite them to committee, if we can do that, as per our responsibilities as a committee.

• (1700)

The Chair: Mr. Dechert.

Mr. Bob Dechert: Mr. Chair, it's my understanding that the—

Ms. Lois Brown: Shouldn't we be in camera for committee business?

Mr. Paul Dewar: No; it's just a question, even if it's not in camera.

Mr. Bob Dechert: I can respond quickly. My understanding—and I checked earlier today—is that the estimates have already been reported back to the House.

Mr. Paul Dewar: No, the supplementary estimates are coming.

The Chair: Yes. When do the supplementaries have to be done?

A voice: Wednesday.

The Chair: The end of June?

A voice: Yes, so we have time.

Mr. Bob Dechert: I thought they had already been done.

Mr. Paul Dewar: It means having to talk about supplementary estimates.

The Chair: I have our schedule in front of me. I believe everyone got the study on the Ukraine sent to them sometime this morning. We're going to be looking at that on June 6. We're looking at arms control on June 11, and June 13 we're looking at the Ukraine.

So an invitation can go out. You're asking us to send an invitation out to the ministers?

Mr. Paul Dewar: Absolutely.

The Chair: Okay, we can do that. We can ask the question to see if they're able to meet on short notice.

Is that okay?

Mr. Paul Dewar: Thank you.

The Chair: All right, guys. Thank you very much.

Mr. James Haga: May I just say one quick thing?

I apologize for not having my notes out in advance. Perhaps through the clerk, if that's the best way, I can send something to follow up and you can all have that.

The Chair: Yes. If you do that, then they'll be distributed to the committee.

Mr. Paul Dewar: Then we'll pay you.

Some hon. members: Hear, hear!

Mr. James Haga: Great. That seems perfectly fair.

The Chair: Thanks, guys.

The meeting is adjourned.

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