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**EVIDENCE**

**Thursday, June 6, 2013**

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**Chair**

**Mr. Dean Allison**



## Standing Committee on Foreign Affairs and International Development

Thursday, June 6, 2013

• (1200)

[English]

**The Chair (Mr. Dean Allison (Niagara West—Glanbrook, CPC)):** Good morning, everyone.

We're on a pretty tight timeline since we're probably going to end up with half-hour bells in about fifteen minutes.

Very quickly, we have a little bit of committee business before we get started.

We do want to get you guys on the record and have one quick round of questions.

We're not meeting with North Korea, in case others don't know. That's been cancelled for today.

Mr. Dechert.

**Mr. Bob Dechert (Mississauga—Erindale, CPC):** Mr. Chair, as you know, Bill S-14 has been referred to the committee. I'd like to propose we deal with it next Tuesday, with witnesses—officials and perhaps one or two others. I would suggest, in that regard, Janet Keeping from Transparency International. Hopefully we can deal with it in one meeting, both the consideration of the bill and the clause-by-clause review.

**The Chair:** Okay.

Mr. Dewar.

**Mr. Paul Dewar (Ottawa Centre, NDP):** We're fine with that. We'd just like to get some non-governmental witnesses who we can put forward. We'll get those to the clerk as soon as possible.

**The Chair:** Okay. Thank you very much.

The second thing is the budget for the North Korea study. It's \$5,200. Are there any questions or comments at all?

All those in favour?

(Motion agreed to)

**The Chair:** Thank you very much.

We're going to turn it right over to the gentlemen at the back.

Thank you for your patience as we work through bells and all those kinds of votes. We've seen you before, and we're glad to have you back.

Mr. Benn is the director of the external relations and partnerships cluster with the Global Fund To Fight AIDS, Tuberculosis and Malaria.

Mr. Robinson, you're no stranger to us here. Welcome back.

I will turn it over to the witnesses for some opening testimony, and then we can try to get in a quick round of questions. We will probably have bells, as I said, in 15 minutes. I'm hoping we can get in at least five minutes for each party to ask some questions.

**Dr. Christoph Benn (Director, External Relations, Global Fund To Fight AIDS, Tuberculosis and Malaria):** Thank you so much, Mr. Chairman.

Thank you so much to all of you to make this time. We fully appreciate that this is an extremely busy period and that you are between important votes. That you're still giving us the time is a great honour for us. I will try to be as brief as possible so that we might have a few questions.

I would like to provide you with a brief update of what has happened in the Global Fund since I met you the last time in October last year. Before I go into that, really I want to express again the big thanks to Canada for your strong support for the Global Fund over all the years. I've said that before. Canada was instrumental in establishing the Global Fund. Some of the original meetings happened here. Canada has been a strong donor and a strong board member on the Global Fund. We really appreciate that. Canada made a \$540-million commitment at the last replenishment, which was an increase. Canada has always paid its contributions on time and is very diligent as a donor. I really wanted to recognize that, first of all. Second, Canada also made additional efforts to support the Global Fund through the Medicines for Malaria Venture. Minister Fantino recently announced a \$20-million additional contribution to make effective malaria treatment available in the poorest countries. That is also very much appreciated.

I want to recognize as well that Canada has been a great leader on global health in general, not just on the Global Fund, including the Muskoka initiative. The Global Fund has been part of that because we do invest a lot in the health of women and children. That is something for which Canada has been recognized the world over. I have just come from the Women Deliver conference which was held last week in Kuala Lumpur, where we discussed progress on maternal and child health.

In terms of what happened since October last year, we did launch a completely new funding model for the Global Fund. That's how we make our resources available. We have simplified that. We made it faster for the countries to apply. We introduced what is called a country dialogue to include the countries even more in the kind of design of the programs. We've launched a first couple of programs, and they have been extremely well received.

One outcome of that has been that at the recent summit of the African Union.... Just 10 days ago there was a big summit celebrating 50 years of the African Union. The heads of state from Africa unanimously adopted a statement in support of the Global Fund and the Global Fund replenishment. That hasn't happened before. They mentioned the replenishment called for support, including for the \$15 billion that we had been asking for. We are receiving very, very strong support from African heads of states and ministers right now.

As you know, the other big development is that we have launched our fourth replenishment. There will be a pledging conference later this year, but we had the first conference in April, in Brussels, hosted by the European Commission. We've been asking the donors for the next three years, 2014 to 2016, for \$15 billion. You might say that \$15 billion is a lot of money. We recognize that, but we made a case which I think the donors generally received quite well. The \$15 billion is part of the funding gap that the world has to fully address AIDS, tuberculosis, and malaria. The big development is that countries themselves are stepping up. They have increased their domestic funding. We talk about a shared responsibility. It's not just the international funders, like Canada, other donors, multilateral institutions like the Global Fund, but the countries are taking their responsibility. The overall gap for the next three years is \$87 billion, but the majority will come from the countries themselves.

If we contribute to filling that gap by this \$15 billion, we get to coverage rates in the countries—, including the poorest countries, of more than 80%, for prevention, care, and treatment. That means more than 80% of people can access effective treatment and effective prevention. That will be a tipping point in the fight against these diseases. This will not be just a gradual step up. With that, we are saying that in the next few years, we can finally control AIDS, tuberculosis, and malaria. That's a historic development, because a couple of years ago, you will recall, countries and regions were overwhelmed by these diseases and we were not sure whether we could really drive them back. Now we are at a point where we can say with confidence that yes, we can finally control these diseases. That's a kind of historical opportunity.

• (1205)

There is the point that we might only have the chance now, because if we don't do it now, these diseases are not going to wait for us. There is resistance developing in all three diseases. We are fighting with drug resistance to malaria, to AIDS, and to TB. There is multi-drug-resistant tuberculosis, and the answer to it is to drive it down now before it spreads further. That's the best way of preventing the development of these resistant strains.

That is our appeal to the donors, including Canada. We realize that you are under significant budgetary constraints as well. We fully recognize that, but we hope Canada will continue to play its leadership role in global health, including leadership with the Global Fund.

There is one very important point. We have already received a very generous contribution from the U.S. They have already announced what they will pledge for next year, for the first year of the replenishment. It is \$1.65 billion. President Obama announced it. This would lead to a \$5 billion contribution by the U.S. over the

three years. That is a very generous contribution, which would be one-third of the \$15 billion.

There is a rule in the U.S. Congress that the U.S. contribution can never go above 33%. While 33% is considered generous, they have to limit their own funding. That means we can really only mobilize the resources from the U.S. if the other donors pay the other two-thirds. Canada therefore is one among the many donors to whom we appeal. It would be a great tragedy, in a sense, if we had to leave money on the table while we have this historical opportunity.

What are the other donors doing? We are expecting significant increases from a number of donors. The U.K. has already announced that they will increase their donation. We don't know yet by how much, but it looks like a significant increase. There is Australia. My home country of Germany I think has been very supportive. There are the Scandinavian countries. Switzerland has announced a 40% increase already and might go beyond. For Saudi Arabia it's a 50% increase and maybe more.

There are some new donors also. We have been working very actively on a couple of new donors. Mexico, for example, will announce their first contribution. They used to be a recipient; they want to turn into a donor now. They might even be a co-chair of the replenishment, together with the Secretary-General of the United Nations and a few others.

You just mentioned Korea. I want to say a few words about Korea, because theirs is an emerging economy. They are already contributing, but we think they, South Korea, that is, will also significantly increase their contributions. Svend and I were there recently.

There is one important factor for Korea. We have been supporting North Korea with programs to combat tuberculosis and malaria in North Korea, in the order of \$70 million U.S. That is a very important factor for South Korea, because it's one of the ways in which they can channel, through us as a multilateral organization, funds to North Korea.

It would of course apply to Canada as well. It's not easy to run programs there bypassing the government. We are not giving any money to the Government of North Korea. We are providing TB drugs and are providing malaria prevention tools, and we're doing it through our UN partners in North Korea.

This is the main message, as this is a replenishment year. As a final word on our cooperation with the private sector, because I know that is very important—the Global Fund is a public-private partnership—we are receiving significant funding from a number of corporations.

We are working particularly with the extractive industries. Chevron is one of our largest donors, giving more than \$50 million, and there is Anglo American and a few others.

We will announce at the next board meeting in two weeks' time a new donor from the extractive industries. We would love to work with the Canadian extractive industries to see whether they would be interested, because there is a common purpose, if you like. Many of the extractive industries are confronted with a disease burden among their workers. TB, particularly in mines, is a huge disease burden. We want to do together with the mining industry a particular program to address TB among miners, to which we contribute and are asking the private sector to contribute as well.

Finally, we are also working with high net worth individuals. We just received a first big contribution from an Asian high net worth individual, who announced \$65 million from himself, matched by Bill Gates with another \$65 million.

That's a big contribution from private people. We hope that by the replenishment we will mobilize a few more. It would be wonderful if we could also find somebody in Canada. I'm sure there are individuals who could also invest in global health.

I want to reassure you that we are working a lot with the private sector. We will make sure that they also make significant announcements at the replenishment to demonstrate that this is a global partnership in which governments and the private sector have to play their parts.

I'll stop here and leave it for your questions and comments.

Thank you very much, Mr. Chair.

• (1210)

**The Chair:** Thank you, Dr. Benn.

We're now going to start questions with five minutes from Mr. Dewar, please.

**Mr. Paul Dewar:** I'll start off and then share my time with my colleague, Madame Laverdière.

First, I want to say how welcome the news is and to thank you. I also want to acknowledge that this is an issue which this committee has been unanimous in supporting, and certainly the government has been supporting it. This may shock my colleagues, but I'm going to praise the government for the support it has given in a commitment made to the Global Fund. I really mean this. It has been really important. Having seen the work on the ground and hearing today the leverage that has happened is terrific news.

I have a very quick question. What would happen if Canada didn't continue its support? We were committed up to 2014, I think. What would happen if we didn't continue our support? What would the implications be?

**Dr. Christoph Benn:** Most of all it would send a very negative signal to the other donors and it would make it almost impossible for us to leverage the U.S. contribution. As I indicated, a number of countries, even among European countries that are struggling with their economies—we are looking at some countries, such as the Netherlands that have drastic cuts in their budget—assure us they will not cut their contribution to the Global Fund. They might increase it a little. Even a country such as Italy that hasn't been able to contribute for some years is now considering making a new contribution.

If Canada—which is known for its leadership on global health and whose economy might be under pressure but probably not to the same extent as are countries in Europe, or Japan, for example—did that, it would be a very negative signal to the others. A replenishment is always a joint effort, if you like, and you need to give that.

I can tell you that at the moment, I've not heard from any major donor that they are intending to cut. I can't guarantee for anybody that they will all increase, but I certainly haven't heard from anybody that they are intending to cut. As I mentioned, the U.S., U.K., Australia, and some others are definitely going to increase.

**Ms. Hélène Laverdière (Laurier—Sainte-Marie, NDP):** Thank you very much, and thank you for the good news. It's so rare that we have so much good news at this committee.

I was interested particularly in seeing the scope of donors to the Global Fund, from domestic sources, private sources, and newcomers, such as Mexico and South Korea. I realize the leverage Canada's money has not only on the U.S. but on a lot of other partners.

I thought one of your key comments was about the tipping point and that we could actually control those diseases. I presume you would agree with me when I say that if we don't do it now then it's just going to be more expensive and more dangerous for health, including our own health.

What kind of timing are you expecting for announcements from Canada, for example? When would be a good time for Canada to declare its support?

**Dr. Christoph Benn:** We will have a pledging conference towards the end of the year. I can't give you the date yet. We're expecting that in November. It's usually called by UN Secretary-General Ban Ki-moon. That is the moment when all the donors, including Canada, are expected to make their announcements. We would expect an announcement on Canada's contribution for the replenishment period, that is 2014 to 2016, by November of this year.

**Ms. Hélène Laverdière:** I see that a number of countries, including the U.S. and Switzerland, have already made announcements. I think Switzerland is increasing its contribution by 40%. What you're asking for this time around is about 50% above what was given. Is it useful in any way when countries start coming forward early?

• (1215)

**Dr. Christoph Benn:** It is of course, because it helps to create that momentum. While formally the pledging is in the fall, if some countries indicate early enough, that provides momentum for others. In the case of the U.S., because they're working on a different timeline—President Obama came out with his budget for 2014 in April—that was very helpful.

Switzerland was in a position to announce its increase already. We are expecting a few others probably will come in over the course of the summer, but the time when it has to be made is November.

**Ms. Hélène Laverdière:** Let's hope that Canada's great leadership on the file, which we recognize, will keep the momentum.

**The Chair:** Thank you very much.

We will turn to Ms. Brown for five minutes, please.

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

Welcome, gentlemen. It's nice to have you back here. It's very nice to hear your compliments about Canada and the leadership that we've demonstrated.

Of course, our history has been, under this Prime Minister, that even when we have made our contributions we have topped them up and we have given generously over and above. Minister Fantino just announced another \$20 million. That's over and above what we had already pledged. Canada has done that in the last number of years. Our record is good.

I'd like to talk about the feasibility of this leap of faith that you're taking. Your budget right now is about \$10 billion. You're looking at going to \$15 billion. In the economic climate in which we live right now, that's an enormous leap of faith.

How many of the countries that have already pledged or are pledging countries fulfill that commitment? What is the gap in your \$10 billion right now that hasn't been met because countries that have pledged have not paid? I think that's one of the factors that need to be considered when you look at building this next business plan beyond 2014.

**Dr. Christoph Benn:** Thank you very much. That is a very important question. We have an excellent track record when it comes to the conversion of pledges and contributions.

At the last replenishment conference in New York, in 2010, we received pledges from governments in the order of \$9.2 billion, and we are expecting, by the end of the year, \$10.4 billion will have been paid, because a couple of countries, such as Sweden and the Netherlands, sat that time were not able to pledge. They had elections, but they have since paid, so we are expecting more in terms of payments, than what we received in pledges in 2010.

There were a couple of countries, like Spain and Italy, that did not pledge at that time. The economy was going so badly that they didn't even try to pledge, and they have not paid in this period of time. As I said, Italy is making every effort with the new government that they have now to come back. It's a G-8 country, and I think they will make a pledge.

In terms of those who pledged, some of them also over-fulfilled their pledge, but you're absolutely right, Canada has always been a role model in that sense, in really converting. Whatever you said, you put into practice, and you transferred. But I can say that applied to almost all the others as well, except for a few that didn't even dare to pledge because the economic situation was so bad.

**Ms. Lois Brown:** I know when people go into negotiations on contracts, the ask is always higher than what they actually expect they're going to settle for. Is there an amount that you could work with in those constraints, and say that if you get \$13 billion you will be able to accomplish a great deal of what your objectives are?

**Dr. Christoph Benn:** When we had our pledging at the replenishment conference in Brussels in April, we presented the \$15 billion. We described the \$15 billion in a slightly different way. This is not about the Global Fund as an institution. I wouldn't say the

Global Fund needs \$15 billion. What we said was the countries need \$15 billion. That would help them to complement their own activities so that we can get above 80% in coverage, so that we reach so many people that we can reach this tipping point in the fight against the diseases. This is not about the Global Fund as an institution. It is about what we can contribute so that we can really control and eliminate these diseases. Yes, if we get \$12 billion, \$13 billion, or \$14 billion, that's the money we will make available, but we will reach fewer people. We will struggle for even longer to really fight these diseases to the end, and we might see some re-emergence of epidemics in the meantime. We've seen that. If we stop delivering the bed nets, malaria comes back in a moment. We need to drive it down to a level where it can't get back to an epidemic level.

We have this opportunity, but we will—

• (1220)

**Ms. Lois Brown:** It's like what we've done with polio. We've reached a tipping point in polio, in trying to eradicate that disease, so we've moved a long way along the spectrum.

I would like to move for a moment over to the partnerships that you're building with the private sector. I'm really glad to hear those things are coming along. What has been your experience with the extractive industries, with the ones that you've worked with? That is an area of expertise for Canada. We have many extractive companies working around the globe. I've seen many of them in Africa myself. What's been your experience with them, and how good are those partnerships for you?

**The Chair:** Dr. Benn, we're out of time, but I will ask you to give us a quick answer before we go to Mr. Eyking.

**Dr. Christoph Benn:** Like all the industries, I think extractives feel the most pain of these diseases because it affects their workers in a kind of special way. There's HIV and TB co-infection in mines, particularly in the southern Africa region where there are lots of mines. That's why it is more appealing to them. That's why a number of them are already supporting us. We are reaching out specifically to that whole sector, including Canadian companies, in this year of replenishment, to see whether this can be a kind of global initiative with the extractive industry and the Global Fund.

**The Chair:** Thank you very much.

We're going to finish off with Mr. Eyking for five minutes.

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

Thank you for coming. Good to see you again, Svend.

I'm following on some of Mrs. Brown's comments. We've come so far in the world dealing with polio, TB—well, TB is coming back—and malaria. Recently I visited the Bill Gates Foundation and one of their messages was “results” of course, and “buy-in” from the country that's receiving.

Yes, we're seeing TB coming back, especially in southern Africa with all the extraction industries. But it comes to lifestyle and the community and how they look at the way they live. I'm not trying to link them totally together with AIDS and TB, but you look at what's happening with sub-Saharan Africa, where that's going to be your biggest challenge. Yes, it would be great if you got all your money, and it's good for medication, and we have to have that medication available for when people have the problem, but what are you doing in those countries to help the mining industry deal with living conditions when it comes to TB, and deal with the lifestyle and why AIDS is still rampant in those areas? What is your group doing? You have a big budget, so what are you doing—back to the Gates Foundation of the third party buy-in—to solve a problem that you have?

**Dr. Christoph Benn:** I wish I had more time to talk about results because I would be more than happy to do so. I think we have very impressive results. That's one of the reasons Bill Gates is such a great supporter of the Global Fund as well.

Very briefly in a few seconds, TB mortality has gone down by more than 40% over the last 20 years. That's an impressive result. AIDS mortality over the six years has gone down by 24%. The results are there. We have the models. How can we drive down the diseases? If we diagnose them, if we provide them with effective treatment, we can really control these diseases, but there are a few challenges. The mining industry, for example, particularly provides an environment for these workers where they're very susceptible to these infections. That's why we have to redouble our efforts so indeed we get in before the disease can really get its head up through that kind of multi-drug-resistant tuberculosis.

**Hon. Mark Eyking:** If I may, we have Canadian companies there that are in the extraction industry. What would be your message to them if they were receiving funding through CIDA to help with conditions? What should they be doing to make sure the miners have better living conditions?

**Dr. Christoph Benn:** We have a very concrete proposal for the mining industry that we do a program together, where we put in, for

example, \$100 million, and the mining industry itself puts in, let's say, \$40 million. We address specifically the TB and HIV problems around the kind of mining communities for the workers, and their families and communities. That way our approach will be very targeted. We hit the disease where it happens, and the companies will see the direct effect of that.

We think this would be a very innovative proposal in a sense. We can match, we can co-invest, if you like, with the industry, so we have the maximum results.

• (1225)

**Hon. Mark Eyking:** Back to AIDS in the countries, are you working with health departments in some of these countries on dealing with preventing AIDS from happening?

**Dr. Christoph Benn:** Absolutely.

**Hon. Mark Eyking:** Can you tell me a little bit about it, in one minute?

**Dr. Christoph Benn:** Roughly half of the AIDS resources go into prevention and half go into treatment. Prevention is a very important part. Prevention has to be targeted. In some cases it's education. In some cases now it's male circumcision. That would be something, by the way, for miners as well. Male circumcision is one of the most effective ways to prevent the transmission of HIV. There's counselling and testing, condom promotion. You have to target your interventions, but it can be effective because we can demonstrate how the HIV infection rates have gone down in many different countries.

**Hon. Mark Eyking:** Thank you.

**The Chair:** Thank you very much, gentlemen. We were able to sneak it in between votes, so thank you for your patience on that.

To the committee, thank you very much for helping us get this all wrapped up today.

With that, the committee is adjourned until Tuesday.







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