

DEVELOPMENT AS AN INTEGRAL PART OF CANADIAN FOREIGN AND TRADE POLICY

Good day.

It is always a pleasure for me to speak to the Board of Trade of Metropolitan Montreal.

I am particularly happy to be here today in my new position as Minister of International Development.

It is already readily apparent to me that Canada's contribution to development and humanitarian assistance is recognized around the world.

It is a huge responsibility to maintain that reputation.

But between you and I, though, my goals are more ambitious.

I want the recognition that Canada receives at home and in the rest of the world to reflect everything this country contributes and its full potential.

In short, I want us to be recognized as a world leader in poverty reduction and humanitarian assistance.

Our assistance program must be a source of pride for all Canadians.

They must be confident that Canadian assistance delivers results for the countries that receive it and that it is aligned with Canada's interests and values.

I want Canada to be at the forefront of best international development practices and a model for other donor countries.

Finally, I want Canada's partner countries to fully recognize Canada's contribution, and for that recognition to help establish a strong relationship with them.

This means changes are needed. Some have been undertaken successfully by my predecessors since we formed the government.

Others are coming.

And it is within this context for the merger of the former Canadian International Development Agency with the Department of Foreign Affairs and International Trade.

However, much remains to be done.

As you will see, these changes will be of the utmost relevance to you.

I am fortunate to be able to begin my term on a solid foundation.

In 2007, our government pledged to make Canada's international assistance more effective, focused and accountable.

Among other things, we focused our efforts geographically and thematically.

We identified 20 countries of focus, to which 80 per cent of our bilateral aid goes.

We also identified five thematic priorities.

This focusing of our efforts made our international assistance more relevant and more effective.

Our government is placing a greater emphasis on results and on empowering developing countries to take the lead in defining, delivering and measuring them.

We believe that to produce useful and sustainable results, development must be led locally.

Canada's international development programs and projects are harmonized with the national needs and priorities defined by partner countries.

This ensures ownership by the recipient countries.

Canada has led international efforts to strengthen accountability for results and resources.

It did so first at the G8 Summit and in connection with the Muskoka Initiative on Maternal, Newborn and Child Health, launched at the G8 Summit by Prime Minister Harper.

This was followed by the Commission on Information and Accountability for Women's and Children's Health, co-chaired by Prime Minister Harper and the President of Tanzania, in connection with the United Nations Secretary-General's Global Strategy for Women's and Children's Health.

Our government has also put much effort into increasing the transparency of our assistance.

The Government of Canada reports to Canadians on its plans, activities and results throughout the year.

We use a variety of new mechanisms and agreements, including the Open Data Web site, the Open Government Partnership and the International Aid Transparency Initiative.

These efforts are bearing fruit.

Internationally, Canada is now seen as a leader in open data, transparency and accountability in the context of development assistance.

In October, the organization Publish What You Fund, a leading NGO that works to promote aid transparency, rated Canada's bilateral development assistance program as one of the three most transparent in the world.

On January 29 and 30, 2014, right here in Montreal, Canada will be hosting a technical conference of the International Aid Transparency Initiative.

Participants from around the world will attend.

This is the first conference of its kind organized outside Europe—a way of recognizing the leading role played by Canada in transparency promotion.

Over the next few years, I will continue to place results, accountability and transparency at the centre of our development activities.

In that regard, the mutual accountability frameworks are especially promising.

They involve agreements with developing countries that emphasize the importance of applying Canada's principles and values.

They also allow for presenting clearly the mutually expected results.

These agreements are based on the principle of recipient countries' ownership of development plans.

We signed the first such agreement with Senegal in mid-November.

The agreement confirms the partnership and support between the two countries, and the importance of working together to reach key development objectives.

I was very proud to have been able to contribute to the signing of this historic agreement with our Senegalese friends just three weeks ago.

Last March, we announced our intention in Economic Action Plan 2013 to amalgamate the Canadian International Development Agency with the Department of Foreign Affairs and International Trade.

Later in the spring, the *Budget Implementation Act* (Bill C-60) made the amalgamation official.

This type of change naturally generates concerns.

But we strongly believe that everyone stands to win.

The new Department of Foreign Affairs, Trade and Development is responsible for promoting and defending Canadian interests and values abroad.

These include poverty reduction and humanitarian assistance.

For the first time, the role of the Minister of International Development and the priority of international development have been enshrined in law.

Let's also bear in mind that the *Official Development Assistance Accountability Act* or ODAAA states that Canada's official development assistance must contribute to poverty reduction, take into account the perspectives of the poor, and be consistent with international human rights standards.

I repeat: Canada's development assistance will remain focused on effective accountable and transparent programming that tangibly improves the lives of those most in need around the world.

That said, our objective is to ensure that diplomatic, trade and development resources and expertise around the world are fully leveraged.

We can't talk about development in isolation, without addressing the issues of security, governance and trade.

In this respect, we need to maximize the creation of synergies. The redesign provides us with a tool for doing this.

Investments in development contribute to Canada's long-term security and unlock the economic potential of the developing world by building future markets for Canadian trade and investment.

As I said earlier, I believe that Canada needs to be at the forefront in terms of development best practices.

We have recently seen Australia go that route as well.

This Board of Trade is the voice of Montreal's business community.

You are the largest private organization in Quebec dedicated to economic development.

Your members know how much a thriving economy helps people lift themselves out of poverty.

Therefore, I can tell you that the leaders of developing countries whom I have met since my appointment are also well aware of this, whether they're in Haiti, Senegal or the Philippines.

They have all said to me, "We don't want a handout; we want to generate incomes."

That is why sustainable economic growth, as a tool in eliminating poverty, is one of our main development priorities.

Ending extreme poverty and promoting global prosperity are two sides of the same coin.

By stimulating the economy in these countries and helping them create an environment conducive to investment, we are contributing to the well-being of people living in poverty.

When a company opens up to the developing world, it is presented with a host of business opportunities and potential markets.

Canada works directly with developing countries to build the stable and predictable economic environments needed to attract investment and stimulate growth.

First and foremost, this requires good governance and predictability.

This isn't just about opening countries up to investment and trade.

It is about empowering countries to act as trading partners with stable markets.

It is a matter of ensuring that they have a sufficient financial infrastructure to receive investments.

It is a matter of making sure that governments can effectively guide and regulate their institutions and financial sectors.

And it is a matter of helping them build a dynamic economy so that they can offer the support and services their citizens need.

I believe that Canada is particularly well-positioned to help developing countries rise to these challenges, from both an institutional and economic perspective.

Canada has fared better in the global financial crisis than the majority of our trading partners.

Today, we lead the G-7 countries in job creation, economic growth and debt-to-GDP ratio.

We are one of the few nations with a triple-A credit rating.

Our securities are among the most sought-after in the world.

This means that investors have confidence in our ability to manage the economy now and in the future.

Some expertise can certainly be shared.

The Global Markets Action Plan, announced last week by the Honourable Ed Fast, Minister of International Trade, illustrates how merging our departments will help us benefit from opportunities for synergy between trade and development.

The plan, based on the concept of “economic diplomacy”, points up the need to coordinate efforts made in matters of trade, diplomacy and development, as each of these contributes to Canada’s prosperity.

Our objective is clear: create shared prosperity for developing countries and for Canada.

This plan will focus on government services and resources in order to maximize the success of Canadian trade interests in key foreign markets. Three markets are targeted in this plan:

- Emerging markets that hold broad interests for Canada;
- Emerging markets that generate specific opportunities for Canadian companies;
- Established markets that hold broad interests for Canada.

The vast majority of the targeted markets above are located in developing countries.

Therefore, development is an essential part of this plan.

It’s what will lead us to tomorrow’s markets.

And what helps developing countries become more open to investments and prepare accordingly.

I am presently working on a program to help developing countries establish or consolidate their trade relations with Canada.

In short, we have made our sustainable economic growth strategy one of the pillars of our development program.

We already dedicate considerable sums to various projects that open up markets in developing countries.

My priority is now to increase Canadian private companies' participation in international development.

In the Speech from the Throne, we indicated that “our Government will help the world’s neediest by partnering with the private sector to create economic growth in the developing world.”

Industry has the resources, talent, energy and flexibility needed to innovate and to overcome development challenges creatively.

I now invite the business community to follow suit and take full advantage of opportunities that arise in international development.

On a global scale, foreign direct investment in developing countries is five times higher than official development assistance.

In Canada in 2010, foreign direct investment in developing countries totalled \$13 billion—just under three times the value of our official international assistance.

This represents a net increase since the beginning of the millennium, but we are still trailing behind our G8 partners.

One thing is certain: I believe we have the potential to do more.

For example, the World Bank regularly enters into contracts with the most qualified entrepreneurs.

Moreover, funds like the World Bank Group's Multilateral Investment Guarantee Agency make private sector investment in development even more appealing.

Canada supports this agency by insuring private sector investments in developing countries against non-commercial risks.

Consequently, the companies can better manage some of the risks they face by investing in fragile and conflict-affected states.

Too few Canadian companies take advantage of these opportunities.

Over the past ten years, Canada has ranked 9th and 12th among OECD member countries in terms of the value of contracts awarded by international financial institutions.

Between 2007 and 2011, Canadian companies obtained only 2.01 percent of the contracts that were reviewed, which the World Bank awarded to companies located in OECD member countries.

During the same time, from the perspective of dollar value, Canadian companies obtained only 0.46 percent of these same contracts.

However, I am sure you will agree that Canadian companies are in an excellent position to be at the top of the list, since they rank among the best in the world.

In fact, the success rate of Canadian companies that submit bids is generally very high, although they do not submit as many bids as foreign companies, and they do not regularly submit bids for large projects.

As a result, Canadian companies are missing opportunities that fall within their areas of expertise.

Our government is therefore ready to do its share. This means taking measures to create an environment that is conducive to doing business in developing countries.

I expect that you will do your own share, by investing and creating wealth in developing countries.

And I will work tirelessly so that Canada can fully take advantage of these opportunities.

The role of private businesses in international development is not limited to sustainable economic growth.

The private sector can play many roles: executing agency, change agent, research partner.

The private sector can help promote our action program in fields as diverse as food security and health.

For example, a partnership between the public sector, the private sector and civil society is helping to improve children's nutrition in Senegal. This is the Zinc Alliance for Child Health, which brings together the Canadian government, Teck Resources and the Micronutrient Initiative. This partnership seeks, among others, to distribute zinc supplements to millions of children, which contributes to improving nutrition and saving lives.

As Minister for International Development, I would like to see our Canadian companies also do more in this respect.

Our Department bears part of the responsibility, having perhaps not done enough in the past to engage private businesses in development projects.

I intend to take advantage of the Department's redesign to address this issue.

But you must also do your part.

In closing on this point, I must also tell you that I am delighted that the establishment of an economic strategy will be on the agenda for the Francophonie summit in Dakar in 2014.

We will look for ways to maximize these opportunities.

Canada has been committed to efforts to reduce poverty for over 50 years.

The world has changed considerably since then.

Canada has also changed.

Today, Canada is one of the most multicultural countries in the world.

More than a fifth of Canada's population is born abroad.

The influx of international migrants has created diasporas, whose activities have an impact on development.

Diasporas represent a growing source of funding and economic opportunities for developing countries.

For example, remittances are roughly three times more significant than official development aid, as is seen by the outflow of Canadian capital.

In 2010, private capital from Canada towards developing countries reached close to \$15 billion. Over the last fiscal year, Canada's official development aid was \$5 billion.

Diasporas are also an important source of other types of transfers, such as knowledge of the countries of origin.

Modestly speaking, I believe that the Department has not taken advantage of all the opportunities that are offered by the presence of so many diasporas in our country.

I intend to take advantage of the Department's redesign to ensure that this changes.

I want our Department to implement the necessary mechanisms to formally engage these diasporas in order to advance our foreign affairs, trade and development objectives.

This is a resource that we cannot afford to lose.

Countries considered leaders in international development are not only considered among the most generous.

They are also recognized for their best practices.

And it is also from those countries that new ideas emerge.

In the field of development, innovation means finding ingenious solutions for transforming the lives of the poor.

Innovating can mean offering new goods or services, or new models for delivering aid.

Even in the most difficult contexts, that desire to innovate must be cultivated.

In that regard, I believe Canada has a lot of work to do to be among the most innovative countries in the field of development.

But more importantly, I believe that we have what it takes to be one of those leaders.

Canada would come out a winner, and the developing countries would come out winners.

I have mandated my Department to undertake an analysis of innovation leaders in international development to enable us to adapt our programs and our organization to join the ranks of that select group.

I think that one of the ingredients of our future success in that field will be once again to concentrate on our sectors of excellence or on those sectors where partnerships are already developed.

For example, we can all agree that Canada is a leader in mining and agriculture.

We are also recognized in the field of micro-finance and communication technologies.

We can capitalize on these assets in developing countries.

There is no shortage of development challenges and no shortage of business opportunities either.

The Department redesign context provides us with a golden opportunity for working together to make the necessary changes.

I must underscore the vital contributions of our longstanding partners from civil society, who play a key role in allowing us to achieve our development objectives.

They are recognized worldwide, both for their work in development and for the humanitarian aid they provide.

Canadians are very proud of what they do.

We will continue to work with them to advance our thematic priorities. We will also support initiatives that promote Canadian values and demonstrate our compassion.

Chief among these themes is maternal, newborn and child health. Canada has shown itself to be a world leader in this area by spearheading the Muskoka Initiative, which is our principal development commitment.

That G-8 commitment is a \$2.85 billion dollar project extending over five years until 2015. The Initiative has been remarkably successful in terms of mobilizing the international community around this critical issue.

We predict that this Initiative will prevent the deaths of 64,000 young mothers and 1.3 million children under the age of five.

And I absolutely have to talk about humanitarian aid.

Just a few short months ago, in early July, I had first-hand experience with a humanitarian response. It was not in Africa, Asia or the Americas, but in Lac-

Mégantic, Quebec, in my own constituency, following the devastating train explosion there.

When I arrived at 8 a.m.— just hours after the incident—the Canadian Red Cross was already there.

I was struck by their professionalism, dedication and compassion.

I know that my fellow citizens of Lac-Mégantic felt the same way.

And I can only imagine there are people all over the world who share that sentiment.

I just saw it recently in the Philippines.

Today, I stand in admiration when that same unwavering commitment is applied in places like Syria, Somalia, Afghanistan, Haiti and the Philippines.

And I'm inspired to know that Canadian humanitarian workers are there.

Day after day. Year after year. Putting their lives at risk to help those who need their help most.

Their actions to help people suffering from circumstances beyond their control reflect the best Canadian values.

I am constantly mindful that we must seek all means available to us to speed up the transition from humanitarian aid to development.

There is no miracle solution for achieving that.

We need to go at it step by step, pragmatically.

Indeed, that is the approach of many of the Canadian NGOs I have seen in action.

Here again, increased involvement of the private sector in preventing and mitigating natural disasters deserves to be explored.

In fact, I heard a good deal of conversation about that, not only at the United Nations and the World Bank, but also in the countries that receive our aid.

At the High Level Forum on Aid Effectiveness held in 2011 in Busan, South Korea, donors, recipients, emerging economies, the private sector and non-governmental organizations all agreed on one crucial point: to achieve our development objectives, we need to develop partnerships with non-traditional partners.

Those non-traditional partners might be, for example, banks, mining companies, small businesses in Ghana or Haiti, emerging economies, foundations, diasporas... and so forth.

In my view, we need to rethink development paradigms and identify the opportunities offered to us by the 21st century.

I truly believe there is tremendous potential to be realized by increasing partnerships with the private sector and by innovating constantly.

In fact, we are convinced that partnering with the private sector is one of the best ways of reducing poverty throughout the world.

And so I commit to you that I will lead the change that is required within our Department to allow us to increase our collaboration.

The redesign of the Department provides us with that opportunity. It will be key to the success of our partnership.

So I call upon you to work with us, the Government of Canada, and also with our longstanding partners to reduce poverty in the world.

Of course, I am calling upon your generosity. After all, international development is an activity that necessarily comes from the heart.

But I'm also calling on your business sense, your creativity and your leadership.

Basically, whatever it was that made you successful in the business world: we need you to bring that to the table.

Together, we can make Canada's sustainable economic growth strategy a success story that will tangibly improve the lives of those people most in need and serve as a model for the world.

Thank you.