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## **TECHNICAL CO-OPERATION IN THE CIS: THE CANADIAN EXPERIENCE**

Notes for an Address by  
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Academy of National Economy  
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Ladies and Gentlemen:

Thank you for inviting me to address you this afternoon. It is indeed an honour to share the podium with such an impressive list of experts.

I

My purpose this afternoon is not to pepper you with statistics or to stray into fields in which your expertise is far greater than mine but rather to engage you on a subject with which I have been involved for several years, that of Canada's experience in the Commonwealth of Independent States and of the bilateral relations we have built here with the assistance of the technical co-

operation programme of the Canadian International Development Agency (CIDA). I want to identify some of the ingredients that have been central to the successes of CIDA's technical co-operation programme and to explain why Canada feels this mechanism has been and will continue to be so important for our relations with the CIS countries. Our thirteen years in the CIS have taught us that as a flexible instrument to improve global security, strengthen democratic political systems and market economies and lend further substance to our bilateral relations, technical co-operation is uniquely suited to this environment.

At the outset, I note that, though this conference deals with the Commonwealth of Independent States as a whole and, for purposes of brevity, we are all forced to generalize, it must of course be recognized that the 12 states of this union are starkly heterogeneous -in size, culture, history, endowments, strengths and weaknesses- and disaggregation is thus essential to effective analysis and programming.

Let me also note, introductorily, that technical co-operation is not an entirely popular enterprise. Its practitioners are occasionally perceived as extravagantly paid foreign experts. Often, the objectives of our assistance are questioned. For whose benefit are we really here? What is Canada's end goal? At home as well, making the argument for technical co-operation here is not always easy. With oil prices in the mid-forties and Russia a member of the G-8, it can be difficult to argue for even a small share of CIDA's budget, given the stark challenges of poverty alleviation and development elsewhere in the world.

Still, it is an endeavour worth pursuing, as the rapprochement of Canadian and Russian partners in government, the public sector and civil society over the past decade can attest.

## II

Let me begin with some background.

Until two years ago, Canada's assistance program in Central and Eastern Europe was a complex array of initiatives and projects spanning 28 countries from the Baltic and Adriatic seas to the Pacific Ocean dealing with issues ranging from the democratic support for institutions, environmental resource management and nuclear safety to basic human development: education, health and HIV/AIDS. We began in Central and Eastern Europe in 1989 with modest early efforts in Poland and Hungary. These programmes grew rapidly with the encouragement of the Canadian public and Diasporas from the region and in response to urgent needs for assistance following the dissolution of the Soviet Union. By 1995, the programme had evolved from delivering small, short-term solutions to longer-term, more comprehensive programming in a much wider array of fields. By 2002, the programme had spread to all corners of the region and, while its budget had grown from \$10 million in 1989 to \$115 million in 2002, it was so dispersed that it was inevitably of quite limited impact in some countries.

As a result of lengthy consultations and soul-searching, CIDA's programme now has a new focus and a new

perspective. A policy shift in Ottawa has required us to target CIDA's programming more clearly, both geographically and sectorally; CIDA is ending its programming in the countries of Central Europe that acceded to the European Union earlier this year; CIDA's overall budget has shrunk slightly due to post-September 11<sup>th</sup> pressures; and, we have had to adapt the Agency's programming to address the changing dynamics of transition in each country of the region.

The geographic and sectoral concentration exercise that CIDA has undertaken over the last two years has been dramatic. From 28 countries in 2002, today CIDA is now considering only six countries as primary technical co-operation partners with whom we negotiate country program strategies, four of them in the CIS: Russia, Ukraine, Georgia and Tajikistan. Further decisions on Canada's involvement in the region will be informed by the international policy review currently underway.

Eight of the countries in which we are no longer as active are now members of the European Union. Our experience in these countries of Central Europe provides valuable lessons for the ongoing transition experience in the CIS, such as, for example - and it seems a small point, but isn't - the importance of building flexibility into legislation so as to leave room for judicial interpretation. Canada is working to harness our experience in Central Europe through a unique programme to help the Czech and Slovak Republics, Hungary, Poland, Estonia, Latvia, Lithuania and Slovenia develop their own institutional capacity for technical co-operation. The

programme offers valuable opportunities for trilateral co-operation between these countries, Canada and chosen partner countries. In many cases, naturally enough, CIDA's Central European partners have selected CIS members as a focus for their early assistance.

The post-September 11<sup>th</sup> focus on security has also affected Canada's programming in the CIS. While CIDA recognized the tremendous need for assistance in the South Caucasus and Central Asia some time ago, arguments for increased programming in this region have found greater support since the terrorist attacks in the United States and with the fall of the Taliban in Afghanistan. Georgia, with its border on Chechnya and volatile separatist regions, could not escape notice. It also has both the highest levels of poverty in the South Caucasus and very great potential for rapid reform. In Central Asia, Tajikistan's extreme poverty and its geographic significance as a transit country for drugs convinced us that our investments in development in Afghanistan would be undermined if we did not also address some of the major issues of instability and poverty in its neighbour.

Finally, CIDA has been forced to make some difficult budgetary decisions as a result of overall government budget cuts as well as new or emergency initiatives around the world. In the CIS, this has meant a slight decline in CIDA's planned contributions for the next few years in Ukraine and Russia. In Georgia and Tajikistan, the impact is as yet unknown, but will be clarified following the conclusion of an international policy review in Canada this fall.

In each country CIDA has also had to concentrate sectorally. In Georgia, CIDA will draw upon the successful governance and economic development programming we have undertaken in other countries of the region. We are working with the President's office and ten separate ministries to train policy makers in transparent, accountable policy-making. This training is helping many of Georgia's new ministers navigate the rocky shoals of reform and helping them demonstrate concrete results to an impatient electorate.

In Tajikistan, very basic needs for improvement in agriculture and water resource management have helped to focus our objectives on these sectors. We hope to relieve rural poverty through agricultural reform, including better-adapted agricultural varieties and techniques.

The main thrusts of Canada's technical co-operation efforts in Russia and Ukraine are in governance (including judicial and administrative reform) and the promotion of civil society. We aim to help build sustainable frameworks in which elected representatives, public administrators and civil society practitioners can work together to develop democratic civil life and build broad support for continuing reforms..

Under the leadership of Russian and Ukrainian partners, the Programme is directly involved in sensitive areas of public administration reform. It has already facilitated strategic discussions towards effective regional and municipal relations, transparent approaches in

federal auditing and the fair and equal administration of justice.

### III

Focusing on my primary subject - technical co-operation as a mechanism to improve global security, strengthen market economies and democratic political systems as well as lend productive substance to bilateral relations - I identify four ingredients of what we consider our successes.

First, in the CIS we could not pretend that we would be dealing with the same challenges or resources we might expect in CIDA's more well-known spheres of operation - Africa, Asia and the Americas. In other words, **these are not traditional aid programmes**. Here the challenge was not to provide basic health care and nutrition for the country's children, for example, as we so often try to do in Africa, but to help sustain and transform a health care system that could still provide universal care with limited resources. We have thus worked, for example, to strengthen Russia's Nursing Association and support the development of clear standards for nursing education and care - one of our several initiatives in the field of health.

The post-Soviet challenge in this region has not been economic development so much as economic transformation. There are assets here - natural, human, industrial, scientific, educational, institutional, cultural - you name it - assets and talent in abundance. The challenge has been to put them to put them back to work, to put them all

together to effective use. Through our work with the IFC and the Schulich School of Business at Toronto's York University, we have helped to encourage the adoption and promotion of modern corporate governance practices by companies and stock exchanges throughout the CIS. These accounting and decision-making tools enhance the business environment and help foster investment.

Technical cooperation in this region involves different rules, different methods and whole new levels of complexity that we did not at first appreciate. In some countries of the CIS, we have found a genuine will and capacity to change. Here, in some cases, our local partners have already done the analysis, identified the tasks and chosen operational models before proposals are submitted. In many ways, this makes it easier for CIDA to respond to existing demand rather than build projects from scratch. We are challenged to respond more comprehensively to the problems at hand.

Because our programmes' successes and failures can provide valuable lessons for the rapidly growing economies of Asia and the Americas, CIDA has devoted significant energy over the last two years to thorough program and project evaluations. For our and our partners' planners, these are required reading.

Second, perhaps the most important ingredient of our successes in the countries of the CIS, is that **we demonstrated a measure of humility before the immense challenges which faced this region.** No one had ever made the transition from a centrally planned, Communist



political economy before the early 1990s. We were clearly in no position, therefore, to prescribe just how the job might be done. We never pretended to have the relevant experience to answer all or even most of the challenges here. Our icebreaker technology is of no use to Azerbaijan, they don't need our expertise in fish stock management in the mountains of Tajikistan and we know nothing about rice cultivation in Central Asia. We do, though, have some expertise to offer in public sector reform, the establishment of small and medium enterprises and the development of the region's skills in trade negotiation. So those are some of the approaches we pursued.

We Canadians are, oxymoronically, proud of our modesty . . . and I do believe that it led us to a measured approach in technical co-operation, in which we offered modest, carefully targeted initiatives. It was important that both sides recognize realistically what could be achieved and what each of the partners could contribute. This approach has resonated here, encouraging wholehearted partners' commitment and consequent project effectiveness. Over the years, we have learned that we can work together and that, step-by-step, we can develop fruitful, enduring relations.

Third, it has been clear from the beginning that, while we intend our interventions to have broad impact across all levels of society to the benefit of our partners, **we are active here in our own interest, with our own objectives**. The point is that it's win-win; our interests coincide.

Technical co-operation, for example, provides opportunities for government departments from our countries to exchange ideas and knowledge. Not only does this allow our partners to observe the Canadian governance experience first-hand and internalise relevant capacities and practices, it is also effective at forging the links we need to effectively pursue our foreign policy. Through our 13 years here, Canada's technical co-operation programme has made a significant contribution to a greater maturity in our relations. It has been an investment at once developmental and political. It has done much to create and sustain mutual trust (and that in itself is a heartening accomplishment, given where we started in 1991). We are investing in the future, opening opportunities for creative and mutually beneficial political and economic relations amongst our countries.

On the economic side, note Canadian companies are generally risk averse; they have tended to avoid regions of the world where the environment for private sector development is not secure, predictable and reliable. This is scarcely surprising. Why invest in Dudinka or Dushanbe when Detroit is so close to home? We live beside and invest and trade freely with the largest economy in human history. Developing the enabling environment for private sector development is crucial, therefore, to Canadian companies taking advantage of the myriad opportunities in overseas and emerging markets. Until laws on foreign ownership and corporate governance have been established and are consistently enforced by independent courts through transparent processes, Canadian businesses will generally steer clear of this region. Progress in our technical

cooperation in these fields enhances prospects for mutually beneficial investment and trade relations.

Security and stability are, of course, in the Canadian interest as well. Development co-operation and poverty reduction in the South Caucasus and Central Asia will help to resolve conflict, improve stability and economic opportunities and reduce migration. We seek benefits for the region - and for Canada: win-win, shared interests and mutual benefits.

The final ingredient in our successes is **careful choice**. We can think big, but with a limited budget, we have to choose very carefully.

Careful choice means fostering the right partnerships. They must be solid, honest, based on mutual trust. They demand "sweat equity" and genuine, professional respect for the partners, their cultures and the complex problems they confront.

Careful choice means making difficult decisions. It wasn't easy to narrow our programming from all countries of the CIS to just four. It wasn't easy explaining those cutbacks to our partners, but we had no choice. Before 2002, we found ourselves impossibly thinly spread. Excluding humanitarian assistance, we were spending some \$4 million dollars in the eight countries of the South Caucasus and Central Asia. We are moving now to concentrate our efforts and increase the development impact of Canadian international co-operation in selected countries where deeper relationships will be highly beneficial to both sides.

#### IV

I sum up. By building trust and mutual understanding; by defining a common vision and shared interests; by respecting the historic novelty and complexity of the problems our partners confront; by focusing our inevitably modest resources in fields where Canadian experience and expertise are truly relevant; and by choosing program priorities and project partners with painstaking care; Canada and the countries of the CIS have achieved a measure of real success, enriching bilateral and plurilateral relations and fostering democratic political and broad-based free market economic development. In the years to come, building on what we've learned about what works and what doesn't, we aim for more of the same - to the benefit of all concerned.

Thank you.