



# ROARING INDIA - A DIALOGUE ON INDIA-CANADA RELATIONS

SOUTH ASIA PARTNERSHIP CANADA

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## **RICHARD HARMSTON – INTRODUCTORY COMMENTS**

Richard Harmston, Executive Director, SAP Canada

South Asia Partnership Canada is a coalition of Canadian organisations that, together with its South Asian partners, works for sustainable human development in the region. It is a forum for advocacy and knowledge sharing on South Asia within civil society, primarily the development community, but also more widely including academic, research and policy institutes, South Asian-Canadian groups, the private sector, media and academia. Internationally, SAP Canada works closely with overseas partners, including the five Asian SAPs, which function as autonomous bodies. SAP Canada acknowledges the financial support provided by the Department of Foreign Affairs and International Trade (DFAIT) for this dialogue.

SAP Canada has an inherent bias towards wanting to strengthen relations between Canada and South Asia and to encourage links between civil society organisations. That said, it is instructive to pause from time to time to reflect on what this means in practical terms. Since India's independence, people to people links with Canada have been steadily growing and strengthening. On an official level, Canada-India relations have had their difficulties. We do not, however, necessarily see ourselves as India sees us. And the reverse is also true.

India today is dynamic and on the move. Its growing political and economic strength is promising, but by no means secure. With these changes, Canada's relations with India are inevitably evolving. This dialogue provides a space for an eclectic group from the public, non-government and private sector to examine and discuss these evolving relations. We want explore views on the current state of Canada-India relations, how these relations may be strengthened, and impediments that need to be addressed. Policy recommendations stemming from this could also be highlighted. Our aim is produce a report that outlines some ideas on how to strength Canada-India ties now and into the future as a contribution to Canada's on-going policy development.

## **ARTHUR RUBINOFF - KEYNOTE ADDRESS – INDIA AS A GLOBAL POWER**

Arthur Rubinoff, Professor Political Science, University of Toronto

This is the season of India - but this has not always been so. In the early 1990s, after it was characterised as a 'sick tiger' when the rest of Asia was booming, India introduced liberal market reforms and turned away from command economics. Even then, India's economic measures were compared unfavourably with China. Its ideological preference for a self-contained economy put it on the international outer.

India's 'rising' is today characterised by healthy foreign reserves and growth rates. It is also reflected in a newfound confidence. India has always had great power aspirations and still smarts from not being included in the UN Security Council. It is now reaching out beyond its borders to form new alliances. It has become a partner with the US and the image of India in the US has shifted from that of a peasant in a dhoti, to a high tech executive in a business suit. The test of these relations for New Delhi will be how the rest of the world accommodates its international aspirations. Canada's challenge, made all that much more difficult because of its heavy-handed response to India's nuclear tests in 1998, will be how to compete in India's huge economy.

India must overcome a number of challenges to make it to the upper international echelon. While India claims its economy is 11<sup>th</sup> largest in the world and 4<sup>th</sup> largest in terms of purchasing power parity, it is a long way behind competitors such as China and Brazil. It attracts relatively little foreign investment and its economy is still quite closed. Tariffs remain high, and it is a minimal player in world trade. Foreign debt is also high. Nor has rapid economic growth made much of dent in the numbers of poor, as the new prosperity is largely concentrated in the services sector. One area that bodes well is India's training of a large number of pure science graduates which allows for an innovative and adaptive workforce into the future. Goldman Sachs predicts that India's growth over the next fifty years will outpace China's --- but it is foolhardy to rely on the predictions of accounting firms.

India is a bifurcated country which makes it difficult to measure progress. The south of the country has done better than the north. While a smaller percentage of the population now lives below the poverty line, the overall number of poor people has increased because of population growth. The official unemployment level is over 40m but the real number is likely double. Prosperity in India is neither balanced or egalitarian with the new rich exacerbating the gaps in society. India is now self-sufficient in grain but more reliant on imported fuel. Using the human development index, India does not rank as a major power. Figures for education illustrate India's bifurcation as India provides world class science education to some students, but spends a paltry amount overall on schooling. Two thirds of women are illiterate. Poor infrastructure is a chronic problem. Sanitation is deplorable and only half the population has access to potable water. Electricity supplies are insufficient and roads need building. Taxation and revenue collecting systems are inadequate. Violence has become part of political discourse, particularly around election time

The political landscape has changed over time in India with power being increasingly concentrated in the state governments and away from the centre. While India has not had a majority government for almost twenty years, political parties have been able to form relatively stable coalitions. In politics today, it seems that defining the past has become part of the dialogue about the future. This is particularly significant with regard to relations with Pakistan and why the current cease-fire is so significant. For the first time, Pakistan has agreed to discuss Kashmir without preconditions. It seems that both sides are fatigued with the regular confrontation and pullback. Vajpayee is also looking towards his legacy. The US, which is on good terms with both countries, is heavily involved and has pushed hard for both sides to agree to a protocol on terrorism following the 9/11 attacks. For the first time, there is a unique opportunity for SAARC to become an effective forum for better regional relations.

In summary, if this dialogue had taken place in 1999, it would have been about the Kargil incursion and the breach of trust between Islamabad and Delhi. In 2001, the focus would be terrorist attacks in Srinagar in New Delhi and the subsequent face off of a million troops on the frontier. In 2002 would have been the communal riots in Gujarat.

We now are talking about confidence-building measures and a roadmap to peace – that is progress.

### **ARIF LALANI – PRESENTATION -CANADA'S RELATIONS WITH INDIA TODAY AND TOMORROW**

Arif Lalani, Director South Asia Division, DFAIT

As DFAIT is now working on the implications of recent developments in India and the implications for India-Canada relations, this dialogue is a timely opportunity to hear more from civil society. We welcome views on the relationship and ideas on where it should be headed. During this discussion, it would also be useful to draw on the views of colleagues from other departments, including CIDA, as officials are seeking to develop a more 'corporate' approach to India relations.

In a number of recent statements, including his nomination acceptance speech, Prime Minister Martin has identified India as a foreign policy priority. Canada's relations with India are moving and are no longer something that is only of interest to the Indo-Canadian community. India needs to be recognised for its own merits, opportunities and challenges. In many ways, we are seeing a new India. This includes a middle class of possibly 300m. India is newly self-confident leaving many with the view that it is not just emerging, but has arrived.

India is also a country of tremendous challenges based on human development indicators and environmental factors. Because of the numbers involved, these development challenges must be addressed if the international community is to have any hope of meeting its millenium goal targets. India's political challenges are also profound.

Communal violence is one source of concern. India is in a tough neighbourhood. When India and Pakistan face-off with nuclear weapons, it is a threat to global security. We need to continue to encourage both sides to address their differences bilaterally. That said, the security environment is more positive than it has been in a long time.

This scenario presents something of a policy dilemma for Canada-India relations – how to pursue both the challenges and opportunities in tandem. Over the last 6-9 months, the relationship has been strengthening quickly including an unprecedented number of ministerial visits both ways. The apex of these was the visit by Prime Minister Chretien in October last year where he issued a joint declaration with his counterpart. The declaration did not shy away from differences on the security agenda, but found other mechanisms to deal with the issue. The visit marked a new phase in relations – moving beyond re-engagement to strengthening relations. India and Canada have also agreed that differences should not hinder the relationship. Government to government relations have expanded with an enhanced trade presence in India. India was the first country visited by Canada's new Minister for Emerging Markets in recognition of the enormous commercial potential. Civil society links also need to be expanded - and this meeting is part of DFAIT's commitment to listen to your views about what we should do.

## **DISCUSSION**

### **IS INDIA ROARING?**

- Three important issues, mainly from commerce/trade side, can now be observed in India. These issues also play into wider security concerns:
  - Attitudes in India changed dramatically and the cynicism has gone. People no longer assume that things will not happen. Instead, they are asking how they can make things happen. This is a very positive development.
  - Governments are stable and voters are becoming more knowledgeable. The electorate has demonstrated it no longer blindly follows one party regardless of its policies. Uttar Pradesh, for example was willing to vote out the Congress Party when it did not deliver infrastructure and good governance.
  - The Indian economy is heavily reliant on outsourcing. Businesses recognise that security concerns threaten livelihoods and stability is key to continued prosperity.
  
- A reason for the reduction of cynicism in India relates to the collapse of the license raj and easing of bureaucratic constraints. It is not clear that voters are becoming more educated – certainly they are younger and allegiances to Nehru and others are less strong.
  
- Security is as much about education and health, as it is about military issues. Many Indians, both in India and in the diaspora, play down the poverty and disparity in Indian society as a result of pride. Their pride is understandable but is important also to also address the reality behind this new found growth, prosperity and business confidence. Education and healthcare are important places to start.

- Along with opportunities come challenges. In particular, economic growth can have severe social consequences which should be addressed when looking at opportunities arising from developments in India.
- There is not just pride in India but a certain sense of triumphalism in certain parts of India which is somewhat worrying. Canadians continue to take a narrow view of security. If we do not invest in people, security will be like a house built on sand. There is not one India, but many. Economic growth has increased the divide between rich and poor. Society is changing with the new coterie of rich coming up against old money.
- The number of people who have moved above the poverty line in India has increased. People are doing better. This is a fact. Infrastructure is crucial for the future as the population and labour force continues to grow. This is starting to happen however, largely over the last 10 years. Education and knowledge are critical for the future as they are the basis for growth. It is important however to acknowledge that things are happening now.
- Views within India on recent developments seem quite different to those held within Canada. For example, rapprochement with Pakistan is seen as bilateral undertaking rather than one orchestrated by the West. Health care in India is much better than imagined. India has excellent relations with other developing countries. At question here is who is going to help India on its current path.
- India is a great country, not because of its military or size, but because of its rich culture and open democracy.
- We should not dwell on the past, but it does inform our present and future. We have to be vigilant that the past does not overtake the future. There is unequal development in India and it is not possible to discuss development without also examining regional differences. We also need to know more about how business operates in India.

### **WHAT OF CANADA-INDIA RELATIONS?**

- India-Canada relations could have once been characterised as ‘middle power’ relations. Security then became the focus when former Foreign Minister Axworthy set back relations at least 10 years following India’s nuclear testing in 1998. Canada treated India like a pariah. Others took a different tack, such as the US, which undertook security talks and engaged on India’s nuclear program. In the US, relations are pushed along both by business interests and the diaspora. It should be borne in mind that the Canadian diaspora, which is mainly Sikh, has not always been supportive of New Delhi as the US diaspora which is mainly Gujarati. Moreover, it has been extremely difficult to get any article published in the Canadian press that

was either nuanced or contrary to the official policy line. The lack of political will to improve relations has, at least in the past, been reflected by Canadian officials.

- India-Canada relations have gone through ups and downs and it is now timely to look ahead to see what should be done to improve them. 'Roaring India' is a good title for this dialogue, but an even better title may be 'Sustaining India'. Reforms suggested in this forum should aim at helping India stay on its upward trajectory.
- One role for the diaspora is to educate itself about developments in India. The diaspora should have come out loud and clear in opposition to nuclear testing in India. They need to meet issues head on. Another important message is that the disparate elements in the diaspora in Canada get on well together. Politicians should be a particular target for this message. It is important to correct the view that the different ethnic and religious groups from India cannot get on together.
- Based on experience of the US diaspora, once India's dispute with Pakistan has been settled, the diaspora will be seen as a more homogenous group.
- The Canadian diaspora is a fragmented polity with no strong community of interest. They carry baggage – including class, regional differences, new versus established communities- and this impedes the diaspora in presenting a united view.
- Nothing is done without self interest – roads, education, schooling. Relations between Canada and India will be improved if there is a self-interested reason to do so. As yet, in Canada, new developments in India have hardly been noticed. With regard to the diaspora, it is mainly fragmented along religious lines. This is not however the case in the Indian business community – the only colour they recognise is green.
- The upbeat image of India that the diaspora is promoting contrasts sharply with the image presented in literature and elsewhere which looks at ongoing problems such as women's oppression. Our discussion should not just be about pride in India's culture and achievements, but about universal human rights issues. Some very good literature is coming out that may address these themes. Literature is an area that could be used in building Canada-India relations.
- Industry Canada is working in collaboration with CIDA and other government departments to foster better cooperation and coherence on policy towards India. Perhaps we will be able to promote enlightened self-interest in capacity building in India. The problem in India and the diaspora may be the lack of a strong civic culture and unwillingness to become involved in philanthropic activities.
- Indians in fact do have a strong sense of philanthropy.
- Working on a CIDA funded project in India, the project assumption, at least in the past, was that government involvement is often an impediment to growth.

- How can India take Canada seriously with such small aid program? Canada should look at forming a consortium with other countries to resume its bilateral aid program.
- Resuming a bilateral aid program, in a consortium or not, may well be seen as a weakness rather than a strength in terms of the broader relationship. India has already sent Canada a message. The question now is how to become relevant.
- Rather than extrapolating from the past, we need to drop that approach and just move forward. India has changed. The country is going through upheaval. This is inevitable. We are not going to solve all of India's problems. We should provide helpful examples for the government. Many successful developments in India have been due to NGOs. We should latch on to these examples. Do it well, lead by example and move on.
- Canada does not have the sense of India being a global partner. We need to know the tradition and culture of a society before we have economic relations. The Shastri Institute was established 35 years ago and should be continued. This includes linkages to business which are now easier to forge with the decline of the license raj.
- Canada's view of India seems at times like it is looking through the wrong end of a telescope. Many other countries see the challenges and opportunities much more clearly. We need to ask why we care about India, and this will help dictate what we should do about it whether it is trade, commerce or security. At heart, we need to have a mature relationship that allows the various aspects of the relationship to develop in tandem. We also need to 'mainstream' India so that it is not just something that Canadians of India origin should care about. India's growing self-confidence and maturity also makes it an easier country to deal with.
- Canada should be clear about its priorities in its bilateral relationship with India rather than obfuscating the point that poverty alleviation is no longer a high priority.
- The days of compartmentalising this relationship are over. This is not to suggest that poverty alleviation is unimportant – we need to pursue all aspects of the relationship. This is not an either/or proposition. The question is how much of the pie is going to the various elements of the relationship.
- Three issues would help in building relations: mutual enhancement of understanding; mutual enhancement of image; and better understanding of how we can forge effective partnerships between the two countries whether it be in media, academia or any other sector.
- Other countries have a much more visible presence in India. Canada needs address this issue and explore other ways to support India such as in helping it with its UN Security Council aspirations.

- The government is looking at how it may raise its profile internationally but it is not clear where they will come out. Canada wants to help India to the extent it wants to be helped, recognising that India still has huge development problems. The government also wants these issues addressed. India is vast while Canada is not. Still Canada has a seat at a number of useful tables including the G7 and Commonwealth and is a well-respected UN member. On the UNSC, Canada's position remains one of supporting UNSC reform first before looking any further at expansion of membership.
- In terms of foreign and defence priorities for Canada, Prime Minister Martin has made it clear that we have to start addressing the potential of emerging markets, including India, and we have to do this now. This is what DFAIT and other government departments are now doing.
- We need to look again at the way that Canada treats new Canadians including recognition of overseas qualifications.
- Canada should better publicize tourist attraction such as Niagara Falls and do something about improving visitor visas from the US.
- A number of models exist for building new partnerships that would promote stronger relations. We could look at what role civil society has in taking these models forward. Models include a CIDA Inc project in India which is focused on treating effluent from an industrial mill but includes a social project supporting women in the local community. Another example is in aerospace where Bombardier has provided India with aerospace maintenance technology in tandem with a business deal. There are endless opportunities for business/academic/NGO partnerships. We should not compartmentalise ourselves.

### **IS THERE A PROBLEM?**

- Some businesses in Canada just see India as just another emerging market. They go there, find they can't sell their goods, and come home. They need a greater understanding of the Indian people and a longer term perspective. It is a knowledge-based country with many brilliant people but there are also millions in poverty. In Tata, for example, there is a strong sense of corporate social responsibility whereby it looks at improving the lives of the people to whom it sells its goods.
- Tata's long-term view distinguishes it from many other corporations. Business needs patience. The question is how to expand this type of thinking.
- A development question that continues to arise is who speaks for the poor. This is not just a problem in India but also the US as the poor are not organised. NGOs have made some progress in giving the poor a voice. India is increasingly resistant to others telling them what to do. The Government's ability to promote growth will

depend on whether it can put in place adequate infrastructure. This will be a major challenge but cannot be left to the private sector to do.

- Business makes decisions on the basis of profit making. It is not the role of government to make decisions for them. Businesses can however be encouraged to do better, make things happen. We can't dictate to India what to do anymore. It must be a give and take relationship. Canada has to realise that India is a new market.
- The problem Canada has in dealing with India is that it is a paradoxical country. It has great poverty but also great wealth. It is not a developed country, but not a basket case. There is no strong tradition of dealing with India. Indians are proud people and Canadian attitudes can be somewhat patronising.
- Accreditation for overseas qualifications is something that is being examined by the government at present, and is something that we can do better.
- It is not clear what the problem is with the way we are operating at present. We need to build relations with India but this is happening already.
- Canada is not leveraging existing resources as well as it could and we should be doing more in various areas identified today. New approaches and ways of working are needed.
- Some in the NGO community see the problem as one of large levels of poverty levels, lack of freedom of expression, denial of rights. Some of us want to talk about these issues and to find a mechanism for dealing with them.

### **MISPERCEPTIONS ON BOTH SIDES?**

- Canada's press seems to focus on outdated or sensational stories about India, which are then extrapolated to the whole country. Accurate information is just not coming out, particularly in the business sector.
- It is an on-going concern that press stories about India continue to 'circulate ignorance'. All that gets into the papers are stories about violence, beggars or snake-charmers. We have not yet been able to break this cycle of ignorance.
- There are no Canadian press in India and India is not treated seriously by the Canadian media.
- NGOs can do more to promote knowledge of India. We have to educate people.
- It is clear that Canadian bureaucrats and journalists know little about India. India does not need Canada's help, it wants a partnership.

- The Indo-Canadian community is not a homogenous community and the Canadian government should bear this in mind when it turns to the diaspora for information on India.
- DFAIT or CIDA should sponsor activities to develop greater knowledge at the political level about the importance of relations with India.
- This type of lobbying is not part of DFAIT or CIDA's mandate and would not be appropriate. Canadian MPs and Ministers listen to their constituents, including the business community. This is where the lobbying should take place.
- It would be useful to have the CBC in India.
- It would be great to have greater journalistic depth in Asia but it is not something that DFAIT or other departments can dictate. DFAIT recently hosted some Indian journalists, not only to educate them, but so they could meet up with Canadian counterparts. It is the job of the Indian High Commission in Canada – not DFAIT – to raise India's profile here. That is certainly what the Canadian High Commission in India is trying to do.
- The Asia Society in the US runs educative program for legislators joining the legislature for the first time. A Canada organisation could undertake a similar type of educative program.
- There are organisations that could undertake this work. They do however need more input. We need to be able to say what we want to see happen in South Asia. It would be useful to have some type of spokesperson or 'champion' for India.

### **ARE COMPARISONS USEFUL?**

- China has done some tremendous work educating others about its achievements. China has been successful not just because of foreign investment, but because of the image it has managed to build internationally. Canada needs to work on this and develop a more realistic view of India. Some in India also need a more realistic view of Canada. Building a relationship is about building an image.
- When comparing India and China, social issues as well as growth should be examined. China has been able to boost its growth rate with projects entailing considerable social dislocation such the three gorges project. In India however, this would not be possible.
- India is not growing at same pace or way as others but this is not surprising. We need to give it time.

- One of the reasons the US diaspora has done so much better than Canada is because it interacts so well, both internally and externally. Money is not the issue – money flows when you have the right people and the right project
- We should ask the question why relations with China have done so well in the last 15 years. The Canadian population are now better educated and focused on Asia Pacific – mainly China. India was however always seen as outside Asia Pacific. We need some mechanism to encourage the different players in Canadian society to engage with India. In other words, we need to do with India what we did with China.
- The US political system is very open and sensitive to constituents. It is about responsiveness and points of access. The political culture is different in Canada.

### **RESOURCE IMPLICATIONS?**

- While the loss of the CIDA bilateral program is a loss, we should treat it as an opportunity to focus more on working NGO to NGO. Let's be practical in our response.
- Export Development Corporation has been trying to get Canadian investment in India and to further define strategies. We need to look at new approaches and to educate ourselves on the views of Indians in India today. Canada is not well known in India. We need to mobilize to become a player.
- Even when Canada was out of favour with the Indian government, they still wanted the Shastri Institute to operate. On the Canadian side however, there does not seem to be any long term thinking or vision about institutional development. Longer-term thinking is important in promoting relations between the two countries.
- The role of NGOs in India is critical as they are detached from both the market and state and they play by the rules. They ensure both the market and state are transparent, accountable and fair.
- Canadian government departments are now looking at the resource implications of Canada's evolving relations with India. DFAIT is producing its own strategy papers on both a country and a regional level. It will then look at coordinating with others. Beyond that, DFAIT will go out to the wider community to seek views on how we may allocate funding. DFAIT is unlikely to garner new resources but instead will be reallocating existing resources to better reflect government priorities. This is not just about resources, but how the government does business.
- The government has had difficulty in coordinating resources and is working to ensure greater coordination within government. It happens at the Canadian High Commission in Delhi, and it should work here too. Government departments need a joint vision and this may mean using new and innovative coordination mechanisms, including working groups.

- The Prime Minister has launched a review of development assistance and the debate is now on about development and Canadian interests. Discussion includes whether these two ideas are mutually exclusive. It must also be remembered that in any bilateral activity, the views of the other government must be sought and respected.
- There is already a lot of people to people contact with India, largely because of the big Indo-Canadian community. One challenge is to work out what is going on already. We also need to get more advice from civil society about what should be happening. There are many competing interests seeking funding from government and they cannot all be supported to the level that they would like.
- Clearly, with limited funding for Canadian relations with India, funds need to be distributed judiciously between the various interests. What is important in dealing with India is not so much the magnitude, but the approach used. This should be the focus, rather than the dollar amount. Respect is an important part of this. India has been reaching out to the diaspora and using this group as international ambassadors. Canada, and other countries dealing with India, needs to show the appropriate respect and understanding. Canada is in a good position to develop understanding as so many in the Canada-India community are first generation. This resource should be harnessed.
- Another 'Focus India' meeting will take place shortly and will look at a number of proposals. 'Focus India' will likely be an on-going mechanism for dialogue. DFAIT needs to find a way to use people involved in 'Focus India' beyond the regular cycle of quarterly meetings as we want to start solving problems or implementing projects or having a real two-way exchange. Big meetings just tend to go over the same ground.
- Perhaps 'Focus India' should break up into smaller groups that examine some of the issues raised in this dialogue.
- 'Focus India' is primarily aimed at economic issues. That said, ideas of any other areas that 'Focus India' could pursue would be welcomed.
- EDC shows in a transparent way what it is planning to do and welcomes NGO involvement in projects and linking up with private sector interests.
- Disappearing CIDA funds do not preclude the option of a one-off endowment that could be used into the future.

### **IDEAS ON NEXT STEPS**

- Priority should be given to coherence and coordination in our messaging. We need to further refine our objectives. If it is to enrich relations with India, we need to look at the main players and how to enhance coherence and coordination. Government is an

important element but they cannot develop these policies in isolation. Perhaps what is needed is for the government to develop an approach, consult stakeholders on the objectives, and then develop a framework for action.

- We should get a clearer idea of India's development objectives for the next few years and piggy-back on these. We need to know what projects the government of India has approved and who the main players are. We should also look at the main NGOs in India in these priority sectors. Once we have this knowledge, we need an apex mechanism – SAP or some other organisation – to coordinate this knowledge. NGOs and others in civil society can then look at who they form partnerships with, and for what end. This would be a practical way of moving forward.
- Perhaps it would be useful to study examples of linkages between the voluntary sector and corporate Canada as practical examples of corporate social responsibility.
- Forming some types of clusters around particular issues, and devoting resources to these clusters, may be a good start in furthering relations.
- The India lobby needs stronger access to decision-makers in the House of Commons. It is a question of access. NGOs and community activists need a stronger voice in parliament. The bureaucracy is a shifting target but again we want access for individuals and groups.
- We should address ignorance and lack of knowledge in the Canadian civil service.
- Lack of cohesion and a common goal within the civil service diverts attention from achieving real goals.
- A dialogue on what that the government has announced it is planning to do on India would be useful. In particular, it would be helpful to see what the policy may look like in real terms. It feels like the bureaucracy and NGOs are moving into polarised camps and the NGOs are becoming marginalised. No one has yet asked us how we may help the bureaucracy achieve its aims. Rather than interact with the bureaucracy, we feel like we are being forced to go directly to the political level
- Perhaps we need to expand forums for consultation beyond 'Focus India'. On the aid front, we should avoid tied aid and focused on supporting local NGOs. While infrastructure is important to India, aid should continue to be directed to poverty alleviation. Some NGOs would not be comfortable linking up with business as they may feel their autonomy has been compromised.
- While bilateral aid to India will cease in March 2006, NGO and Partnership Branch assistance will continue. CIDA is still working on the modalities of this. The Government of India made its decision about limiting the number of bilateral donors because of the transaction costs involved in dealing with many small donors. It should not be read as a statement about India's relations with Canada. CIDA

explored the option of working with other donors in India in some type of consortium but there is no appetite for this. Some NGOs are misinformed about the way CIDA operates – CIDA no longer provides tied aid and, indeed, CIDA has gone beyond OECD requirements in this regard. Moreover, virtually no CIDA funds have been directed to infrastructure projects in India in many years. It is surprising that only Arif Lalani alluded to the problems and opportunities in the environment sector in India. This is an obvious area where Canada could provide some ‘niche’ assistance. With over 50 years of experience of providing ODA to India, it is useful to reflect on the lessons we have learned over time. CIDA is currently looking at these lessons and the extent to which this may help us, both in managing the transition from bilateral aid, and in designing aid programs for other countries. On forward looking programming, we would be very interested to explore venture driven philanthropy and how civil society can better help in programming our aid program. We understand the concern expressed by some at the table about ignorance of India within the bureaucracy, but frankly, this cuts two way. Perhaps ‘Focus India’ may help address this divide.

- We need to know better how CIDA works. Information is so important, that those who have this information have a real advantage.
- CIDA is trying to do better in breaking down this ‘black box’ approach.
- Partnership Branch in CIDA were strongly encouraged to attend this forum, but staff declined the invitation. More broadly, many NGOs understood India’s position on limiting the number of bilateral donors. Our disappointment stemmed from the fact that the CIDA Minister did not see fit to change the nature of the ODA mix to India. Instead, the funding was withdrawn. That said, the idea expressed around the table of moving away from traditional partnerships to new ones which have been raised around the table is a good one.
- Rather than go over old ground, it may be more productive to recognise that a decision has been made and to focus on implementing it wisely. NGOs can choose to access partnership branch funds in order to continue to work in India.
- In terms of access, NGOs that are members of the Canadian Council for International Cooperation (CCIC) have access to political decision-makers at the highest levels. Other NGOs can work through CCIC to ensure their messaging gets through.

### **RICHARD HARMSTON – FINAL COMMENTS**

Richard Harmston, Executive Director, SAP Canada

This dialogue opened an agenda that we can certainly take forward. Some of you asked ‘what is the problem’? India is on the move, and Canada needs to define or redefine our relationship to maximise it for mutual benefit. Our aim was to see whether there was any

agreement on whether we should work in a more concerted way on engaging with India, and if so, what this engagement should look like.

We heard of compelling reasons as to why we should stay engaged and work on strengthening relations. Economic and commercial incentives are strong. There is also challenge of meeting the UN Millenium goals, including India's quantum of poverty. This will continue to hold India back and remains a major challenge not only for India, for the wider international community. Other challenges of concern that reach beyond India's borders include security, environmental matters and health issues. There are also areas where we have much to learn from each other. On the governance question for example, SAP is hosting a forum in Ottawa where we are examining what we can learn about local governance from India.

Other issues addressed in the dialogue include those of increasing the level of understanding between the two countries. In certain sectors, we have inaccurate images and insufficient knowledge of each other. Much is being done to address these concerns, but much more can be done. Different sectors, including business, academics and NGOs, could cooperate more fruitfully on India issues. Common agendas could be forged. We also want to continue our dialogue with government and to encourage a more coherent approach to relations with India. This includes current discussions underway in various departments. A number of people asked how we can ensure our voices are heard. We discussed some ideas about what is Canada's niche may be in India. This needs more discussion as some articulation of this niche would be very useful.

SAP does not claim any rights to this agenda but to the extent we can facilitate exchanges amongst the various groups involved in India, we would be happy to do it. Fractious as the civil society group is in Canada, there are many and creative ways in which we could cooperate to move this agenda forward.