TELECOMMUNICATIONS IN THE MIST: COMPETITION, COOPERATION, AND TECHNOLOGY TRANSFER IN THE CIDA DEVELOPMENT PROJECT CYCLE IN RWANDA 1973-1988

by

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ABSTRACT

This thesis analyzed the communication and interactions between participants in a telecommunications development project sponsored by the Canadian International Development Agency (CIDA) in Rwanda. In this project, different organizations cooperated to transfer technology while also trying to make the project meet their own goals. This meant their interests were often in direct competition.

The analysis was based on interviews and such sources as the pre-investment studies, technical specifications, and memos generated by the project. It also refered to secondary sources which study Canada's development policies and practices.

The thesis uncovered a fundamental dilemma in Canadian development assistance: should aid primarily benefit the developing world or should its first objective be Canada? This uncertainty prevented CIDA from using the project to meet its goals. The Agency tried to negotiate during the project to ensure a "success" for itself, most likely to justify its existence and secure more funding from the government. However, CIDA found itself at a disadvantage in the competitive marketplace of official development assistance because its uncertainty over appropriate policies weakened its position.

The company that designed and managed the project, though, assumed the central position in the communication network between the participants, and shaped the project to meet most of its own private sector goals. Unable to make itself heard by the Canadian participants, Rwanda turned to other "competing" donors for future telecommunication projects.

The "success" of the project for each of the participants cooperating in Rwanda hinged upon the communication of their competing interests. The organizations imposing their goals upon the telecommunications project at different stages of the project were most likely to claim a "success" when it was completed. The stronger the competitive position the organization held in the

project matrix, the more effectively it could "market" its goals or its technology.

This raises the issue of the true purposes of aid to Rwanda, since the best communicator in this development cooperation project was the donor controlling the technology and the money, and its primary goals may not be limited to Rwanda's development.

ACKNOWLEDGEMENTS

East Africa

SUDAN

ETHIOPIA

ZAIRE

UGANDA

KENYA

RWANDA

BURUNDI

ZAIRE

TANZANIA

TANZANIA

BYUMBA

UGANDA

KIGALI

BURUNDI

RUHENGERI

GISENYI

BUTARE

LAKE
KIVU

ZAIRE

CYANGUGU

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CHAPTER I

INTRODUCTION

International development assistance is filled with contradictions. On the one hand, it is meant to benefit the Third World. On the other, the donors and contracted participants try hard to benefit from it: they may see it as a gift, with all the generosity and obligations that word implies, but at the same time they "compete" with each other to be the ones to give. Although aid is supposed to be a cooperative venture between two or more nations, the developing country is relatively powerless and "cooperates" from a position of weakness. The short-term help given for purposes of modernization often leads to long-term dependency. In addition, although typically much useful technology may be transferred, often too little expertise is given with it and the technology becomes useless.

The same contradictions seem to affect those actually benefiting from development assistance. Many of these contradictions become apparent in specific projects and in the relations and communication between the different actors in the project. It is therefore important to study these interactions, if one is to understand the outcome of development assistance.

This thesis will examine the communication, interactions, and contradictions, as they emerge from the Canadian International Development Agency (CIDA)'s project cycle. Although Canada is seen as a relatively good and generous donor, it is not likely to be free from the contradictions of development assistance. These can be related to a basic dichotomy in development theory separating "modernization" theorists who see aid as a gift bestowed by a developed nation upon a less fortunate nation, from "dependency" theorists who consider aid to be a process which keeps the developing nation under the power of the donor.

According to modernization theorists, all societies evolve the same way, moving from a traditional through a transitional to a fully modern society. This transition happens on several different levels at once. The key change occurs at

the level of "mentality": once the population loses its fatalistic attitude, its belief in magic, and its absolute faith in authority and heirarchies, the country will experience changes in the economy, in the political sphere, and in urbanization. The shift from traditional to modern is, among other things, characterized by a move from an agriculture-based to an industrialized economy.

The West, being fully modernized in this sense, would be the natural model of development for all countries to follow. The West is also in a position to help the Third World develop by providing both education to change the people's "mind-set", and industrial projects to encourage changes in the economy. The wants and needs of the recipient nation's government and its people are not that important, since modernization theorists assume that everyone wants to modernize in the way the West did.

Modernization theory has been critiqued on a number of counts. It assumes there is only one path to follow during modernization. It is also based on a belief that progress is industrialization. As well, from a development aid point of view, the nation receiving the aid does not seem to be all that important, since all nations are presumed to want to develop the same way and in response to the same inputs in to their society.

The strongest critique has come from the dependency theorists. Dependency theory was first developed in the Latin American context, but was quickly adapted to the rest of the Third World. The theorists wanted to explain the social, economic, and material "backwardness" of the former colonies when the West had supposedly been developing them for quite some time. They were, it was suggested, often better off before the colonial period. They concluded that the West underdeveloped the Third World, and grew wealthy from Third World labor through an asymmetrical economic relationship.[1]

The colonial powers needed manpower and raw materials to develop their economies, and got both of these from Africa. When slaves were no longer

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[1] Roger Nemeth and David Smith, "International Trade and World-System Structure". Review, Vol. VIII, #4, Spring 1985, p.519.

needed, the West turned to Africa for its raw material needs as well as for markets for its products. Since this sort of trade required a captive market and a certain amount of political control, Africa was partitioned among the European powers.[2]

This established the present day pattern of unequal economic relationships. Dependency theorists point out that the world is divided into "core" countries (the industrialized West) and "periphery" countries (the less-developed Third World) within a "world economic system".[3] The latter have resource-based economies, little manufacturing, and an export-oriented agricultural system which often requires the importation of food to feed the people.[4] The economies are generally oriented to the developed core, having stronger links between their primary sectors and overseas industrialized markets than between domestic sectors.[5] Only those sectors of the economy that are useful to overseas markets tend to be developed, while the economy as a whole is dominated by foreign corporations.[6]

Although some countries may escape some aspects of this underdevelopment, development is generally possible only within the context of dependency.[7] This is because the international economic relationship itself, and not factors internal to the peripheral nation, is responsible for the dependency upon the developed core. Any form of that relationship will perpetuate the dependency. Even development assistance, which is meant to develop the country,

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[2] E.A. Boateng, A Political Geography of Africa. Cambridge: Cambridge University Press, 1978, pp.55-9.

[3] Nemeth and Smith, p.519.

[4] Alison Beale, "The Cultural Commodity and Dependency Theory". Paper presented to the Canadian Communications Association Meeting, June 1983, p.4.

[5] William Tordhoff, Government and Politics in Africa. Bloomington, Indiana: Indiana University Press, 1984, p.4.

[6] William Hansen and Brigitte Schulz, "Imperialism, Dependency, and Social Class". Africa Today. Vol. 28, #3, 1981, pp.14-5.

[7] Nemeth and Smith, p.520.

will further underdevelop it and give the donor what it wants, while not necessarily giving the developing country what it needs. The recipient nation is again left out of the development process.

A criticism of dependency theory is that it is too "pessimistic". Only external factors are emphasized, while internal ones are ignored.[8] The peripheral nation can not break out of the relationship since it is a passive victim. However, this emphasis on external factors is somewhat inaccurate. Both Hansen and Shultz, and Nemeth and Smith argue that internal and external relations are interconnected and each influences the other.[9] The thesis looks at development from this perspective.

Despite all the hurdles it faces, the underdeveloped nation is not passive. It usually sincerely wants to develop, and to improve its economic and social conditions. Indeed, it does have some possibility of action; in the case of development assistance, the underdeveloped nation tries to "negotiate" with the donors to get what it thinks is necessary for its own development. Arnold affirms that "aid... is a political bargain", where the developing country uses its resources to bargain for the West's money and technology. Unfortunately, most of the strength tends to be on the side of the West, and the developing country gets the short end of the deal. Nonetheless, "negotiation" does take place.[10]

It takes place when organizations from the donor countries and from the recipient nations come together to decide exactly what they will do. They form organizational networks, both formal and informal, within which they communicate their interests.

There are four basic models describing interorganizational interaction: "social exchange", "holistic systems", "organization sets", and "political economy". The first two tend to assume the interaction is collaborative or cooperative, while

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[8] Hansen and Schulz, p.17.

[9] Hansen and Schulz, pp.34–5, and Nemeth and Smith, p.556.

[10] Guy Arnold, Aid in Africa. London: Kogan Page Ltd., 1979, pp.7–8.

the last two recognize that differences in power and access to resources can lead to conflict and negotiation.

In the social exchange model, relations between organizations are cooperative[11] and based on voluntary exchanges to acquire needed resources.[12] The accessibility of resources and the consensus reached among the organizations on the boundaries around each organization's domain determine the organizations' interdependence and the amount of exchange between them.[13]

The holistic systems model focuses on the interdependencies between organizations rather than on the organizations themselves. But it too assumes interdependence based on needs will lead to collaboration to solve the "problem".[14] It does not deny the existence of negotiation and self-serving activities, but consensus-seeking is considered the dominant activity. Conflict occurs within "consensus networks" (groups of organizations with shared interests and some understanding on them) and leads to further shared understandings, even if there is no overall agreement on the network's goals.[15]

These two models, however, are limited by their "collaborative" approach. There is no reason to assume that consensus is achieved in groups of organizations involved in development projects, although that may occur. Nor should one ignore differences of power and access to valued resources. The next two models of interorganizational interaction address those problems.

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[11] Cora Bagley Marrett, "On the Specification of Interorganizational Dimensions". Sociology and Social Research. Vol. 56, #1, October 1971, p.85.

[12] Sol Levine and Paul White, "Exchange as a Conceptual Framework for the Study of Interorganizational Relationships". Administrative Science Quarterly. Vol. 5, 1960-61, p.587.

[13] Ibid, p.589.

[14] Barbara Gray, "Conditions Facilitating Interorganizational Collaboration". Human Relations. Vol. 38, #10, 1985, pp.915-6.

[15] Robert Chatov, "Cooperation between Government and Business". In Handbook of Organizational Design. Vol. 1. Adapting Organizations to their Environment. Paul Nystrom and William Starbuck, eds. Oxford: Oxford University Press, 1981, pp.491-5.

The organization-set model is perhaps the best-developed perspective. It assumes all organizations need resources from their environment (which includes other organizations), and they often compete for them.[16] The organization that controls them has power, since it can make other organizations dependent upon it.[17] Much of an organization's activities consist of attempts to limit its dependence by securing resources or allies.[18]

This coalition-building takes place within networks that can be analyzed from two perspectives. The first is the "organization set", which consists of all the organizations with which a focal organization has direct links. The analysis focuses on that central organization. The other perspective is the "action set", a group of organizations in a temporary alliance for a specific purpose.[19] This latter perspective is perhaps more useful for describing development projects.

The final model, the "political economy" model, is similar to the organization-set model. Organizations seek resources, which can lead to power or dependency. However, power does not come only from interactions within the network of organizations. Those with links to powerful groups outside the network can acquire power within the network.[20] Power in the interorganization network is exercised in a "superstructure" level of interactions and in a "base" level of domains of activity and ideology.

These last two models are the most useful for analyzing international development projects. The organizations involved in development seek and

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[16] Howard Aldrich, Organizations and Environments. Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1979, p.29.

[17] Ian MacMillan, Strategy Formulation: Political Concepts. St. Paul, Minn.: West Publishing Co., 1978, pp.18-20.

[18] Aldrich, 1979, pp.292-317.

[19] Howard Aldrich and David Whetten, "Organization-Sets, Action-Sets, and Networks: Making the Most of Simplicity". In Handbook of Organizational Design. Vol. 1. Adapting Organizations to their Environment. Paul Nystrom and William Starbuck, eds. Oxford: Oxford University Press, 1981, pp.386-7.

[20] J. Kenneth Benson, "The Interorganizational Network as a Political Economy". Administrative Science Quarterly. Vol. 20, June 1975, pp.231-3.

compete for resources such as technology and capital. Those with access to those resources, usually industrialized nations and their institutions, tend to be more powerful within the action sets created to execute a project. However, they get some of that power by virtue of belonging to the industrialized world and by virtue of the widespread belief that economic and social development implies industrialization based on a Western model.

Theories about modernization and development and theories about organizational networks lie behind the origin of this thesis. First, of interest was the role of technology transfer in telecommunications development and how different and disparate institutions organized themselves to transfer technology to a less developed part of the world. The focus on Canada's policies in international development assistance was triggered by Canada's good reputation in this area.

The search began in 1987 for a case study to illustrate CIDA's development aid polices, especially those concerning telecommunciations technology transfer. A telecommunications project that CIDA had been working on in West Africa was originally the most intriguing. CIDA had funded a large part of a regional PANAFTEL[21] telecommunication system. Since it was such a large project, it would have been a rich source of data on CIDA's policies and practices.

However, according to a contact at CIDA, officials there were not willing to speak to me about that project, which effectively prevented study it. Instead, he suggested analyzing a telecommunications project in Rwanda in East Africa. Since it was considered a success, they were willing to talk.[22] When further questioned about it, however, he admitted that no final evaluation had yet been done.

This was surprising, particularly because this project was mentioned precisely because it was "successful". Yet, how could this have been concluded, if nobody

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[21] Pan-African Telecommunication Network.

[22] The main companies which participated were also located in the Vancouver area, which meant CIDA could send me to them rather than work with me over the long distance between Hull, Quebec and Burnaby.

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had studied the results of the project? More importantly, how was "success" defined in the eyes of the participants, and how was that definition or those definitions determined?

If one assumes that "success" occurs when certain goals and objectives are met, the question becomes what were the goals of CIDA and the private sector participants in the project, and how did they articulate their competing interests? It is possible that CIDA, concerned primarily with its own survival and success in the competition for government resources, used the negotiation process during the project cycle to ensure to the greatest extent possible a "success" for itself. "Successes" are excellent justifications for arguing for more money. It must have been the case, then, that CIDA tried to impose its goals upon the project and make the project serve it.

In testing this hypothesis, the thesis analyzes all the primary documentation available from the project itself. This includes the pre-investment studies and technical specifications produced by CIDA, by key participants in the project (such as the consulting engineering firm and the equipment contractor/supplier), and by other groups with an interest in Rwanda or the project (such as some French or Japanese organizations). It also includes the memoranda and letters sent by the consultant's "project engineering supervisor" in Rwanda to the head office in Vancouver. These reveal the formal, as well as the informal, goals of the participants and their relationships in the Rwandan telecommunications project cycle.

The primary documents are supplemented by interviews with key participants in the project cycle, and by secondary sources describing and analyzing some of the key institutions and their practices and policies. These key institutions and participants are mostly drawn from the Canadian participants in the project cycle and other Canadian organizations involved in development. Institutions from other countries are included whenever possible, but the focus is primarily Canadian because of a relative lack of information from Rwanda and from other donor nations such as France and Japan.

The information on goals and policies from all these sources are compared and analyzed, to confirm or refute the hypothesis of the thesis. Two basic assumptions, grounded in the literature, inform this analysis. The first is that official development assistance is not altruistic, and in fact its primary purpose may not be to help the developing nation at all. The second is that whenever individuals or organizations come together in any forum for any purpose, they compete with each other and negotiate for dominance in one or more areas, even if they cooperate at another level.

This thesis is organized in the following manner. The first chapter is an introduction presenting the foundation and framework of the thesis along with the basic assumptions that have shaped the thesis. Chapter Two examines Canada's aid program, with a particular emphasis on CIDA, and describes the main points of CIDA's aid policies and practices, as well as some of the debates and outside pressures that have shaped those policies. Chapter Three describes Rwanda, so that the telecommunications project in that country can be seen in its political, social, and economic context.

The next two chapters form the heart of the thesis. The fourth chapter focusses on the CIDA-sponsored national telecommunications project in Rwanda. After defining the concept of "project cycle", it describes the evolution of the project, lays out the patterns of interaction between the various participants in the project cycle, and compares them with some of their more important goals. Chapter Five analyzes the findings of the previous three chapters, and tests the hypothesis. The importance of negotiation between competing interests in development projects is stressed. Chapter Six presents the conclusions of the thesis and suggests an alternative way to look at development assistance.

CHAPTER II

CANADA'S AID PROGRAM

The Rwanda project was not designed and implemented in a vacuum. It was one of many projects shaped by CIDA's policies of the time. However, export and development policies and priorities in Canada are continually being debated. Consequently, before the project can be fully understood, CIDA has to be placed within the network of "development" institutions and government influences, and within the debate over the purpose of aid. Both of these have shaped its policies, which in turn have affected the strategies the Agency has adopted to carry out its policies. These strategies have themselves favored certain institutions and groups over others by assigning to them the benefits of the development assistance process.

Although the Export Development Corporation (EDC), and other institutions concerned with the commercial transfer of technology to the developing world, are not directly involved in development, they are included in the network of Canadian development institutions for two reasons. First, the policies of these "commercial" institutions have a direct impact on "true" development institutions. They are often presented as alternatives to the more altruistic policies CIDA tries to adopt. Second, private transfers of technology have long been considered part of the development process. Both France and Britain see private investment as "aid".[1] In some early CIDA annual reports as well, Export Credit Insurance Corporation[2] money is included in the total amount of the "Canadian External Assistance Program". These "commercial" development institutions clearly play a role in shaping CIDA's technology transfer policies.

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[1] Guy Arnold. Aid in Africa. London: Kogan Page Ltd, 1979, p.59.

[2] the EDC's predecessor.

"Development" Institutions

Canada has a broad range of institutions concerned with the transfer of technology to the developing world. Each of these organizations has a different mandate and set of goals, and fills a different role in technology transfer from Canada. These institutions and organizations can be organized into two broad groups, although on occasion the boundaries between the two are blurred. The first group includes those organizations interested in profits and economic development in Canada. Private corporations and the EDC fall in this group. The second group includes organizations more concerned with economic development in the developing world. CIDA and other governmental and non-governmental aid organizations fall in here.

The EDC is very important in the first group. Although private corporations could transfer technology on their own, few want to face the risks alone. Many turn to the EDC for the "guarantees" it can offer.

The EDC was created in 1969 as a Crown corporation to provide help to commercial ventures by Canadian companies in foreign countries. On the whole, it operates as a private commercial venture, and most of its loans and credits are authorized by its Board of Directors under terms designed to make a profit.[3] However, the federal Cabinet can step in and authorize a loan that the EDC might not have otherwise made if it feels it is in the national interest. On the whole, though, most loans are made under the Board of Directors' authority.

The EDC gives export credit insurance to cover risks outside of the control of Canadian exporters and generally not covered by private institutions. It also provides surety insurance[4] and foreign investment guarantees for risks outside of the investor's control. Finally, the EDC can also give long-term loans. The interest rate on these loans are generally just below the prevailing commercial

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[3] They are easier terms than commercial banks would offer.

[4] i.e. guarantees covering any bonds exporters must pay in order to export to certain countries.

rates, but the periods of repayment tend to be much longer.

According to Miller et al,[5] before 1978 the EDC was usually approached by companies wanting to make sales or investments. However, since 1978, the EDC seems to want to take the initiative and fund entire projects or consortia. This would be an interesting change, since it implies the EDC is taking a more active role in Third World development, rather than simply encouraging the health of the Canadian economy through exports.

Other institutions are also involved in the commercial transfer of technology. For instance, the Canadian Commercial Corporation was created as a Crown corporation in 1946 to help develop the trade relations between Canada and other nations. It was used in the past primarily for defence contract purposes. Today, though, it can act as prime contractor in government-to-government transactions, by buying goods and services from Canadian suppliers and selling them to other governments in large packages. External Affairs also has a Programme for Export Market Development, which provides financial assistance for international trade and export promotion. However, the EDC plays the biggest role in export promotion.

Development has generally been the main concern of the second group of organizations, where CIDA plays a leading role. Although it is not the only government institution involved in foreign aid and development, it is the main vehicle through which other organizations are funded.

CIDA was created on May 8th, 1968 by an Order in Council that transformed the External Aid Office (EAO) into a government "department".[6] The

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[5] C.G. Miller, N.D. Olewiler, and P.R. Richardson. Cerro Colorado: Case Study of the Role of Canadian Crown Corporations in Foreign Mineral Development. Working Paper #13. Kingston, Ontario: Centre for Resource Studies, Queens University, November 1978.

[6] Canada. House of Commons. For Whose Benefit? Report of the Standing Committee on External Affairs and International Trade on Canada's Official Development Assistance Policies and Programs. William C. Winegard, chairman. Second Session of the Thirty-Third Parliament, 1986-87. Ottawa: House of Commons, May 1987, p.73.

EAO, in the Department of External Affairs, had been expanded by Prime Minister Lester B. Pearson in previous years because of his interest in development. One new area in which the EAO entered was Francophone Africa, and this aid to Francophone countries was rapidly expanded by CIDA.[7]

CIDA ultimately reports to the Secretary of State for External Affairs, but is not an autonomous Crown corporation. It was originally meant to be an operational agency that would carry out the policies and objectives of the government. It was not felt necessary to include it in the political process.[8] Consequently, CIDA has no final say over the policy directives that come to it directly from Cabinet, the Treasury Board, and the public service.[9] Since 1968, though, CIDA has been at the centre of all foreign aid policy debates, and some have felt that CIDA should at the very least be established under its own Act of Parliament that would spell out its mandate in clear terms.

CIDA's mandate is to be the primary administrator of Canadian official development assistance.[10] Its goal is generally considered to be to help the poorest nations of the world develop. One task force wrote that CIDA has a dual objective: it delivers international development assistance, and it mobilizes Canadian resources for that development assistance.[11] Another committee simply stated that CIDA's goal is to meet "the needs of the poorest countries and people".[12]

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[7] Thomas Bruneau, Jan Jorgensen, and J.O. Ramsay. CIDA: The Organization of Canadian Overseas Assistance. Working Paper #24. Montreal: Centre for Developing Area Studies, McGill University. October 1978, p.13.

[8] Canada. For Whose Benefit?, p.74.

[9] CIDA. Task Force on Canada's Official Development Assistance Program. Study of the Policy and Organization of Canada's Official Development Aid. Report to the Minister for External Relations. August 1986, p.35.

[10] CIDA Task Force, p.iii.

[11] CIDA Task Force, p.35.

[12] Canada, For Whose Benefit?, p.10.

The two major reviews of CIDA policies, and subsequent "Strategies" setting out CIDA's policies for the next decade, in 1975 and 1987 have increasingly shown that focus on the poor. Humanitarian, food, and non-governmental organization (NGO) assistance, which tend to go to the poorest, are therefore relatively important items in CIDA's budget, and have been growing. However, there is a debate within and outside CIDA over the true purpose of aid. An indication of this debate is the high level at which CIDA's money has been tied to Canadian goods and services.

CIDA does not have a statutory budget. Instead, its budget is tied to percentages of Canada's GNP, that the government has committed itself in international fora to meet. On the other hand, funds that are not spent in one year lapse.[13] CIDA is under pressure to disburse its money, and it tends to adhere rigidly to contracts and schedules of payment.[14] As well, before the recent efforts at decentralization, many funding decisions had to be made at a Ministerial level, that is, outside of the Agency.[15] Thus, because of the institutional arrangements, CIDA's power is relatively closely controlled by "outside" government interests.

Besides its own activities, it funds four development Crown corporations:[16] the International Development Research Centre (IDRC), the International Centre for Ocean Development (ICOD), the Petro-Canada International Assistance Corporation (PCIAC), and the newly created International Centre for Human Rights and Democratic Development (ICHRDD).[17] The IDRC was created in 1970 to focus on developing research, scientific and technological capacities in the Third World to help the rural poor. It tries as much as possible to conduct its research in and

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[13] CIDA Task Force, p.57.

[14] Ibid, p.59.

[15] Ibid, p.67.

[16] Disbursements to multilateral agencies are done through the Department of Finance.

[17] CIDA. Sharing Our Future: Canadian International Development Assistance. Hull: Canadian International Development Agency, 1987, p.71.

with the developing world, so that expertise can be transferred more effectively. This also makes it easier for the solutions to development problems to be made relevant to the rural poor who are supposed to benefit. The IDRC has acquired a good reputation for its research, and is considered one of the better development institutions.[18]

CIDA also funds the ICOD, created in 1985 to research and develop oceans as a source of food and transfer knowledge and expertise on the oceans to the Third World, and the PCIAC, created in 1981 as a Petro-Canada subsidiary to help the Third World develop national sources of petroleum. The ICHRDD is still being set up, to promote human rights in the Third World.[19]

In addition to these four Crown corporations, CIDA funds a large number of NGOs. These primarily voluntary organizations provide a wide range of development services, mostly to the rural poor of the developing world. Because this emphasis on the poor matches the government's emphasis in its 1987 Strategy for development assistance, CIDA funding for that sector has risen from 7.2% in 81-82 to 9% in 87-88.

The last group of organizations funded by CIDA, besides multilateral aid organizations, is the Canadian private sector to which CIDA disburses much of the money allocated to projects. By working so closely with the private sector, CIDA seems to be helping Canadian businesses much like the EDC. Here the lines between the two main groups in the Canadian "international" sector are being blurred.

All these groups of organizations make up the network of players in the Canadian development assistance arena. The most important groups for this study are CIDA and the private sector. However, they all have some sort of justification for being in the business of aid in the first place, and these

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[18] Kathryn McKinley and Roger Young. _Technology and the Third World: The Issues and the Role for Canada_. North-South Papers #1. Ottawa: North-South Institute, 1979, pp.55-8; and CIDA, _Sharing Our Future_, p.71.

[19] CIDA. _Sharing Our Future_, p.72.

justifications are often shared by the different players.

<u>Justifying</u> <u>Aid</u>

Aid has been defended on many different grounds. These are usually grouped into three main categories, humanitarian, economic, and political.

The humanitarian justification for aid is an important one, partly because it is the most altruistic. According to Butcher, U.S. aid is seen in those terms by the U.S. public. English, in his study of CIDA aid to Haiti, claims humanitarianism was one reason for CIDA's work in the poorest country in the Americas. Moral justifications can also be included in this category. Both Fontaine and Higgins claim the duty of the rich to help the poor and starving motivates foreign development assistance. However, these humanitarian and moral justifications are most often used for public relations only. Although they may have firm proponents within CIDA and the aid community, they often have to share the field with other, more hard-nosed justifications when the government's budget is being set.

Development assistance is sometimes defended upon economic grounds. These can be broad and altruistic: aid can promote world economic development and international economic growth.[20] A healthy international economy would then benefit Canada, since Canada's economy is so dependent upon foreign trade.

Often, though, the economic grounds for aid are more self-centred. Canadian businesses and skills can benefit from international aid,[21] especially if Canadian goods and expertise are used. Conversely, Canada may already have economic

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[20] Benjamin Higgins. "A Positive Foreign Aid Policy for Canada." In <u>Six Studies:</u> <u>Canadian Development Assistance Policy Review: Reports from Consultants</u>. B. Higgins, ed. Montreal: Université de Montréal, for the Canadian International Development Agency, 1969, p.8.

[21] Professor F. Fontaine. <u>Foreign Aid: Philosophy, Sociology and Policy</u>. Montreal: Sir George Williams University, April 1969, p.79.

interests in a country or region, and aid may promote those interests.[22] These arguments are often used to defend Canadian aid, since it lets the government claim its money is being used in the best interests of Canada.

The last type of justification is political. One argument is that foreign aid promotes world peace and stability through economic development.[23] This usually benefits Canada, as trade is encouraged in a stable world. Another argument is that Canada has an image to uphold.[24] If Canada did not give aid to the Third World, the country would have less credibility in international fora. According to Triantis, Canadian development motives are related to relations with other donors. An important motive is "keeping up with the Joneses": since other countries give aid, Canada would look bad if it did not give aid, or give amounts of aid similar to others.[25]

Some people argue that foreign aid should be an instrument of foreign policy.[26] For instance, it is fairly common for a donor to withhold aid from those countries with whose policies the donor disagrees. In Canada's case, foreign aid has occassionally been used to support the federal government's language policies. Foreign aid was a way for the federal government to increase its presence in the Francophone Third World, and establish its legitimacy at Quebec's expense.[27] According to English, language based policies were a consideration behind CIDA's aid to Haiti.[28]

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[22] E. Philip English. Canadian Development Assistance to Haiti. Ottawa: North-South Institute, 1984, p.23.

[23] Fontaine, p.74, and Higgins, p.8.

[24] Fontaine, p.77.

[25] S.G. Triantis. Canada's Interest in Foreign Aid. Toronto, 1969, p.18.

[26] Goler Teal Butcher. "Aid as Foreign Policy." Africa Report. Vol. 26, #6. November-December 1981, p.43.

[27] See Louis Sabourin. "Canada and Francophone Africa." In Peyton V. Lyon and Tareq Y. Ismael, eds. Canada and the Third World. Toronto: MacMillian of Canada/Maclean-Hunter Press, 1976.

[28] English, p.23.

There is one final motive for foreign aid. Nossal argues in "Mixed Motives Revisited: Canada's Interest in Development Assistance" that the political, economic, and humanitarian/moral motives can not fully explain development assistance. Another factor comes into play. According to him, most of the benefits of official development assistance (ODA) go to the donor State and bureaucracy. The interests of this bureaucracy are to remain in existence, to maintain its international standing and prestige, and to limit expenditures, that is to "get the most prestige for the least money without jeopardizing the bureaucracy".[29] These narrow, self-centred interests are the true motivations behind the actions of donor agencies like CIDA, at least according to such theorists as Nossal.

There is some debate over which motivation is dominant in CIDA. In fact, it is most probable that all are present to some degree and lie behind the agency's actions. For instance, humanitarianism is dominant behind food aid, although political factors may also be at play. Economic interests lie behind the policy tying CIDA's project money to Canadian goods and services. Although the percentage of tied aid has recently decreased, CIDA has increased the budget of the Industrial Cooperation Program. Political interests may explain why CIDA seems to have put so much effort into telecommunications development consulting in the Southern Africa Development Coordination Conference (SADCC) region at almost the same time as the government increased its support for the front-line states. And although there may be a real desire to disburse all the money allocated for Third World development, Nossal's thesis of bureaucratic interests certainly does seem to explain why CIDA disburses all of its annual budget at all costs.[30]

This range of motivations reveals one of CIDA's main dilemmas: who exactly is supposed to benefit from all this money and activity? Some of the

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[29] Kim Richard Nossal. "Mixed Motives Revisited: Canada's Interest in Development Assistance." Canadian Journal of Political Science. Vol. 21, #1. March 1988, pp.45-55.

[30] See also English, p.140.

motives behind foreign aid make the developing world the main beneficiary, while others put Canada or Canadian institutions in that role. Although both can and should benefit from the same transaction, the aid process benefits if the donor has a clear strategy and set of goals, and is not of two minds with respect to what it should do. However, CIDA's problems are compounded by its susceptibility to the policies of the government of the day.

Relations with the Government

Although CIDA is a separate agency, it is not autonomous and it is very open to government influences and pressures. Much of this pressure has been meant to make CIDA an instrument of Canadian foreign or economic policies.[31]

CIDA is accountable to External Affairs. Until 1987, the Secretary of State for External Affairs was directly responsible, and CIDA was clearly only a small part of his or her area of responsibility. CIDA now has its "own" junior minister, the Minister for External Relations and International Develpment, which one would assume would allow it to lobby more effectively for development issues.[32] However, CIDA is still subject to other pressures, and the government has resisted efforts to make CIDA more autonomous.[33]

CIDA can make some of its own decisions concerning projects, within the mandate set out by the government. Generally, though, projects have to be approved by the minister responsible for CIDA. Most are initiated by the recipients of the aid. A project team in Ottawa defines the project and the financing needed. A Review Committee approves or disapproves in principle. If accepted, feasibility studies and a budget are written. The Project Review Committee then looks at the project again, and if it accepts it, it sends the

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[31] Bruneau, p.37.

[32] Jack Kuhns. Director, Programming, Planning and Evaluation Division, Special Programs Branch, CIDA. Presentation given to the Canadian Institute of International Affairs, Victoria Branch, March 19, 1989.

[33] Bruneau, p.23.

proposal to the president of CIDA and the Secretary of State for External Affairs for formal approval.

However, larger projects need the Treasury Board's approval as well. In 1978, all projects of $3 million or more for program countries and $1 million or more for project countries needed this approval. This helps the government monitor CIDA's activities.

In 1987, CIDA was given more autonomy. Not all projects now have to go to the Secretary of State or the Minister for approval, and some can be approved in the field. Moreover, now that CIDA has its own minister, this process will be faster and less cumbersome. As well, CIDA itself has been decentralised to a degree, both in personnel and responsibility, so that some projects can be approved at the field level. However, large projects still need formal Treasury Board approval.

In terms of policy, CIDA is also open to government influences. Canadian aid policy is overseen by Cabinet, the Interdepartmental Committee on Development Assistance, the Canadian International Development Board (CIDA's formal governing board), and the Interdepartmental Committee on Economic Relations with Developing Countries.[34]

This means that CIDA's own effective input to aid policy from its Policy Branch is limited.[35] This is perhaps why Canadian aid has been so heavily tied to Canadian goods and service for so long, despite all of CIDA's promises to untie them. In the final analysis, the government saw it in its best interest to keep them tied and resisted efforts to change that policy.

CIDA has been under the greatest pressure to use development assistance to promote Canadian exports.[36] Tied aid helps this goal, but cooperation with
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[34] Bruneau, p.22.

[35] Bruneau, p.38.

[36] Richard W. Wright. "Turnkey Projects: Canada's Route to Third World Markets." In K.C. Dhawan, Hamid Etemad, and Richard C. Wright, eds. International Business: A Canadian Perspective. Don Mills, Ontario: Addison-Wesley Publishers, 1981,

trade commissioners in Canada's embassies would also further that end. Consequently, although CIDA has worked with the Department of Communications for advice on telecommunications matters[37] and with Environment Canada to develop environmentally sound development policies,[38] the branch of government CIDA has been most encouraged to work with is the Trade Commission of the Department of External Affairs.

However, CIDA has resisted that pressure, since it does not see trade falling within its mandate. According to Burianyk,[39] CIDA has been "suspicious of commercialism" in the past, and so it has not cooperated much with trade commissioners. Within High Commissions and Embassies, the First Secretary Development and the First Secretary Commercial are supposed to communicate with each other and let each other know of opportunities that might arise. However, this system has not been very effective in the past, in part because of the very poor communication between the two branches of the High Commissions.[40]

This is beginning to change. Burianyk claimed the Hatch Report gave CIDA the mandate to work with trade commissioners, and said there has been more cooperation. As well, CIDA has expanded its Industrial Cooperation Programme, to help businesses fund studies for Third World joint ventures.

CIDA's relationship with the government has strongly influenced the Agency's development policies. This relationship has tended to focus on the conflict between those who want a purely developmental role for CIDA, and those who

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[36](cont'd) p.521.

[37] Telecommission. _Communications and the Canadian Assistance Program for Developing Countries_. Telecommission Study 3(b). Ottawa: Information Canada, 1971, p.28.

[38] See for instance H.E. Daugherty, C.A. Jeanneret-Grosjean, and H.F. Fletcher. _Ecodevelopment and International Cooperation: Potential Applications in El Salvador_.

[39] Zen Burianyk is the Director of the International Trade Centre in Vancouver of Industry, Science and Technology Canada.

[40] Andrew Dymond. Interview. Vancouver: IntelEcon Ltd., November 8, 1988.

want development aid to help the donor as well. Although CIDA's mandate favors the first group, CIDA's "permeability" to government influence favors the second. This tug-of-war between the two philosophies also shows up in CIDA's strategies for implementing its aid policies.

Development Strategies

In the past two decades, CIDA has had a number of different strategies for implementing its aid program. These have included policies to focus on the poorest countries and basic needs, on technology transfer, and on the relationship between aid and trade. These strategies have evolved over time, in response to outside factors and pressures, but at the same time they have been resistant to substantial changes, despite many policy statements promising or favoring change.

A major element of CIDA's aid strategy is its focus on the poorest countries of the world and on the "basic needs" of their citizens. Although that strategy is now played up as a central strategy, CIDA in the past had placed somewhat more emphasis on "middle-income countries".[41]

This shift took place during the '70s, apparently in response to events outside of CIDA. According to English, when the World Bank announced a shift in focus from capital intensive infrastructure projects to "basic needs", CIDA followed suit in its policy statement Canada: Strategy for International Development Cooperation 1975-1980. That Strategy promised a focus on the most serious problems in the poorest countries, increased debt relief, food aid and emergency relief.

When the World Bank decided to concentrate on intergrated rural development in 1975, CIDA also began to plan similar projects in the late '70s,

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[41] The Hatch Committee complained that the focus on the poor hurt Canada's ablility to use aid to promote trade, and McKinley and Young argued it does not let CIDA use its technology strengths to advantage, as they can't use or afford them.

notably in Haiti.[42] By 1981, CIDA's president announced a shift towards the poorest countries,[43] and in the early '80s, emphasis shifted to human resource development, which in many ways benefits the poorest and least developed countries the most.

The new set of development policies announced in 1987 confirms this emphasis on "basic needs" and the poor. However, the debate between the proponents of "pure" aid (with no ulterior motives and no strings attached) and those of trade and benefits for Canada that characterized the shift to "basic needs" also affected CIDA's policies concerning technology transfer.

Technology transfer is at the heart of the activities of development institutions. For instance, Weiss and Jequier called the World Bank a "technological institution": it transfers technology as well as lends money, and is actively concerned with that transfer.[44] Similarly, CIDA has also been concerned with technology transfer, although the definition of technology has changed.

The simpler and traditional view of "technology" considers it to be material tools, such as hammers or heavy machinery. This definition, though, has been widened to also include the scientific and technical expertise needed to create, operate and maintain the material tools and supporting institutions. This expertise is necessary if the Third World is to successfully use the "hard" technology and develop. In many ways, CIDA's policies have evolved to take this into account.

Most of the early projects were capital intensive projects, transferring for the most part basic infrastructure. At the time, CIDA's priorities were food production and distribution, rural development, education, health and demography,

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[42] English, p.84.

[43] Simpson, 1981.

[44] Charles Weiss and Nicolas Jequier, eds. Technology, Finance, and Development: An Analysis of the World Bank as a Technological Institution. Lexington, Mass.: D.C. Heath and Co., 1984, p.2.

shelter and energy.[45] The predominant form of transfer of expertise tended to be education, which was often provided through NGOs. CIDA's first work in Rwanda, for instance, was assistance for the University of Rwanda (teachers and buildings) that a Canadian NGO helped set up.

Over time, the "hardware" became progressively less important. CIDA was, and is, divided over whether to focus on "hardware" or human resource development. On the one hand, the tools and the infrastructure are necessary for development. On the other hand, the technology is useless without the expertise to use and maintain it, and relying on outsiders for their expertise raises questions of neo-colonialism and dependence.

As a result of this internal debate, and a similar one external to CIDA, the Agency's emphasis shifted in the early '80s to human resource development of various types. Now 22% of the bilateral budget is spent on training, the transfer of skills, and in general increasing the recipient's ability to absorb the resources transferred by development institutions.[46]

In general, CIDA does not promote the export of Canadian technology. Instead, it focuses on training,[47] and on the transfer of Canadian consulting services. According to McKinley and Young, this is the main Canadian form of technology transfer,[48] and consulting is an area of strength for Canada.[49]

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[45] CIDA. Canada: Strategy for International Development Cooperation 1975–1980, p.25. However, the first two areas, food and rural development, were repeatedly emphasized in CIDA. Canada and Development Cooperation. Annual Review 1975–1976.

[46] Phillip Rawkins. Making Human Resource Development Work: From General Strategy to Policy Commitment. Paper presented at the Joint Session of the Canadian Political Science Association and the Canadian Association for the Study of International Development. Learned Societies Meetings, University of Windsor, June 8, 1988, p.1.

[47] Dymond, 1988.

[48] McKinley and Young, p.38.

[49] C.A. Dagenais. "Canada's Consulting Engineers: Prime Exporters of Technology, Goods, and Equipment." In International Business: A Canadian Perspective. K.C. Dhawan, Hamid Etemad, and Richard C. Wright, eds. Don Mills, Ontario: Addison –

The sectors CIDA emphasises now are agriculture, food, energy, and human resource development.[50] It is clear that the transfer of skills is given priority. While it was shifting to this new priority, CIDA developed several channels for transferring expertise. One of these is the Industrial Cooperation Programme. However, private sector joint-ventures with Third World firms may not necessarily be the most effective channel for technology transfer. Another channel consists of the development crown corporations, especially the IDRC, which has been very effective in technology transfer. CIDA also provides Technical Assistance to the Third World through its bilateral program, and funds "Third Country Trainees"[51] as well as NGOs like the Canadian University Service Overseas/CUSO and the Canadian Executive Service Overseas.[52]

The third major area covered by CIDA's development strategies centres on the relative merits and roles of aid and trade in development. It too has been characterized by debates over the direction CIDA's policies should take.

The two are not necessarily incompatible, but have quite different characteristics. Aid is more likely to meet the needs of the recipient country than a commercial venture. Development assistance is also often used for infrastructure projects, such as roads and telecommunications, that are not likely to be built through private investments. Finally, the terms of development aid loans are often in some ways better for the recipient country, costing less than commercial loans.

On the other hand, trade and foreign investment have their advantages. For instance, joint ventures between Canadian and Third World companies can benefit both parties: the former need Third World labour and resources, the latter Western technology. Trade is also important, as the Third World needs to import

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[49](cont'd) Wesley Publishers, 1981, p.24.

[50] CIDA. Elements of Canada's Official Development Assistance Strategy, 1984. Hull: Canadian International Development Agency, 1984, p.11. See also CIDA, Sharing Our Future.

[51] CIDA pays for Third World students to study in other developing countries.

[52] McKinley and Young, pp.60-2.

certain things, at least initially, to develop the economy, and needs to export its products to encourage and sustain that development.

Nonetheless, the development community has been arguing over the relative usefulness of aid and trade. McKinley and Young feel the best way to transfer technology, both tools and expertise, is to stimulate demand for Third World products,[53] which requires trade. This trade would benefit the local economy and create a local demand for foreign technology. According to Bomani, trade is more effective for development than aid, and trade is how the Third World will get out of poverty.[54]

But Bomani argues that the terms of international trade have become worse for the Third World, and these unfair trade patterns are hurting it. Higgins also feels balanced trade patterns are needed, but unlike Bomani, he argues that trade cannot lead to development. Only aid leads to a net transfer of resources and a restructuring of the economy.[55] This view is shared by many others.

CIDA has wrestled with this debate since its earliest days. In general, CIDA saw itself as an aid institution, not an export promotion agency, and it did not like to see trade and aid mixed together. That is why it resisted working with Trade Commissioners, and why CIDA officials look down upon Japan or France and "the ruthless self-interest that is all too apparent in French aid activities."[56]

These ideals, though, have been under attack. The report[57] written by the Export Promotion Review Committee is a clear example of pressure on CIDA to use aid money to promote Canadian exports. The Committee was created in December 1978 by the Minister of Industry, Trade and Commerce. Roger Hatch

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[53] McKinley and Young, p.41.

[54] Paul Bomani. "Aid, Trade and Poverty." Africa Report. Vol. 21, #6. November-December, 1976, p.9.

[55] Higgins, "Trade not Aid?", p.21.

[56] Guy Arnold, p.54.

[57] Strengthening Canada Abroad: Final Report of the Export Promotion Review Committee (Roger Hatch, Chairman). November 30, 1979.

chaired it, and except for one academic from a business school, all the committee members were senior officers of a variety of Canadian companies.

The Committee recommended, among other things, that the EDC do more parallel financing with CIDA,[58] that CIDA work more closely with the private sector, and that CIDA spend more of its money through the bilateral program where aid money can be tied to Canadian goods and services. Aid should remain tied and crédit-mixte used when necessary.[59]

This wasn't the only pressure on CIDA to work more with and through the private sector. Gerin-Lajoie promised in 1971 to do that,[60] and succeeding CIDA officals have repeated that promise.

CIDA must already use private sector products and consultants. However, partly in response to pressures, CIDA created the Industrial Cooperation Programme in 1978 to promote joint ventures between private sector corporations in Canada and the developing world, by funding feasibility studies. This Programme succeeded the smaller "Pre-Investment Incentive Program" created in 1971, and has continued to grow since its creation, especially since the last "Strategy" for development came out in 1987.

In some ways, though, the Industrial Cooperation Programme seems to be a compromise. It involves the private sector in the development process, but it lets CIDA avoid going so far as to become an export promoter.

This charcterizes other CIDA policies. CIDA is the site of debates about development aid in Canada, and so is open to pressures from all sides. For that reason, CIDA's responses to the debate seem to be compromises, in some ways

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[58] In parallel financing, each finances different but related projects. In crédit-mixte, commercial and concessionary money is combined to finance the same project.

[59] Hatch Report, p.11.

[60] Paul Gerin-Lajoie. Canadian International Cooperation: Approaches to the Seventies. Presentation to the International Development Assistance Sub-committee of the Commons Standing Committee on External Affairs and Defence. Ottawa, February 4, 1971, p.11.

favoring the developing world, and in others favoring Canadian interests. This strategy lets the Agency protect itself from some criticism. The forms CIDA aid takes show some of this uncertainty over goals.

Forms of Funding

Canada's development assistance funds are distributed to the Third World in several ways. There are three main channels: bilaterally (government to government), multilaterally (through international organizations and development banks), and through NGOs.

In 1987-88, approximately 30% of $3 billion in Canadian development assistance money was disbursed to the Third World through international organizations. They include development banks, multilateral organizations, and multilateral food aid organizations. Another 9% was given through "voluntary" organizations and 2% through humanitarian organizations. 44% was given bilaterally through CIDA projects and programmes and food aid. The remainder was given to development Crown corporations like the IDRC, and to businesses through the Industrial Cooperation Programme.

Disbursements to NGOs, the IDRC, and multilateral organizations, however, have been increasing, while bilateral's share has been decreasing.[61]

NGOs have become more important as a delivery mechanism for Canadian ODA. For instance, NGO funding went from about 3.7% in 1973-74 to 9% in 1987-88. In addition, CIDA began a "country focus" program in 1982 that lets CIDA give money to NGOs out of the government-to-government bilateral budget when the NGOs activites match CIDA's priorities for the given country. This makes NGOs even more important as a channel for funds. The advantage of NGOs from CIDA's point of view is that they tend to target the poorest groups in the poorest nations, which helps CIDA fulfill its own policy with the minimum effort and expense for itself. NGO's also raise at least one third of their funds

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[61] Bruneau, p.24.

from sources other than CIDA, and so are cheaper for CIDA to fund.

Multilateral organizations and the IDRC are also useful delivery mechanisms for Canadian development assistance money. The former can often approach international issues or coordinate aid to a region more effectively than a bilateral aid institution could, and the latter has proven to be an effective tool for transferring knowledge and expertise to the Third World.

The third channel for Canadian development assistance is bilateral assistance. This can take several forms, depending upon the country and the terms of repayment.

The bilateral aid program has been the most important component in terms of numbers. According to CIDA's annual reports, in 1969, 81.1% of Canadian development assistance was disbursed bilaterally, and in 1986-87, 61% of Canadian official development assistance (ODA) was disbursed through "Government Initiatives" or through "National Partners".

Bilateral aid was given in the form of either projects or programs. In some countries, CIDA set up programs of aid to try to coordinate the aid the country was recieving from CIDA, and to focus more extensively on that country's needs. In other countries, CIDA's aid was given as discrete projects that were accepted and carried out on an individual basis mostly through NGOs.

However, "program aid" was also defined as "aid that was not given in the form of specific projects", such as food aid, commodity assistance, and emergency financial assistance. While each project had to be reviewed and accepted by CIDA, the recipient could use the program aid for several projects at its own discretion.[62] This meant that project aid tended to be more ad hoc and disjointed than programs of aid.[63]

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[62] The term "program" is defined very loosely by CIDA. It is also used to describe very broad categories of CIDA's aid, such as "The Multilateral Program" and "The NGO Program".

[63] Jacques Hebert and Maurice F. Strong. The Great Building Bee: Canada, a Hope for the Third World. Don Mills, Ontario: General Publishing Co., 1980, p.154.

This division of aid into two categories paralleled CIDA's core/non-core division of the world's countries. CIDA divided the world into categories of countries based upon their eligibility for CIDA aid.[64] The biggest category was the core countries, which received 75% of bilateral ODA.[65] Non-core countries received 20% and "visible presence" countries received 5%. The last two categories were non-eligible and non-recipient.

This seems to have changed with the new set of policies in 1987. Three quarters of bilateral aid will now go to 30 countries or regional groups called "countries of focus". Other countries that still receive funds will no longer get project assistance, but lines of credit for Canadian goods and services. This would seem to replace project aid with lines of credit while maintaining programs of aid under a new name. Interestingly, the same percentage of ODA is going to countries of focus as went to core countries in the past.

Bilateral aid was also divided according to whether it was given as grants or as loans. Generally, aid to the poorest countries was always in grant form, and since CIDA claimed to focus on the poorest countries, most money was given as grants. Food aid and emergency assistance was given as grants. According to Dymond, most telecommunications projects as well were paid for through grants.[66]

In 1987, the Canadian government changed its policy so that all ODA is given as grants. Previously, many loans were turned into grants, or forgiven, and the government promised to try to get legislation to forgive all ODA debt for sub-Saharan countries eligible under the 1986 debt moratorium.[67] This policy change makes Canadian assistance more generous and less concerned with how the Canadian economy can benefit from ODA.

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[64] CIDA, Elements, p. 39.

[65] Rwanda was classified as a core country. CIDA, Elements, p. 40.

[66] Dymond, 1988.

[67] In April 1986, sub-Saharan countries undertaking structural adjustment programs were given a moratorium on loan repayments, renewable until 2000.

A final important characteristic of Canadian bilateral development assistance is the level of tying to Canadian goods and services. In the past, 80% of bilateral assistance was tied to goods and services that had at least two thirds "Canadian content". This was a very high level of tying, and was seen by many as somewhat ungenerous and generally reducing the effectiveness of Canada's aid program.

With the new set of policies in 1987, tying policies were relaxed. For some categories of aid, aid was completely untied. Money disbursed to the development Crown corporations, to international financial institutions (such as the World Bank), to NGOs (the "voluntary" sector), and to international humanitarian assistance organizations was all untied. However, many of these categories were already effectively untied, so the change was not as substantial as it seems.

Three major areas remained tied. Bilateral food aid was tied at 95% and multilateral food aid was 80% tied. The biggest change came in the bilateral program assistance category. Aid to sub-Saharan Africa and to the least-developed countries was untied 50%, while aid to other countries was 33.3% untied.

This represents an important change, as tying of aid is often used to justify aid programs in the first place. However, the untying is not total. The untied money can not be used to buy goods or services from other, competing industrialized countries. It is meant to help develop the economies of the developing world.[68] That way the government can argue that the money is helping the developing world even more, while not going to any competitors.

Moreover, as David Gillies points out, the countries for which Canadian aid has been untied the least are the most likely to be able to purchase Canadian goods and services. Tied aid to these countries could therefore pave the way for future commercial sales of Canadian goods in those countries.[69] As well, this

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[68] CIDA, Sharing Our Future, p.52.

[69] David W. Gillies. "Commerce over Conscience? Export Promotion in Canada's Aid Programmme." International Journal. Vol. 44, #1. Winter 1988-9, pp.125-6.

policy does not set any maximum levels of tying, only minimum levels of tying. CIDA's new policy could conceivably have no effect on the actual amount of money spent in Canada.

The conflict within CIDA and the Canadian government as to who should be the main beneficiary of its ODA shows up clearly in the forms taken by Canadian development assistance. Whereas some of the government's policies seem very generous, others have a strong element of self-interest. The actual effect of Canadian policies, regardless of the intentions of the policy makers, seems to be to ensure that there are Canadian as well as Third World recipients of Canadian ODA money.

Canadian Recipients of CIDA's Money

Canadian firms and the Canadian economy stand to gain from Canadian development assistance. This is in part because of the policy of tying aid, but also because maintenance and spare parts must be purchased from the Canadian manufacturer well after the project is finished.

The Canadian government has proven to be willing to help Canadian businesses and, in general, to intervene in the marketplace.[70] Crown corporations have been one mechanism, and the important ones for exports have been the EDC and the Canada Commercial Corporation. There are other forms of public aid to industry, such as direct financial aid, tax advantages, public contracts, and technical assistance.[71] Blais argues that since Canada is so open to U.S. exports, the government has to do more to help its own industries.

Using CIDA's project funds to support Canadian industries fits within this larger program of public aid to industry. CIDA projects seem to be a way to export Canadian goods and expertise. However, Adams argues that it is a very

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[70] See Jeanne Kirk Laux and Maureen Appel Molot. State Capitalism: Public Enterprise in Canada. Ithaca, N.Y.: Cornell University Press, 1988.

[71] Andre Blais. A Political Sociology of Public Aid to Industry. Toronto: University of Toronto Press, 1986, pp.28-56.

minor part of Canadian exports.[72] Nonetheless, turnkey development projects help expand Canadian markets[73] by getting new users to use Canadian technology and expertise, both during and after the project. Both Dagenais and Wright argue that the government should do more to help Canadian businesses find and win international contracts from development assistance institutions. Wright also says the government should coordinate aid and trade strategies more to give Canadians better knowledge of Third World markets.

ODA money can also be used to support other government policies. The distribution of CIDA's money could support the government's regional development policies. According to Blais, the federal government does not consistently use its purchasing policy as a regional development tool.[74] However, according to Dymond, CIDA has a policy, written or unwritten, of fairly and evenly distributing its funds to all the regions of Canada. For its telecommunications projects, CIDA does its own short-listing of candidates for projects, keeps a list of potential bidders, and tries to distribute its work and money across the country.[75]

Although CIDA does not keep a record of the regional distribution of its contracts, the statistics it gives in its Business of Development publications can be analyzed to show B.C.'s share of CIDA contracts. For instance, in October of 1986, B.C. had 9% of all current CIDA contracts, and had 8.9% in May of 1988. This percentage is similar to the proportion of federal government transfers that go to B.C. The province received about 8.9% of the money transferred by the federal government to the provinces and territories in the fiscal year 1982-83, and 9.5% in 1986-87.[76] CIDA does not seem to discriminate either for or against

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[72] James H. Adams. Oil and Water: Export Promotion and Development Assistance: A Critique of the Hatch Committee Report. North-South Papers #2. Ottawa: North-South Institute, 1980, p.32.

[73] Wright, p.507.

[74] Blais, p.55.

[75] Dymond, 1988.

[76] These numbers were derived from the two Statistics Canada sources.

It is more difficult to determine if this is an appropriate percentage. The federal government does not publish statistics showing how much of its revenue comes from British Columbian sources. There is no way, then, of knowing whether B.C.'s share of CIDA contracts reflects its contributions to federal revenues. Another measure of "appropriate share" might be the province's population, but the differences between these numbers and 11%, which is B.C.'s share of Canada's population, can be explained by a number of other factors. For instance, B.C.'s economy is less diversified than that of central Canada, and this may affect the number of companies which can bid for CIDA contracts.

However, some people feel B.C. does not get everything it deserves because it does not make the effort to find out what is available. B.C. does not have much in place, in terms of lobby instruments, to help export B.C.'s "high tech" products through the federal government. The percentage of CIDA funds that goes to B.C. "high tech" as opposed to "telecommunications", or even "low tech", companies can not be determined from the data in the Business of Development series. The information is either not detailed enough, or uses undecipherable acronyms. However, provincial organizations like the Ministry of International Business and Immigration and the British Columbia Trade Development Corporation are too new to have had a substantial pragmatic impact yet on British Columbia's exports.

However, Canadian companies are not the only beneficiaries of Canadian development assistance. Aid is meant to benefit the Third World, and a number of regions and countries benefit from Canadian aid.

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[77] The Minister for External Relations and International Development in 1986, Monique Landry, also told the Standing Committee on External Affairs and International Trade that B.C. received 9% of CIDA's contracts. However, information presented to the House of Commons in 1984 suggests that the province does not do as well in some areas. While B.C. received 9.1% of CIDA's contracts for services from 1977 to 1983, the province received only 3% of the contracts for goods.

Developing World Recipients of CIDA's Money

CIDA has given assistance to virtually every country in Africa. However, it has concentrated its work on seven core countries in Anglophone Africa and on nine core countries in Francophone Africa.

In Francophone Africa, CIDA's core countries tend to be the poorest: Mali, Burkina Faso, Rwanda, Niger, and Guinea are all least-developed countries. Of the others, Zaire, Senegal, Cote d'Ivoire, and Cameroon, Zaire is in serious social, political, and economic trouble. This seems to be evidence of CIDA's policy of favoring the worst-off. The record in Anglophone Africa is different. The only core country there that is a "least-developed country" is Tanzania. However, half of them are "front-line" states, and CIDA strongly supports SADCC: this political motive seems to explain the choice of "core" countries.

Many other Western donors give aid to these "core" Third World countries. It is very hard to say how well Canada is doing overall in "marketing" its development assistance program vis-à-vis other donors. All one can claim is that Canada does not have such an overwhelming presence in any one country that Canada tends to monopolize development activities there. As far as specific sectors are concerned, it is as hard to get data showing each donor's "market share" in a particular country.

CIDA's main "competition" in Francophone Africa is obviously France. France has tried to maintain a strong presence in its former colonies, and in all francophone countries in general. CIDA officals and other people in the Canadian development assistance sector would often compare their activities, policies, and accomplishments with those of France.

Insofar as Canada and France are competing for development projects in Francophone Africa, they seem to be trying to avoid direct competition. France tends to favor high or middle income developing countries for its aid,[78] while

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[78] Steven Arnold. Implementing Development Assistance: European Approaches to Basic Needs. Boulder, Colorado: Westview Press, Inc., 1982, p.24.

Canada works in the poorer countries.

However, contact between the two aid programs is unavoidable at times, especially since France has such a high profile relationship with all its former colonies, and Canada had been expanding its presence in Francophone Africa during the '70s in response to its development and language policies. Rwanda was one country where Canada and France met and competed in the telecommunications sector.

CIDA seems to be suffering from confusion over what its goals should be. The institution is divided over the extent to which development assistance should benefit the donor as well as the recipient. At the same time, CIDA is subject to pressure from the government to make its money serve short-term Canadian interests. This has an effect on how well CIDA can carry out its mandate, especially when it faces "competition" from other donors and when it has to deal with problems from its Canadian consultants and its developing world partners. To some extent, this was the situation CIDA faced in Rwanda. Before that situation can be analyzed, however, the historical, social, political, and economic circumstances of Rwanda must be described, in order to more fully contextualize CIDA's first national telecommunciations project in Rwanda.

CHAPTER III

RWANDA

Technology transfer and development takes place in specific national and international contexts. This chapter presents the situation in Rwanda when the Canadian project cycle was taking place. Rwanda's economy and trade relations are analyzed first. These are then related to Rwanda's relations with the West and to its sources of development aid. Canada's development aid activities in Rwanda fit within a larger pattern of development assistance to the country, and can be better examined with that background in mind.

One important fact from that background should be emphasized here. Much international trade in Africa goes through major coastal ports. To a certain degree, this is a legacy of the colonial period, when trade routes were designed to drain raw materials to the metropolitain countries. Since Rwanda has no such port, it is dependant upon others, and on events in those other countries. However, Rwanda is "doubly land-locked", since it trades through two other countries, one of which is also land-locked.[1] Because of its position, effective communication and transport are all the more important to Rwanda.

History

Rwanda is a small East African country, sandwiched between Tanzania, Burundi, Zaire, and Uganda. It is quite elevated, on the Nile-Zaire divide, and can be divided into six major geographical and climatic regions, ranging from the moist high altitude west to the lower, dryer savanna in the east. This means there is a relatively diversified agriculture, but there is also a serious problem with erosion and impoverishment of the soils because of the hilly terrain.

There are estimated to be some six million people, and Rwanda has the highest population density outside of the Nile Delta (over 230 people per square km). There are two major ethnic groups, the Hutu (approximately 88%) and the

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[1] B.W. Hodder. Africa Today. New York, N.Y.: Africana Publishing Co., 1978, p.37.

Tutsi (9-11%). Although they are ethnically different, and the Hutu are farmers while the Tutsi are herders, they share the same language and culture.

The Hutu are the dominant group. The major division of ethnicity (as opposed to ethnic group[2]) is between the northern and southern Hutu. The northern culture is more individualistic, but also more rooted in the pre-colonial feudal system than the southern culture.[3] The North initiated the revolution, but the first president, Gregoire Kayibanda, was a southerner. The second and current president, Juvénal Habyarimana, led a coup against Kayibanda, and is a northerner. Northerners now dominate the Cabinet and probably the country.[4]

The population can also be divided by activity. 88.6% of the people work in agriculture (although this percentage has been dropping very slowly: it was 95% in 1960), less than 2% in manufacturing, 1% in commerce, 3% in government, and 1% in services. Most skilled Rwandans end up in the public service, so Europeans and Asians hold many of the private sector jobs requiring skills. Many people are unemployed or underemployed in the agricultural sector.[5]

Pre-colonial Rwanda was a feudal monarchy. The Tutsi controlled the Hutu through a complex system of feudal and clientage loyalties.[6] Belgium, the colonial power, had a policy of indirect rule, which relied heavily on the corvée system of "voluntary" labour, but unwittingly weakened the legitimacy of the Tutsi feudal system. For instance, extra "corvées" were introduced which made Tutsi rule seem harsher. As well, the system of checks and balances of three chiefs in each district was destroyed when Belgium replaced them with one chief, in the

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[2] Hodder, p.44.

[3] Rene Lemarchand. Rwanda and Burundi. New York, N.Y.: Praeger Publishers, 1970, p.25.

[4] G.T. Kurian. "Rwanda." In Encyclopedia of the Third World. Third Edition, Vol. 3. New York, N.Y.: Facts on File, Inc., 1987, p.1650.

[5] Kurian, p.1655.

[6] Lemarchand, p.36.

name of administrative efficiency.[7]

After World War II, the Belgian administrators in Rwanda (but not necessarily those in Brussels) and the Catholic Church began to side with the Hutu against the Tutsi "oppressors". The seminary was especially important in raising Hutu "consciousness". This led to the Hutu revolution against the Tutsi, but not against Belgium. Belgium granted independance to a Hutu-controlled Rwanda in 1962. Ethnic violence led to the flight of over 150,000 Tutsi from Rwanda.[8] Later violence in 1966 and 1972 was also associated with similar violence in Tutsi-controlled Burundi. The 1972 troubles led to the coup of 1973, when the chief of the army and national police, Habyarimana, took over. He ruled under military rule until 1978, when he was elected out of a field of one.

Although Belgian rule was very short, and was under the Mandate or Trustee system, it shaped Rwanda's present agriculture and economy, as well as its political system.

Economy

Rwanda is primarily an agricultural nation. Agriculture accounts for about half of the GDP, and is mostly subsistence agriculture: cash crops tend to be adjuncts to food crops, and very little of what is produced is brought to market. The Belgians, though, were responsible for the cash crops exported from Rwanda.

Most of the agriculture is done on the central plateau and on the Zaire-Nile watershed mountains.[9] Erosion, and consequent loss of soil fertility, have been serious problems. Most people live on the hillsides in small family holdings, rather than in the hotter, less comfortable valleys. (The "hill" is an important

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[7] Alison Des Forges. The Impact of European Colonization on the Rwandan Social System. N/A, 196-, pp.3-5.

[8] Kurian, p.1648.

[9] Richard F. Nyrop et al. Rwanda: A Country Study. Written by Foreign Area Studies, The American University, Washington, D.C. for the Secretary of the Army, 1969. Washington, D.C.: Government Printing Office, Fifth Printing, 1985, p.148.

unit of social and family organization.)

Rwanda's topography made the telecommunications network more difficult and expensive to build. Because of the mountains, few sites are well-suited for microwave towers. For instance, two mountains, one near Kigali and one in the west of Rwanda, are repeatedly used by different communication systems because they are the only ones high enough to allow the transmission of microwaves over the other mountains.

The distribution of the population also causes problems. There are few true towns, and many of the existing centres of population were created during the colonial period. Most people still prefer to live more or less evenly distributed across the country. There are thus few centres that are ideal places to build a telecommunications facility connected to a national network. Heather Hudson similarly commented on the difficulty of designing a rural telecommunications network. Because there are so few centres of population, it is hard to provide everyone with reasonable access to a telephone and still have a reasonably uncomplicated network.[10]

With heavy population and cultivation of the land, erosion has been serious. Belgium had started anti-erosion works, but the work was interrupted during the troubles at independence. The government is continuing that work, and is also trying to resettle people in the valleys in "paysannats", cooperative farms producing cash and food crops.[11] The Belgians started this policy.

Another problem Rwanda faces is feeding her population. Agricultural production growth has not kept up with population growth.[12]. Under good conditions, Rwanda could feed herself, but the margin of error is so small that climatic problems can cause food shortages. Since 1976/77, Canada has provided Rwanda with increasing amounts of food aid for reasons of drought or floods.

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[10] Heather Hudson. Interview. February 26, 1988.

[11] Kurian, p.1654.

[12] Kurian, p.1654.

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The proportion of food aid to total aid disbursed rose rapidly, peaked in 1985/86 at $3.5 million, or just under 30% of CIDA's bilateral aid to Rwanda, and dropped quickly in the following two years.

The principal food crops are, in order of importance, plantain bananas (often made into beer), sweet potatoes, cassava, potatoes, beans and peas, and sorghum. Traditionally, cattle raising has been important, but rarely for meat since it is a status symbol. Sheep and goats are also raised. In general, though, livestock raising is not integrated into the agricultural system.[13] The government is trying to change this, for instance by expanding the production of skins and hides for export.

Most of Rwanda's export earnings come from agriculture (70-80%). The major export crop, introduced by Belgium, is coffee. Depending on the size of the crop and the price of coffee on the international market, it accounts for about 60% of export earnings,[14] and about 90% of agricultural export earnings.[15] Other cash crops include tea and pyrethrum, with some cotton and tobacco. Rwanda is a relatively small producer of tea, which unfortunately has a variable price on the international market anyway, and, despite a large processing facility, pyrethrum has not yet lived up to official hopes.

To overcome its problems, Rwanda has made agriculture a priority in its development plans. As well, a good proportion of international aid focusses on agriculture and integrated rural development. Rwanda also has been hoping to develop its mineral resources to reduce its dependence on coffee. The main mineral resource is tin. There is also some tungsten and cassiterite. Clay, gravel, and sand are also produced for the local market.

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[13] Nyrop et al., pp.160-1.

[14] This was true in 1984. However, the percentage has fluctuated around 60% in other years. Kurian, p. 1656; Graham Hancock, ed. Africa Guide 1981. Essex, England: World of Information (Middle East Review Co. Ltd.), 1981, p.309.

[15] Nyrop et al., p.154.

However, mining has contributed only approximately 2% of the GDP and 1/3 of export earnings.[16] Rwanda produces 1.1% of the world's tin concentrates,[17] but production has stagnated or even declined. The equipment at the mines has not been modernized for some time, but more importantly, the prices of Rwanda's mineral resources like tin and tungsten have fallen dramatically since the end of the 1960s. Tin no longer brings in what it used to, and tungsten has fallen so far that the main producers' association, the Primary Tungsten Association, disbanded two years ago, and Rwanda stopped producing.[18] Thus, the export of mineral ores and metals has not helped Rwanda diversify its economy and its exports to any great degree.

Rwanda's industrial sector is extremely small. It employs less than 2% of the labor force (agriculture has 90%), and accounts for only 13% of the GDP.[19] It is mostly centered on processing raw materials to increase value before export. Some enterprises process coffee and tea. There is also a plant for producing pyrethrin insecticide from pyrethrum flowers, and a smelter for tin ore, both built in 1980. A few industrial plants were built to reduce Rwanda's dependence on some imports. For instance, there are two textile mills, and paint, soap and furniture factories.[20]

Rwanda therefore has a classic Third World economy. It produces mostly raw materials, both for internal consumption and for export, and its industrial sector is very underdeveloped. In general, the various sectors of the economy are "disarticulated", since they do not produce inputs for each other, but exports for foreign markets.

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[16] IBRD. World Tables. Third Edition. Baltimore: John Hopkins Press, for the International Bank for Reconstruction and Development, 1983, p.151.

[17] Kurian, p.1656.

[18] "Tungsten Group Set to Disband", Globe and Mail. Tuesday, November 17, 1987. p.B-26.

[19] Kurian, p.1654.

[20] Hancock, p.309.

<u>Trade</u>

Although Rwanda's trading patterns are still based to a large extent on the old colonial trade with Belgium, its trading partners and routes have been somewhat diversified.

Rwanda exports mostly raw or semi-processed materials.[21] Coffee is the most important export. Tea came second at 17.2% of export earnings in 1984, and tin brought in 7.9%.[22] The remainder was earned through exports of tungsten, skins and hides, and pyrethrum. In each case, Rwanda accounts for only a small proportion of the world's total production, although there was hope in the early 1980s that Rwanda could become the world's third largest producer of pyrethrum.[23]

Rwanda's main export trade partners are Belgium-Luxembourg, other EEC countries, Japan, and Kenya and Tanzania. The U.S. is also an important export market, especially for mineral ores. Unfortunately there is little data available on the value of each market or on the products sent to each one. However, the industrial economies receive 81.2%, and the developing economies 16.2% of the exports. As well, Belgium-Luxembourg has become progressively less important as an export market since independence, while exports to Kenya have grown (13.4% of exports in 1984).[24]

However, despite these exports, Rwanda has had a trade deficit for most of its existence because it has to import most of its needs, especially in manufactured and finished goods. In 1984, 12.8% of its imports consisted of transport equipment for its important road system. Transport equipment is especially important since Rwanda is land-locked and relies heavily on roads to move its goods to market and out of the country. Another 12.8% was machinery

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[21] Nyrop et al., p.109.

[22] Kurian, pp.1655-6.

[23] <u>Africa Report</u>. November-December 1980, p.33.

[24] Kurian, p.1656.

and tools, 12.4% for petroleum products, 11.5% for clothing, 9.7% for food, and 8.7% for construction materials.[25] In this context, it should be clear that almost its entire needs in telecommunications must be met by imports.

In 1984, Rwanda imported most of all of this from the EEC (45.2%), with Belgium-Luxembourg being the most important.[26] However, France is a strong challenger for exporting to Rwanda, especially since France is hoping to become the Western "patron" for all francophone developing countries.[27] Japan is also an important source of imports, a consequence of Japan's push to export goods and development aid to the Third World.[28]

Rwanda's trade patterns show it to be a Third World underdeveloped nation. It exports raw materials, and imports finished goods, mostly from the industrialized, developed West.

However, its trade with the West is difficult. Since Rwanda is a land-locked country, its external trade suffers from several obstacles. In general, it is subject to more factors outside of its control than most countries in Africa.

Rwanda exports and imports primarily through Mombasa, Kenya (which is also an important Third World trading partner), by way of Uganda. Another route through Burundi and Tanzania is less used, since it is longer, and requires more trans-shipments than the Kenya route. For the most part, this port can handle Rwanda's needs. However, any bottlenecks there will affect Rwanda's supply of goods. For instance, in September 1982, Kenya's oil refinery closed down since the country no longer had the foreign exchange to buy crude oil. Unfortunately, Rwanda, as well as Uganda and Burundi, relies heavily on that refinery for its fuel.[29] Consequently, all transport within and to and from Rwanda was shut down.

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[25] Ibid.

[26] Ibid.

[27] Guy Arnold, p.54.

[28] Ibid., p.90.

[29] Africa Report. November-December 1982, p.28.

This jeopardized all trade, including the schedule of a Canadian telecommunications project underway at the time.

On the whole, though, Kenya is not an important obstacle to smooth trade. Uganda has been the major problem. Rwanda ships its goods by truck to the railway at Kampala, and then ships them by rail to Mombasa. It receives its imports in the same way. However, the troubles in Uganda and between Uganda and Kenya have interfered with the movement of trucks through that country. For instance, in July 1976, Kenya shut off fuel supplies to Uganda. Consquently, Ugandan troops seized tanker trucks bound for Rwanda, causing a fuel shortage there.[30] In 1979, Rwanda's trade routes through Uganda were again cut, and French president Giscard "reportedly promised Rwanda a large amount" of aid during the Franco-African Summit of 1979, ostensibly because of those trade problems.[31]

Rwanda's external trade was again jeopardized in 1982-3, when relations between Rwanda and Uganda became tense over a refugee problem. Rwanda has tried many different strategies, through several bilateral and multilateral fora, to lessen these trade route problems, but many factors are beyond its control.

Rwanda's internal trade is also highly dependent upon road transport, since there are no railways or navigable rivers. The record here, though, is mixed. Rwanda has an extensive road network, but most of it is unsurfaced and cannot be used during the rainy seasons.[32] Rwanda has also had problems maintaining the roads it has. The World Bank's earliest loans focused almost exclusively on road maintenance and upgrading, suggesting that although some expansion was taking place, Rwanda was still short of equipment and the expertise needed to maintain the road network.

However, the role of the West in present-day Rwanda is not limited to influencing the structure of the economy, or shaping the pattern of external trade.

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[30] *Africa Report*. September-October 1976, p.28.

[31] *Africa Report*. July-August 1979, p.34.

[32] Kurian, p.1659.

Western expertise, through experts and through corporations, is vital to the smooth operation of the economy, and development aid is important to its "health" (although some nations, France and Britain in particular, consider foreign investment by transnational corporations to be "aid"[33]).

Relations with the West

In terms of trade, Rwanda is oriented very much towards the West. The industrialized West is also important to the economy in other ways.

Rwanda has had a generally pro-Western foreign policy since its independence. This may be due in part to Belgian help during the "revolution". Rwanda may also realize the country needs foreign aid, and the major source of aid is the West. For instance, Rwanda had to rely on International Monetary Fund interventions in the mid '60s to redress its balance of payments situation.[34]

President Habyarimana is more independent from the West and more "pragmatic" than Kayibanda. He broke ties with Israel, has accepted aid from China, and untied the Rwandan franc from the U.S. dollar in 1983, realigning it with the Special Drawing Right.[35]

Despite this, Rwanda has had to depend upon the West and its expertise. A legacy of the colonial period and a problem common to many African nations that it has had to overcome is a lack of skilled manpower.

Information on the total number of "expatriate" advisors in Rwanda, or on their positions, was not available. However, Belgium tends to be the major

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[33] Since direct foreign investment helps the host nation insofar as jobs are created and some technology transferred, some governments have decided that it would be considered "aid". However, the investment is meant first and foremost to benefit the foreign company, and the transfer of technology is usually incomplete, with only limited skills and expertise given to the host nation. Guy Arnold, p.59.

[34] Nyrop et al., p.130.

[35] Africa Report. November-December 1983, p.36.

source for advisors in the army and government.[36] French and German expertise is also present, the latter especially in "Radio Kigali", which West Germany donated in exchange for the right to build a transmitter for Deutsche Welle in Rwanda.[37] During the colonial period, a Swiss priest helped set up the major cooperative organization in Rwanda, and the Swiss have been helping since then. The Catholic Church has been an important source of aid, often working with agencies from donor nations in the areas of health and education. Eighty-five percent of primary and secondary schools are mission-run.[38]

The International Telecommunication Union (ITU) also had a "representative" in Rwanda. Those representatives are supposed to coordinate all telecommunications development in the nation, to ensure that the activities of various donors complement each other, that all of country's needs are met, and that the ITU's development plan for the country is followed and executed. This function is especially important for those countries with weak telecommunications planning departments. However, as will be pointed out in the next chapter, the ITU's record in Rwanda has been mixed.

Canada has been an important source of expertise for Rwanda, although it is rather difficult to determine its relative importance because much of the needed information is not available. Technical assistance is often part of CIDA projects, and the number of advisors in Rwanda has been continually growing over CIDA's 20 year history.[39]

However, Rwanda has been trying to reduce this dependence on foreign expertise through education, often provided by foreign teachers. Belgium, CIDA and the Church have been major players in this area. They helped set up the National University of Rwanda in 1963, and today two-thirds of the professors

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[36] Kurian, pp.1651, 1657.

[37] Sydney W. Head, ed. Broadcasting in Africa: A Continental Survey of Radio and Television. Philadelphia: Temple University Press, 1974, p.77.

[38] Kurian, p.1657.

[39] Cf. CIDA's annual reports.

there are Belgian or Canadian.[40]

The West also influences Rwanda through direct foreign investment. There is not much information available on this, but private sector investment was 1-2% of total investment in Rwanda in 1982.[41] Rwanda tends to receive most of its aid in the form of grants of various types. The Export Development Corporation of Canada has never provided any money for a private investment in Rwanda, and the International Finance Corporation has provided very little. This seems to suggest that at present few see much commercial potential in Rwanda.

Nonetheless, four Belgian companies control the mining industry, and are responsible for most of the output.[42] The largest, Société Minière du Rwanda (Somirwa), is 51% owned by the Belgian company Géomines, and 49% by Rwanda.[43] Kurian also states that Europeans and Asians tend to own most of the manufacturing firms.[44]

The two commercial banks (which serve the foreign and export sectors) are also mostly foreign owned. The Banque de Kigali is owned by a consortium of Belgian banks, and the Banque Commerciale de Rwanda is owned by European and American banks and by the Rwandan government.[45] The development bank, Banque Rwandaise de Developpement (BRD) regularly receives grants from Western donors in order to continue operating, while the Rwandan "Caisse d'Epargne du Rwanda" is very small.

Although this information is limited, it seems that foreign, Western corporations play an important role in the Rwandan economy. Unfortunately, it

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[40] Kurian, p.1657.

[41] OECD. Geographical Distribution of Financial Flows to Developing Countries - 1979/1982. Paris: Organization for Economic Co-operation and Development, 1984, p.181.

[42] Kurian, p.1656.

[43] Hancock, p.309.

[44] Kurian, p.1655.

[45] Nyrop et al, p.129.

has not been possible to determine the relative importance of Rwandan corporations in the economy. However, information available on the main aid donors, and the proportion of investment they provide, suggests the entire economy depends upon outside inputs.

Aid Priorities

The Rwandan economy depends greatly upon foreign investment, either private or official development assistance, for its health. The country is too small and poor to overcome by itself all the obstacles it faces. It has therefore looked for aid from a number of sources, even though Belgium is still quite important. The aid it has received reflects both what it "needs" and what the donors are able, or willing, to give.

Rwanda appears to have fairly pragmatic policies about accepting aid: if the terms are acceptable, and somebody is willing to give it, then Rwanda will accept it. In practice, though, Rwanda is very dependent upon aid from a few countries and agencies in the West.

In 1979, Belgium, the EEC, and West Germany were Rwanda's three largest sources of money.[46] By 1985 this had changed. The IDA was the single largest donor. Germany was the second, while Belgium had slipped to third. These three together accounted for 40.3% of all the money Rwanda received in 1985.

As the ex-colonial power, Belgium is a very important source of capital, and Rwanda has many links with its old metropole. But most of Belgium's ODA goes to Zaire,[47] and Belgium's role in Rwanda is declining. It provided US$35.1 million (M) in 1979, but only US$20.9M in 1985, even though the total flow of capital Rwanda received from all sources has been increasing.

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[46] Much of the information mentioned here comes from the two OECD sources, Geographical Distribution of Financial Flows to Developing Countries, 1984 and 1987.

[47] Guy Arnold, pp.66-7.

France and Germany are the next two important national sources of money. In the past, they both gave similar amounts, but at present Rwanda receives substantially more from Germany than from France. Germany has even surpassed Belgium since 1983.

In 1979, the EEC was the single most important source of "multilateral" money, but it has been giving less and less (US$24.1M to 11.7M in 1985). The IDA has become more important, moving from second place in 1979 with US$10.9M to first place in 1985 with US$29.9M.

In 1985, these five sources accounted for 55% of all the money Rwanda received from outside sources. The rest came from the African Development Bank (AfDB), which has given varying amounts of aid, and from various United Nations (UN) agencies and organizations. They have given general relatively small amounts, varying from 1 to 4 million dollars US. The United Nations Development Programme is the largest UN donor. As well, other OECD countries have given money, although aside from the U.S., not much in relative terms. OPEC has also given little, with $8.3M in bilateral aid from 1977 to 1981, and $22M in multilateral aid from 1974 to 1981.

For its part, the "communist" world has given or invested very little in Rwanda. This might well be because it has very little to give in the first place. Kurian says all "communist bloc" aid from 1954 to 1976, US$23M, came from China.[48]

An important characteristic of the money Rwanda has received is its "softness". The OECD tables show Rwanda has been given little by banks, and has few "hard" loans. Canadian aid, for one, has been entirely in the form of grants, with no loans.[49] World Bank aid has not come through International Bank for Reconstruction and Development loans but through International Development Association credits. This may be because the country is too poor to handle loans. The few AfDB loans had turned into net outflows of capital to the AfDB

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[48] Kurian, p.1653. My sources do not say what it might have given since.

[49] Cf. CIDA's annual reports, 1969-85.

by 1984, and the net flow of capital from the International Finance Corporation, although small, has been negative since 1980. Thus, in 1985, 71.34% of total "Official Development Assistance" to Rwanda was in the form of grants. The "grant element" of the loans pushed the total "softness" of the money even higher.

The emphasis on grants in the money Rwanda receives shows how poor the country is. There are other signs as well. For instance, many of Rwanda's basic infrastructure needs, like roads, electricity, and water, either have yet to be built, or were provided by foreign donors.[50] Rwanda identifies many of these needs in its Five-Year Development Plans, which provide a forum for it to express its interests.

All of Rwanda's development plans have stressed agriculture and food. The first plan, for 1952-61, written by the Belgians, made erosion control and agricultural development a priority.[51] The second national plan, for 1972-76, also stressed agriculture, and wanted to achieve a 15% increase in food crop production.[52]

The 1977-81 Five Year Plan made agriculture, especially food production, its number one priority. It hoped to develop agriculture beyond self-sufficiency, encourage people to produce for export, integrate farming with raising livestock (which are generally two separate activities), and move people into the valleys where there is available land.[53]

The second priority is rural telecommunications, tying in with another goal in the plan: to create "a liberal investment climate, and provide a base for

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[50] Rwanda has two budgets, one financed by national taxes and revenues for ordinary government expenditures, and one financed by foreign aid for development – Kurian, p.1653.

[51] Nyrop et al., p.145.

[52] Kurian, p.1652.

[53] Africa Report, May-June 1978, p.33.

long-term economic growth",[54] which typically requires a telecommunications infrastructure. Finally, the plan hoped to reduce Rwanda's dependence on coffee and tea to only 50% of export earnings, mostly through an expansion of mining,[55] and made education and electrical power supplies other development priorities.[56] No information is available on the 1982-86 Development Plan, although it probably still stresses agricultural development: the president declared that 1984 would be the "Year of Increased Food Production".[57]

The next step after identifying development priorities is to persuade foreign donors to fund the projects. This is important in Rwanda's case due to a lack of capital. Seventy per cent of the $600M needed for the 1977-81 Development Plan was expected to come from foreign donors.[58] And in 1983-84, official development assistance came to more than two-thirds of Rwanda's import bill, and accounted for over 60% of total investment in Rwanda.[59]

A systematic and complete look at project funding in Rwanda has been impossible, since much of the information is presently unavailable. However, the findings here suggest that the projects reflect both what Rwanda needs and wants, and what the donors choose to give (which often helps the donor in some way).

Much like Rwanda, all the major donors on which there is information have stressed agricultural development. However, each does so in its own way, and "qualifies" that emphasis with other areas of concern.

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[54] Kurian, p.1652.

[55] Hancock, p.308.

[56] Africa Report, May-June 1978, p.33.

[57] Africa Report, July-August 1984, p.45.

[58] Hancock, p.308.

[59] IBRD, Annual Report, 1983/1984, p.84.

Thus, agriculture is a priority for the World Bank. Four of 19 projects from 1969 to 1984 have dealt directly with agricultural development. A number of others since the mid 70's, when the Bank started to co-finance its projects and had to accommodate the interests and goals of other donors, have indirectly helped agriculture. However, the main priority of the Bank in Rwanda, especially before the mid 70's, has been the development of the road network. There is an emphasis in East Africa on transport for agriculture.[60] Thus, the Bank's interest in agriculture is concerned in part with moving the produce to market, internal or foreign.

The Canadian International Development Agency is also concerned with agriculture, and has given money to the IDRC which is improving food crops in Rwanda.[61] But again, CIDA's emphasis is characterized by the type of aid it can give. For instance, forestry is an important part of CIDA's development program in Rwanda. CIDA also provides food aid whenever necessary. However, CIDA's main concern has been education. Approximately half the projects have funded Canadian teachers or the National University of Rwanda. As well, one part of the development program in Rwanda is training government administrative staff. Even the third part of the program on industrial development includes a management technical assistance component, the rest being telecommunications and mineral prospecting, two areas of Canadian expertise.[62] This emphasis on training is not irrelevant to Rwanda's needs, but clearly CIDA projects fall in that area where Canada's interests and areas of expertise, and Rwanda's needs, intersect.

Although there is less accessible information on the other donors, they seem to follow the same pattern of seeking to integrate their interests with Rwanda's needs. For instance, the United Nations Educational, Scientific and Cultural Organization and the U.S. Agency for International Development have a substantial interest in education, and with the World Bank are providing money

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[60] IBRD, Annual Report, 1971/1972, p.18.

[61] Sylvie Belanger. "Tubers on a Thousand Hills." IDRC Reports, Vol. 16, #3. July 1987, p.20.

[62] CIDA, Canadians in the Third World, 1982/1983, pp.29-30.

for education in support of agriculture.[63] The European Development Fund is supporting agricultural diversification,[64] but 60% of its money is going towards rural development and roads:[65] the EDF may have a number of motives for funding this, but among them is probably facilitating the export of agricultural goods to the EEC, of which Rwanda is an associated member under the Lomé conventions.

Belgian aid has paid for technical assistance personnel, especially teachers, and has emphasized agriculture, telecommunications,[66] and health care.[67] It is harder to speculate on this, but if the above pattern holds true, these would be areas of expertise in Belgium.[68]

An exception to all the donors interested in agricultural development is the European Investment Bank. It has emphasized "industrial" projects. It recently financed a tin smelter for Somirwa, gave capital to the BRD to help set up small and medium sized businesses, and provided money for a regional hydroelectric project.[69] The projects also reflect the EIB's interests to a certain degree. For instance, although Rwanda needed a tin ore smelter, the company that benefited from the loan was Belgian.

Because of Rwanda's dependence upon foreign aid, it clearly can not escape the influence of the West. Although Rwanda has some say in how the country is developed, the West, and especially the old colonial power, can direct that development to a strong degree and encourage it to reflect their interests.

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[63] Hancock, p.308.

[64] Kurian, p.1653.

[65] Hancock, p.308.

[66] However, in my research of Rwanda telecommunications, I have not found any Belgian project in that sector since at least 1972.

[67] Kurian, p.1652.

[68] Belgium is certainly expert in agriculture.

[69] This information came from the EIB's annual reports.

It is undeniable that Rwanda has an underdeveloped, dependent, peripheral economy; the degree of foreign involvement through trade, investment, and aid demonstrates this. However, Rwanda has manifested some degree of "freedom", however circumscribed, within its dependence. It has managed to defend its interests by drawing up its own development plans (even though the West probably played a part in that), and in getting most development institutions to recognize its most pressing problem, feeding its people. Rwanda accomplished this through a complex process of negotiating, beginning with the definition of the problem, continuing with the setting up of the agreement between the donor and Rwanda, and continuing throughout the duration of the project.[70]

This suggests that the process of giving and accepting aid is more complex than either modernization theory, which sees it as a tool for development, or dependency theory, which sees it as a mechanism for dominating the recipient, will allow. Aid may in fact be a continual process of negotiation and bargaining, in which each participant defends its own interests and tries to achieve its goals to the extent that their strength and power will allow.

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[70] For instance, the Ministry of Postes and Communications (Miniposco) tried to get CIDA to rebuild several portions of a telecommunications project to meet different standards that had not been agreed upon at the outset.

CHAPTER IV

THE PROJECT

International development is a complex process that neither the donor nor the recipient can fully control. Each participant in a development project is continually communicating its interests and goals and "negotiating" to have them included among the goals of the project. Obviously, the party at the center of this communication network can look after its interests more effectively than the others can. In each of the main periods of the project cycle studied here, the institution at the center of the communication network directed the communication of interests and therefore influenced the goals of the project. CIDA was central in the first period, when the project was being determined. The engineering company which designed the system was key during the project itself, but had to share the central position with CIDA in the final period. In this case, the central influences were Canadian. The project was therefore biased in many ways to favor "Canada" or Canadian organizations, and insofar as the development project was a success, it was a success for "Canada".

The Project Cycle

The context for this negotiation and communication is the development "project cycle". An important proportion of international lending and development assistance is in the form of projects. Baum and Tolbert define a project as a discrete set of actions (eg. investments, planning, policies) within a certain period of time designed to achieve a distinct set of goals and objectives.[1] In development projects, the goals are, at least ostensibly, development objectives.

Each project has a life cycle, a series of stages it goes through, although the stages can often be combined and the process is not necessarily simple and linear. Although the concept was first developed by the World Bank and is most

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[1] Warren Baum and Stokes Tolbert, <u>Investing in Development: Lessons of World Bank Experience</u>. New York: Oxford University Press for the World Bank, 1985, pp.7-8.

used by its employees,[2] it can be applied to all types of development and projects with very few modifications.[3]

The World Bank identifies five stages. In the first, "project identification", an appropriate project idea is matched to the developing country's needs and resources. The second stage, "project preparation", involves designing the project in detail in all of its aspects, especially technological, financial, and economic. The project is appraised in the third stage. This process of appraisal may vary widely between different institutions, but is always carried out before money is committed. The fourth stage is "project implementation", where the detailed plans of the second stage are executed and the project constructed. The final stage involves an evaluation of the project, to learn from the whole process and to see if the project's objectives were in fact achieved.[4]

All projects tend to follow this general project cycle, although there may be variations. However, that five stage analysis is not adequate to fully understand the telecommunications project CIDA funded in Rwanda and the larger development process surrounding it. The process that began in 1973 and led to the project seemed to have three phases, and included the five World Bank stages but also some important additions and differences.

The first phase of the project cycle is the "Pre-investement Studies" phase. It more or less coincides with the project identification stage although it can be longer, and includes studies from many different, often competing, sources. In the

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[2] For definitions and illustrations of the project cycle, see Baum and Tolbert; Nicolas Jequier and Charles Weiss. "Introduction: The World Bank as a Technological Institution." In Weiss and Jequier, eds. Technology, Finance, and Development: An Analysis of the World Bank as a Technological Institution. Lexington, Mass.: D.C. Heath and Co., 1984, pp.9-10.; and Robert J. Saunders, "Telecommunications in the Developing World: Investment Decision and Performance Monitoring." Telecommunications Policy. December 1983, pp.277-84.

[3] See Ian McAllister and Ethel Langille, eds. The Project Cycle: Planning and Managing Development Projects. Halifax: Institute of Public Affairs, Dalhousie University, 1977, and E.P. Weeks, "The Project Cycle An Overview." in McAllister and Longille.

[4] Baum and Tolbert, pp.334-5.

Rwandan project, this phase lasted from 1973 to about 1979, and consisted of a long process of defining, and eliminating, many of the alternative telecommunications projects Rwanda needed and Canada could build. However, it also included studies by other countries and institutions, since CIDA's contribution had to be made in relation to competing and complementary work and proposals, French and Japanese among others.

The second phase is the "Project" itself. This includes the second, third, and fourth stages of the World Bank project cycle, and in Rwanda lasted from about 1979 to 1983. An engineering firm, Teleconsult Ltd. of Vancouver, was hired by CIDA to design and supervise the installation of the microwave system. The fact that the same company was involved in the "preparation" and "implementation" stages may explain why this phase combines so many of the World Bank's stages. Nonetheless, this phase is distinct in most projects, because by this time different ideas from different institutions are no longer competing. Rather, one particular project idea and set of institutions has emerged from that competition. The project is not immune from further conflict, though: the participating institutions may be competing within the context of the project, and studies from the pre-investment phases of competing project cycles can still influence the project. However, this competition takes place within the parameters of the project.

The third phase is the "Follow-up" phase of the project cycle. In this final phase, which in the Rwandan case began in 1983, the donor follows up its work in the developing country, trying to encourage further telecommunications projects based upon what has already been done. This phase includes, but goes beyond the final Bank stage, called project evaluation, and coincides with the "pre-investment" phases of other related projects.[5] This is perhaps because most projects involve technology transfer, which is a continuing process, and is not limited to a single project. The Rwandan telecommunications project cycle is a clear example of this, since CIDA tried to fund further projects in Rwanda based

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[5] However, the Bank's evaluation stage is itself often tied to the pre-investment phases of future projects by suggesting future needs or "Phase II" projects.

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The Project Cycle

World Bank's Stages	My Phases
Identification	Pre-Investment Studies
Preparation	
Appraisal	Project
Implementation	
Evaluation	Follow-Up

upon the microwave network.

A common, but central, characteristic of all these phases is communication. This communication might vary from the close contact of an operational link between two institutions building a development project, to the more impersonal communication through pre-investment studies sent to various organizations. Nonetheless, no matter what the many institutions involved in the project cycle might be doing, they are also continuously communicating to others their interests and objectives. The CIDA-funded telecommunications project in Rwanda is a good example of the various types of communication and negotiation that take place during the various phases of a project cycle.

The Rwandan Project

The Rwandan telecommunications project cycle was very long, mostly because of delays while defining the project. This length, however, is useful, since it lets one see more easily how the project evolved.

During the pre-investment studies phase, CIDA tried to define the Rwandan needs that Canada could fill. The different alternatives were "communicated"

through pre-investment studies commissioned by CIDA and other organizations. There were at least six studies done from 1973 to 1979 dealing specifically with this project.

When the project cycle began in 1973, Rwanda had very little telephone equipment. International communications were limited and carried out through radio-telephone links, the country relied on UHF radio links for national telecommunications, and only the major towns had (outdated) switching equipment. Moreover, much of Rwanda's telecommunications system was not working because the country did not have either the expertise or the spare parts to keep it running properly. Rwanda therefore seemed to be the "ideal" place for developing the telecommunications network.

The first study was done by a French company, Société Française d'Etudes et de Réalizations d'Equipements de Télécommunications (SOFRECOM), for the International Telecommunications Union in 1973.[6] Since the ITU's interests are international, the proposed project would have linked the capital, Kigali, with Zaire through two towns in the west of Rwanda. It would replace the old UHF transmission equipment linking Kigali to Cyangugu in the southwest with a microwave link, and use it to link Kigali with Gisenyi in the northwest. The project would also include an international switching centre at Kigali. The link with Zaire would have improved regional communication with eastern Zaire. It would also have facilitated international communication with Europe and other parts of Africa through Kinshasa, and given Rwanda an alternative to communication through Nairobi.

This proposed system would have been part of the Pan-African Telecommunications Network, but the study suggested a need for a domestic network, and when Rwanda asked CIDA to finance the project, the improvements planned for the links to Zaire were abandoned. CIDA sent Gerry Kenney, a Bell Canada engineer at the time, in 1974 to evaluate the project. He proposed a

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[6] SOFRECOM, Etude de Préinvestissement, Réseau Panafricain de Télécommunications, Sous-projet RAF 231/5-6(BIS), Rwanda-Zaïre, Rapport final. Prepared for the ITU and the UNDP, October 1973.

purely domestic microwave system linking four major towns (Gisenyi, Cyangugu, Butare in the south, and Ruhengeri in the north) to the capital and to an HF radio centre in the east of the country. Interestingly, the National University of Rwanda, which was founded largely with Canadian help and has regularly had many Canadian professors working there, is located in Butare which would have received the most circuits to Kigali. He also suggested CIDA pay for wires for local loops in Kigali, but not for telephone exchanges of any kind, unlike the French proposal.[7]

Another engineer from CIDA was also sent to study the situation.[8] Unfortunately, this study was unavailable. However, he and Roger Deslauriers, from an Albertan firm, were sent back in 1976 to update the previous studies.[9]

The Deslauriers study departed from the SOFRECOM and Kenney reports. It concluded Rwanda was adequately served by its domestic UHF network. The country did not need microwave transmission, rather a few improvements that would make the whole system profitable.[10] Among other things, it proposed giving Rwanda cable for local loops, fans to cool the telephone exchanges, and experts in laying cables. New maintenance centers, service vehicles and training were also suggested.

The report also recommended expanding the network to include new sub-districts and new circuits to Butare from Kigali, however without upgrading the technology. International circuits not working and allocated to African countries from Kigali were also to be reallocated to the more profitable links to Belgium and France.

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[7] Gerry Kenney. Interview. Ottawa: CIDA. May 22, 1987.

[8] CIDA, Plan d'Opération, Télécommunications, Numéro de Projet: 778/00403 (Rwanda). Ottawa: CIDA. May 1979.

[9] Roger Deslauriers, Etude de Projet d'Aide en Télécommunications au Rwanda. Edmonton: KDT Engineering Services Ltd., for CIDA, 1976.

[10] Deslauriers, p.4.

The remaining two studies in the pre-investment phase were an economic feasibility study of the microwave system project done in 1976 by two Canadian professors at the University in Butare, and a synthesis of all preceding projects, done by Kenney in 1977.[11]

Despite the fact that Deslauriers specifically rejected any sophisticated microwave system, CIDA eventually turned back to the prior proposals for the domestic microwave network and cables for Kigali. When the "Protocole d'Entente" on the project was signed between Canada and Rwanda, however, Ruhengeri had been dropped from the system, since the Kigali-Ruhengeri link was felt to be adequately served. As well, the Dutch government took on the job of providing the cables.[12] The Dutch had done some work in Rwanda in the past, since several of the local telephone exchanges were made by Philips, and they were willing to provide cables when Canada could or would not.

There are undoubtedly other studies as well. Most of those analyzed here are Canadian. However, Canada competes with other countries to provide telecommunications equipment of various types, and all other studies and reports should be seen as part of the project cycle. For instance, the ITU in the late 1970s had been studying the need for rural telecommunications in Rwanda. Any rural system would have to tie into the Canadian-designed national telecommunications network.[13] Also, the Japanese proposed in 1979 to install a satellite earth station at Kigali, with a UHF link to Butare, among other things. The earth station was built, but without the UHF link.[14]

As well, in 1981, SOFRECOM wrote a report for the World Bank proposing

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[11] Plan d'Opération, pp.2-3.

[12] Plan d'Opération, p.3.

[13] Eugène N'Zengou, Assistance Integrée en Télécommunications, Rwanda, Télécommunications rurales. Prepared for the ITU and UNDP, October 1979.

[14] B. Kral. Interview. Coquitlam. December 5, 1988. Mr. Kral was Teleconsult's "Project Engineering Supervisor" in the field in Rwanda during the project.

a digital domestic microwave telecommunications system for Rwanda[15] that would tie into the local exchanges that the French were providing in a separate project. Originally, the French had agreed to supply local exchanges and Canada would give transmission equipment, as a way of coordinating aid to Rwanda. However, someone saw an opportunity to build an entirely French communication system. This system was eventually installed, but unfortunately, it runs parallel to the Canadian system in many places. All this French and Japanese activity suggests that they were also doing their own studies, competing with and affecting the Canadian effort in Rwanda, and ultimately influencing the Canadian project cycle.

The Canadian project proposal had been finally reduced to a domestic microwave telecommunications system, mostly because of budget reductions, when the pre-investment phase ended in 1979. The "project" phase began when CIDA shortlisted several Canadian engineering consulting firms and asked them to bid for the design and supervision of the construction of the microwave system. During this period, the communication of interests took place between the various organizations directly involved in the project, with each firm trying to promote its own interests.

A Vancouver firm, Teleconsult Ltd., was awarded the contract. It had done previous work for CIDA in other parts of Africa, but this was its first microwave telecommunications project for CIDA. In addition to its foreign expertise, it was chosen over 3 other bidders because of the capabilities of the people who were to work on the project, their ability to speak French, and the company's ability to handle a $14M project.

After Teleconsult was hired, it proceeded to do its own feasibility study and topographical survey in 1980. In 1981, it produced the detailed Technical Specifications of a network linking Cyangugu, Gisenyi, and Butare with Kigali.[16]

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[15] SOFRECOM, Cahier des Charges, Consultation pour le Programme d'Equipement de Faisceaux Hertziens Régionaux. Prepared for Minitransco and the World Bank, March–April 1981.

[16] These studies were based to a certain extent on the previous studies, since CIDA had told Teleconsult which cities it wanted connected. Unfortunately, the

Training for Rwandan maintenance personnel and a one-year maintenance contract were also included in the budget.[17]

When the federal Department of Supply and Services (DSS) called for bids to provide the equipment, only two companies responded with proposals, Microtel of Burnaby, B.C., and a consortium already working in West Africa on PANAFTEL. Teleconsult reviewed the bids, and finally suggested to CIDA that DSS award the contract to Microtel. In its report, Teleconsult chose Microtel because of its overall "attitude" towards the project.[18] Both proposals had an approximately equal monetary value. Although Microtel's proposal was a bit cheaper and had lower overhead costs, the other proposal had a higher "Canadian content" (71% compared to 68%), and involved more Canadian companies. However, Teleconsult felt that the consortium would consider the project a small part of its overall work, and not give it the time and consideration it deserved. Microtel, being smaller, would see the project as more important, and devote more to it. However, the fact that Teleconsult had worked with Microtel before, and both were B.C. companies, may also have been important factors in Teleconsult's decision. Moreover, CIDA may have accepted Teleconsult's choice in part because CIDA has an informal policy of distributing its contracts equitably to each province.

Microtel began its work in 1982, installing a modular microwave system using Canadian technology that already had been used for many years in B.C. Hydro's dam control communication network.[19] Despite a few hitches, the system

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[16](cont'd) budget CIDA expected was also based on old data. When Teleconsult's estimate exceeded those expectations, CIDA had to go to the Treasury Board to ask for more money.

[17] Teleconsult Ltd., Technical Specification for a National Microwave System, Rwanda, East Africa. CIDA Project No.: 778/00403. Prepared for CIDA, January 1981, pp.1-5.

[18] Teleconsult, Ltd. Bid Evaluation Report – National Microwave System in Rwanda, East Africa. Submitted to the Canadian International Development Agency, September 1981.

[19] A. Gardiner. Interview. Vancouver: Teleconsult, Ltd., November 17, 1987. Mr. Gardiner was Teleconsult's chief engineer in Vancouver for this project.

was successfully commissioned in 1983.

During the project, both the consultant and the equipment supplier had their own officers in Rwanda who were in charge of local operations. Berend Kral was Teleconsult's 'project engineering supervisor' and Henk Schaper-Kotter was Microtel's 'field supervisor' in Rwanda. Both officially reported back to the head offices in B.C. In turn, Microtel worked for DSS, and Teleconsult worked for CIDA although it also communciated with DSS and the Rwandan Ministry of Postes and Communications (Miniposco).[20] CIDA in turn was responsible for communicating with DSS, and with Miniposco and the Rwandan Ministry of Foreign Affairs through the Canadian embassy in Zaire.[21]

Thus, CIDA was officially the central figure in the project's institutional network, while Teleconsult's project manager in Rwanda was out at the periphery. In fact, however, the project manager was at the center of most communication between the institutions, and the official arrangements for communication were often not followed.

Teleconsult's 'project engineering supervisor' dealt directly with his counterpart at Microtel. Both still reported back to their respective firms, but the firms communicated directly with each other and CIDA. DSS was kept at the periphery as much as possible, mostly because it did not have the expertise to contribute to the technical side of the project, even though Microtel's invoices had to be approved first by Teleconsult, then by CIDA, and then by DSS before any money could be given out. An engineer at Teleconsult even confided that DSS tended to make communication more cumbersome, while it did not contribute all that much to the project.[22]

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[20] The name has since been changed to the Ministry of Transportation and Communications, but I shall use "Miniposco" throughout the thesis to refer to the Ministry.

[21] Plan d'Opération, pp.10-16.

[22] A. Gardiner. Interview. April 12, 1988.

Teleconsult's supervisor also dealt directly with Miniposco. The Ministry apparently made frequent demands for things not specified in the contract, in an effort to meet needs not satisfied by the project. Teleconsult usually did not want, or have the authority, to deal with these demands. In such cases, it let the official links take over and referred the whole matter to CIDA. The chief engineer at Teleconsult for the project felt the project would have been harder to complete had they been Miniposco's consultant, as is often the case in development projects, instead of CIDA's consultant, who gave them a lot of autonomy.[23]

Microtel had a different perspective of the institutional network. Since DSS paid them, DSS was much more important to them, and was communicated with directly. As far as Microtel was concerned, Teleconsult dealt only with technical matters, and was occasionally bypassed when Microtel contacted CIDA directly on other matters. Microtel also tended to deal with Miniposco through CIDA.[24]
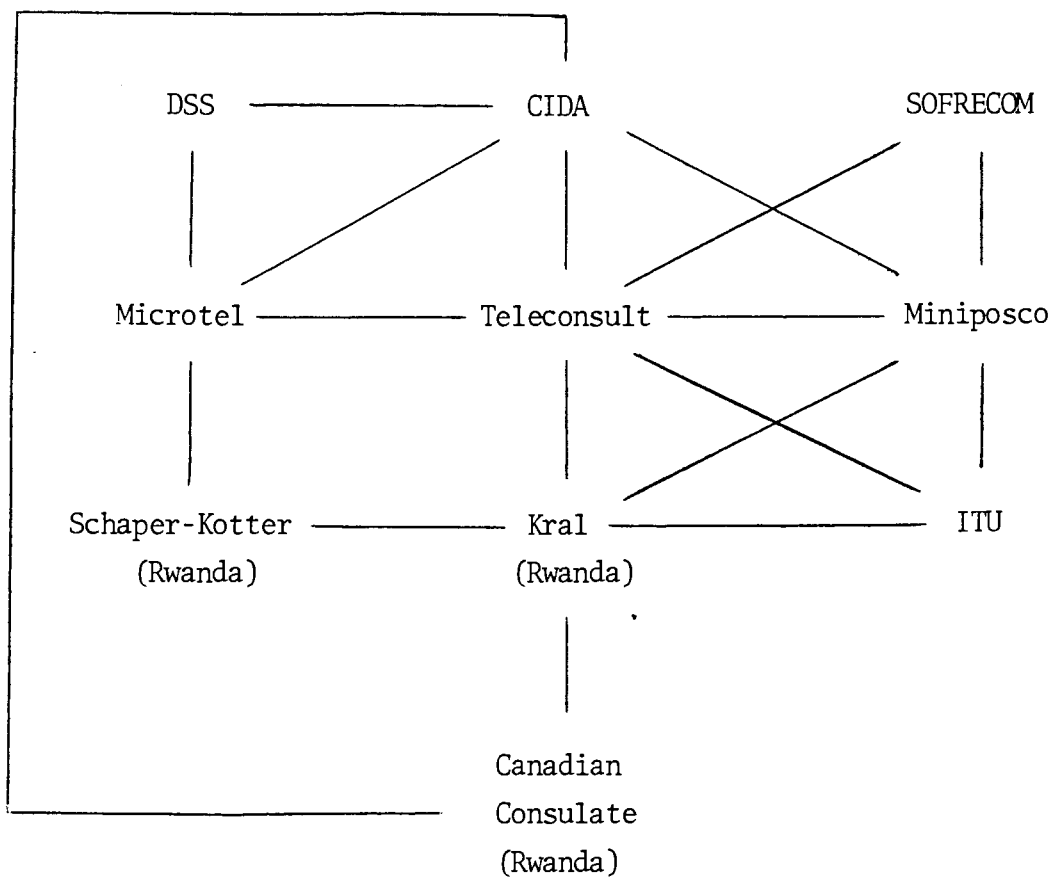
This perspective, though, is not inconsistent with Teleconsult's. Microtel had a different role in the project. It therefore had different communication patterns, and would see the interorganizational communication network from a different point of view. From that point of view, it was as accountable to DSS in the area of accounting as to Teleconsult in the area of engineering. Microtel considered them equally important to their role in the project.

However, although DSS was as important as Teleconsult to Microtel, Teleconsult in fact supervised Microtel. Thus, DSS was still peripheral in the overall communication network centered on Teleconsult. Microtel also had to work with Miniposco through CIDA since the Rwandans often asked Microtel to make changes to the contract. Since only CIDA could do that, the matter would have to be referred to them directly or through Teleconsult. Thus, even though Microtel did not see Teleconsult as central, because of Microtel's place in the overall communication pattern, Teleconsult was at the center of communication.

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[23] Ibid.

[24] Colin Delory. Interview. Vancouver, Microtel, 14 July, 1988.

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                        DSS ——————————— CIDA              SOFRECOM


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                     Microtel ——————— Teleconsult ——————— Miniposco


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                          |              |                   |
              Schaper-Kotter ——————— Kral ——————————— ITU
                  (Rwanda)         (Rwanda)


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                                  Canadian
                                  Consulate
                                  (Rwanda)
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Note: this chart does not show the relative importance or volume of communication between any two players.

Teleconsult's central role affected the project in other ways as well. Since it was in charge of the installation of the system, it made sure that the work done by Microtel and the local Rwandan contractor hired to construct the buildings met the specifications. On several occasions, Microtel's supervisor complained of "interference" in his work, even though Teleconsult's supervisor had an obligation to do so when neccessary.[25]

Teleconsult's supervisor also made sure the project proceeded smoothly. For instance, he made sure all shipments were coming in on time. But more importantly, he appeased everybody when problems arose, such as when Miniposco did not like the way some cables had been laid, or when Microtel's field supervisor accused some Rwandans of corruption, or when Miniposco claimed Teleconsult was Miniposco's, and not CIDA's, consultant.

Teleconsult, both in Rwanda and in B.C., stood at the center of the communications links of the project. Many of these links, official and unofficial, continued during the "follow-up" phase which began after the new telecommunications system was commissioned in 1983. The project included a maintenance contract which was awarded to Microtel along with the construction contract, and which extended two and a half years into this phase of the project cycle. Teleconsult continued to monitor the system during this time.

One month after the commissioning of the system in 1983, Teleconsult prepared a list of "Potential Project Enhancement Programmes" for CIDA. The Agency later asked Teleconsult in 1984 to design a few of these enhancements, most notably a telex system based upon the microwave network. Canadian Marconi was to have provided the equipment. However, various delays and problems of communication with Miniposco have prevented Teleconsult from finalizing the telex system's specifications. The telex equipment has to be compatible with the central switch in Kigali and with subscribers' equipment, but Rwanda apparently had not been consistent when it informed Teleconsult of its technical requirements. In 1987, CIDA was going to send a representative from

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[25] Kral, 1988.

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the manufacturer to get the information first hand, and a contact at Teleconsult estimated the equipment would finally be delivered in 1988.[26]

CIDA also asked Teleconsult to design a rural telecommunications system that would have connected government offices in most sub-prefectures to the Canadian national telecommunications network, but that too is on hold. CIDA apparently wanted Miniposco to improve its maintenance procedures before it went ahead with the project,[27] and Miniposco has apparently asked the Japanese to carry out the project.

There was one other Canadian telecommunications project in Rwanda during this phase. CIDA had had a major agricultural project in the northeast of the country. In 1988, CIDA completed a rural telecommunications system that connected the local administrative centre, Byumba, with four smaller towns and partly served the area covered by the agricultural project. This project, though, is separate from the Canadian national microwave system in that it does not appear to have been directly inspired it, and is not directly connected with it. Instead, that small rural network is connected to the national telecommunications network through a branch of the French national microwave telecommunications system.

The telecommunications project cycle in Rwanda has effectively ended with the completion of that rural telecommunications system. Both the World Bank and CIDA have decided to stop all aid in telecommunication to Rwanda for essentially two reasons.

The first is that the organization of the Ministry in charge of telecommunications does not lend itself to an effective use of the telecommunications system it has in place now. The telecommunications entity in the Ministry has no ready access to money for maintenance. All expenditures have to approved by the Minister before any maintenance work can be done. The Ministry also has relatively little control over its money for telecommunications, in that it depends heavily on the Ministry of Finance for funds. The Bank and
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[26] Bob Marten. Interview, 20 April, 1988.

[27] Kenney, 1987.

CIDA insisted that the telecommunications entity of the government reorganize itself to be more like a corporation with more autonomy and control over its activities.

The second reason is the weak maintenance capability of Rwanda. Microtel had to repair some equipment already in place before its own system would function properly. Deslauriers wrote about the generally poor state of Rwanda's telecommunications physical plant. CIDA had renewed Microtel's one-year maintenance contract for an additional 18 months, and later gave it to Quebec Telephone. This suggests that the Canadian system was not being maintained properly by the Rwandan government. CIDA and the Bank would like to be sure Rwanda can and will maintain what they have before any new equipment is installed.

This has effectively stalled the telecommunications project cycle in Rwanda. Thus, in this case, the follow-up attempts were commercially unsuccessful, despite the apparent success of the project. Problems of communication with the Rwandans and competition with the French and Japanese have brought the project cycle to an end 15 years after it began. However, some conclusions can be drawn from the project and its cycle, the most important one being that the central figure in the communication network connecting the parties involved in a project will strongly shape the outcome of the project.

Interests and Communication Patterns

The institution at the center of the communication network connecting the organizations involved in the project not only influences the shape and the success of a development project, but also determines for whom it will be a success. Clearly, the institution that can articulate its interests and control the flow of information and communication will best be able to make the project reflect its interests.

For instance, both CIDA (which was the central communicator in the pre-investment phase) and SOFRECOM seemed to prefer projects that used sophisticated, "glamorous" microwave technology. It presumably makes better use of their technological capacities, although there may be other reasons as well. "Big", glamorous projects are better, for instance, for international public relations and marketing of national technologies. They also help the aid agencies disburse all the money allocated for that year. Because of the glamour of sophisticated technology, once one institution proposes a project using it, all the others that may get involved later on will propose similarly designed projects in order to compete effectively.

The evolution of the project shows the importance of communication in development: SOFRECOM had set the agenda with their first study, and despite the very different proposals it had received in the meantime, CIDA returned to it, even if it had been modified in the process. Thus, the Deslauriers proposal was eventually passed over, even though Rwanda could probably have used all those "little" improvements. Several people at Teleconsult and Microtel hinted that Rwanda may not have really needed a new telecommunications system in the late 1970s. More effective maintenance of the existing network would have been more useful.

Kral also suggested that the transfer of technology, expertise, and knowledge, which is at the core of development, was not adequately addressed in the Canadian project. There are a number of possible reasons for this. The contract should perhaps have placed greater emphasis on training. The contract gave Microtel the job of maintaining the system for a year after the start-up, and that part of the contract was renewed several times. Kral's own duties prevented him from devoting more energy to training local technicians, as he had done in earlier projects in other parts of Africa. Finally, Miniposco delayed making available its employees who were to be trained in maintaining the Canadian technology. Kral stated that that was not done while he was involved in the project, i.e. before the system was commissioned in October 1983. All these factors prevented the project from effectively meeting Rwanda's needs for

maintenance.

Canada and France are not the only donors who favor sophisticated technology. Japan, for instance, convinced Rwanda it needed a sophisticated earth station, even though the ITU's original plan for Rwanda was limited to a terrestrial link to earth stations in Zaire and avoided duplication of expensive satellite communication equipment. In the end, Rwanda has very sophisticated transmission technologies, and only a handful of telephones.[28]

Later on, during the project itself, Teleconsult used its position at the center of the communication network to resist Miniposco "demands". It made sure the buildings Canada paid for were used to house only Canadian equipment. For instance, the French asked Teleconsult if they could use one of the Canadian buildings to house French telecommunications equipment, since that would have saved the French trouble and money, but this request was denied. It also defended Canadian cable laying practices, when Miniposco wanted extra protection which was not specified in the contract. As well, Teleconsult defended its status when Miniposco demanded that Teleconsult do what the Ministry wanted since Miniposco claimed it worked for them, and could be expelled from Rwanda for non-compliance.

The central communicator is also vital to the success of a project. A number of things must come together if a project is to be successful. The technology, for example, needs to be well designed and appropriate to the needs of the recipient country, however those needs may be defined. As well, every participant should have some of their interests met, so that everybody feels satisfied to a certain degree with the project. The project manager in the field can also be especially important, and a good one can do much to facilitate the entire project implementation process.[29]

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[28] There were 4600 telephones in 1984, giving a density of .0736 telephones per 100 people. By comparison, B.C. had a telephone density of 63.1 per 100 people in 1984. From George Kurian, "Rwanda." In Encyclopedia of the Third World. Third Edition, Vol. 3, p.1656.

[29] Chester Lucas, "A Good Project Manager Is HArd to Find." In Readings in International Business, Third Edition. Richard Farmer and John Lombardi, eds.

Another important factor in the success of a project is what the World Bank calls "country commitment". This commitment is related to the above points, since a country is more likely to support a project appropriate to its needs and interests. This commitment will vary over time, and among the participants in the project. However, that commitment is necessary since an uncommitted participant will obviously not give its full support to the project, and may even create obstacles.[30] Mr. Kral had to spend a lot of time trying to get the Rwandan bureaucracy to "talk" about questions that were important to the project but not of interest to the bureaucracy.

The Rwandan government was to supply the manpower to bury the communication cables between the microwave towers and the central telephone exchanges. It was also to build an access road to one of the new sites. In both cases, Kral found it difficult to get them to talk to him to give him information on that work and coordinate it with Microtel's work. On the other hand, the government was interested in getting a new switch to tie the Canadian system into the old network. This was not part of the original agreement, but Rwandan officials were willing to discuss it endlessly in meetings and memos.[31]

Nonetheless, despite the importance of "country commitment", the actions of the institution at the center of the communication network are vital to the success of a project. In some cases, such as the Rwanda microwave project, the central communicator can influence the process through which the needs to be satisfied are determined, as well as the design of the system and project itself. This allows it to determine in part the goals of the project, and therefore the likelihood of successfully achieving those goals. It also plays a role in maintaining the participants' commitment to the project: being at the center, it has to mediate and manage everyone's interests. It also has to see that everyone at least feels that they are benefiting from the project and the

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[29](cont'd) Bloomington, Indiana: Cedarwood Press, 1983.

[30] Richard Heaver and Arturo Israel, Country Commitment to Development Projects. World Bank Discussion Paper #4. Washington, D.C.: The World Bank, 1986, pp.1-4.

[31] Kral, 1988.

development process, and that the project was a success in some way.

At the same time, the central communicator, whether an organization or a person, has to mediate and promote its own interests. That institution or person may be working for another, and therefore share, or at least promote, some of the other's interests. It has its own interests, however, not the least of which is to maintain its own autonomy and ability to make decisions. The central communicator is thus very likely to influence all the communication flows that go through it to protect its own interests and goals. This will encourage a success for at least the central institution, while the developing nation may receive proportionally fewer benefits, insofar as the emphasis on the central institution's interests means the developing nation's interests are to a certain degree slighted.

In many ways, Teleconsult fit this pattern. It tried to keep the communication between the various participants in the project open and smooth, to increase the chances that the project met everyone's interests. Its role as both designer of the system and supervisor of the construction and its later work in the follow-up phase helped in this. Communication was not interrupted between different stages of the project phase, and a certain continuity based on Canadian organizations was achieved during the entire project cycle. This made it easier for Canadian interests to be served by the project. The continuity encouraged the project's success, and ensured "Canada" benefited from it.

To facilitate communication, Teleconsult also insisted that Miniposco name a liaison to the project, which the Ministry had not done on its own. One reason for the delay was the Rwandan government's reluctance to officially appoint the liaison, in part because the bureaucracy was so slow, but also because that person's responsibilities would have increased,[32] and Miniposco would presumably have had to pay him more.

Finally, Teleconsult's project engineering supervisor, with help from other CIDA and Microtel officials, controlled to a certain extent the flow of

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[32] Kral, 1988.

information between the participants in the project. For instance, at one point the Microtel field supervisor made a number of accusations that disrupted the project. During a dispute between Rwandan officials and Microtel's team in Rwanda over the proper trenching and placing of a communications cable, the Microtel field supervisor became angry at what he saw as interference in his work. He exploded against the other people present, to the point of accusing an important Rwandan official of asking him for a bribe. Later, he also accused Teleconsult's supervisor of a lack of "professional integrity". The latter had to apologize to Rwandan officials for the other supervisor. He even intercepted memos coming from him, and started supervising the the project through other Microtel employees, bypassing the field supervisor as much as possible.[33] Partly as a result of this, the Microtel field supervisor eventually quit two months before the project was completed, in spite of the fact that he had been working in Rwanda since the project began in mid-1982.

It should not be forgotten, however, that even though Teleconsult was responsible for making the project a "success", it was also trying to make the project fulfill its interests. A true "success" requires that some of the interests of all the participants be recognized and achieved, but a careful listing of those interests shows that those achieved tended not to conflict with Teleconsult's.

The most important of these were CIDA's interests. In some ways, Teleconsult actively worked to represent CIDA's interests. It did this when it designed and supervised the project, by ensuring Canadian expertise and technology was being used, and by ensuring the system met certain standards of quality. It also defended the contract, even when Miniposco tried to get Teleconsult to modify the system. According to the engineer in charge of the project, Miniposco even asked them to move some parts of the system, even though construction was mostly finished, when it became apparent the new French-built system would be rendered redundant by the CIDA project.[34]

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[33] Although Kral and Schaper-Kotter did not work well together, the Microtel staff and Kral did. This helped Teleconsult manage the crisis and the project.

[34] Gardiner, November 17, 1988.

Of course, Teleconsult did what it could to achieve its own goals. For instance, it maintained its autonomy as a decision-maker, by fostering those inter-institutional communication links that benefited it. CIDA was willing to give Teleconsult a certain degree of autonomy, partly because it does not have the in-house staff to directly manage all its projects and must therefore rely on other organizations. So Teleconsult relied on its official link with CIDA when pressed by Miniposco. Conversely, Teleconsult cultivated its informal link with Microtel, bypassing DSS, since that gave it more control over the project. Teleconsult also successfully acheived other goals, such as gaining experience in a francophone country. This was important to a company hoping to get more contracts from the Canadian government to represent Canada in other countries. Another objective was to use this project as a reference and further their reputation. On the whole, they achieved this goal, as we shall see.

CIDA had its own set of interests. It wanted to encourage development in the Third World. It also wanted to "market" Canadian technology and expertise internationally. This would have let CIDA justify its existence and budget both to those who want it to have a purely developmental role and to those who want it to promote exports. CIDA also had an interest in transferring government resources to the private sector of the Canadian economy.

During the "pre-investment" phase, when CIDA was at the centre of the communication network, CIDA was able to achieve its interests. For instance, the project was designed to use technology Canada could easily produce.[35] As well, private corporations, B.C. corporations in particular, were awarded the contracts.

However, when CIDA later gave up that central position, its interests were no longer served as well. CIDA's "development" goals were not effectively achieved. The Canadian project was completed, but a subsequent French project duplicated it in many places. This waste of resources does not help Rwanda's development. As well, CIDA did not succeed in promoting the sale of Canadian equipment and knowledge to Rwanda over the long haul. Some technology was

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[35] according to a letter accompanying the '74 Kenny report.

transferred, but the end of the project cycle effectively closed that market to further transfers of Canadian technology. CIDA's interests were thus inconsistently served.

Microtel's interests had less to do with development issues. During the project, its major goal was to complete it on time and within the budget, since they were responsible for the construction and would themselves have to pay for any overruns. Despite problems posed by gasoline shortages and thefts, Microtel achieved that goal.[36]

Its long term interests were, obviously, to sell equipment, to make money, and to create jobs for the company. Microtel also wanted to establish a reputation and make contacts in the government, and to make more money. Microtel has had more problems with these latter goals. It has not obtained further work in Rwanda, apart from the maintenance contract, because the project cycle ended. And while its contacts with DSS led to a major Department of National Defence (DND) contract to work on the North Warning System,[37] Microtel has consistently shown a poor financial performance and has been a drain on its parent, B.C. Tel. It is not clear what Microtel's official view on the long-term effect of the Rwanda project might have been, but Microtel has since abandoned the manufacture of transmission equipment to focus on switching and network management technologies. The Rwanda project does not seem to have helped Microtel's long-term position very much.

DSS's interests are less clear. It obviously wanted to be involved in the project. According to one chronology drawn up by CIDA in the Plan d'Opération, the project was interrupted in early 1979 while DSS and CIDA worked out an unspecified jurisdictional conflict. A DSS representative was also present at all major meetings and Microtel sent them regular reports. On the other hand, Teleconsult tried to keep them on the periphery of the communication network,

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[36] Ivan Sauvé. Interview. Burnaby: Microtel, 18 July, 1988. He was Microtel's "project administrator" for financial matters.

[37] Delory, 1988.

mostly by working directly with Microtel, rather than through DSS or CIDA as the official 1979 organization chart would suggest.

Supply and Services was also in charge of the disbursements, and obviously made sure the government got what it paid for. It was also concerned to spend as little as possible. This led to a conflict with Microtel over accounting procedures, which was resolved in Microtel's favor.[38] Ultimately, though, DSS was not much of a player in this project, and its interests were not well represented in the project.

Finally, the two people of importance to the Canadian side of the project are the two field supervisors, Berend Kral and Henk Schaper-Kotter.

Kral's main goal during the project was to do his job completely and effectively, despite opposition from Schaper-Kotter who felt Kral was interfering with his work. Kral also hoped to use this job as a reference for further contracts in Africa.[39] He also was interested in fully transfering Canadian technology, including expertise with the equipment. When in West Africa shortly before his job in Rwanda, he took special care to fully train a group of Africans assigned to him.[40]

He achieved his first goal. Everyone contacted has praised his work, and much of the project's "success" is attributed to him.[41] Unfortunately, he has not had further work overseas, as nothing has come up when he was available.

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[38] Sauvé told me the story. 10% of each disbursment was to be withheld, and to be given to Microtel when the project was finished. However, DSS withheld the 10%, and then withheld an additional 10%. Needless to say, Microtel was not pleased, and took the DSS official responsible "to court", as Sauvé put it. The "court" was actually the internal DSS contract settlement board. That official was found "guilty" and all the money returned.

[39] This was his fourth time in Africa, and he claimed he'd be on the next plane out if offered another position there.

[40] A final goal was to get enough money for a personal project he was working on in Ontario.

[41] The shape and success of development projects in general depend to a large extent on the personalities of the people working on the projects.

However, he did work for Microtel on their DND contract in the North. Nor did he see his last goal achieved; that is, he felt the project did not succeed in transferring know-how, only "hardware". In his view it was his own duties, which involved supervising the construction of a technological system by Canadians, which did not allow him to transfer expertise to the Rwandans.

Attempts to contact Mr. Schaper-Kotter have not succeeded, so his interests must be inferred from others. It is unlikely that he succeeded in realizing many of his goals. He did not, for example, keep Kral from "interfering" and he eventually quit before the project was completed.[42]

Even though the Canadian individuals and institutions were all looking after their own interests, Rwanda's own interests were not neccessarily forgotten. Part of the central communicator's role, in all the phases of the project cycle, is to ensure the needs and interests of the developing nation are adequately represented in the project. Consulting the recipients of the aid is one way their needs and interests can be incorporated into the project, and CIDA did this to an extent when it sent various missions to Rwanda during the "Pre-Investment Studies" phase of the project cycle. The central communicator can also make sure the developing nation's needs are met by making sure the transferred technology does what it is supposed to do, assuming the project was designed to meet those needs in the first place.

CIDA and Teleconsult did some work towards that end. For instance, once it was clear the telecommunications system would not interface well with the existing local network, the Canadian organizations worked to rectify the problem. However, self-interest was also clearly behind that work, since if the system did not work, this would reflect poorly on the Canadian organizations. Clearly, Rwanda's interests were not their only concern, and more could probably have been done for Rwanda.

The whole project was geared to a great extent towards acheiving the goal of a Canadian firm. As well, when the project was being developed during the

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[42] He is rumored to now run or own a small business in Kamloops.

pre-investment phase, CIDA was at the centre of the communication network, and thus could shape the concept of the project to benefit Canada and Canadian organizations. CIDA's policy of tying grants to Canadian goods and services favors Canada, and insures as many government resources as possible are transferred to the Canadian private sector, rather than outside of the country. In the end, Canada benefited greatly from this project, with many material and "prestige" resources going to Canadian organizations.

Rwanda may also have benefited from the project, but these benefits are not as clear as the Canadian benefits. It received a new telecommunications system, but the problem of maintenance was not adequately addressed because there still are not enough qualified technicians in Rwanda. The project did include a training component in Canada for a number of Rwandans. However, Mr. Kral had problems in getting Miniposco to select the employees to be trained, and to have them available for training before the new telecommunications system was "turned on" and turned over to the Rwandan government. Other Canadians involved in the project have said that another reason Rwanda has too few technicians is that once a person is trained, they have an expertise that qualifies them for a higher position which takes them away from the maintenance work they were originally trained for, or else they are transferred to another system they were not trained to repair because their new expertise is in demand everywhere.

This problem is not unique to Rwanda, but it might explain Miniposco's procrastination: it was perhaps having difficulty deciding who would effectively be promoted. Miniposco also did not succeed in altering the project design or in having the contract amended to meet its needs and interests as they evolved during the project. Consequently, Rwanda still does not have many telephones. In 1972, when there were 1,763 telephones in Rwanda, or 0.0469 for every 100 people, it was estimated that there would be 9,320 in 1985, assuming a relatively constant growth rate and upgrading of some equipment.[43] Yet in 1984, there were only 4,600 telephones in Rwanda, or 0.0736 per 100 people.

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[43] SOFRECOM, 1973.

Moreover, France was able to convince Rwanda that the Canadian system used obsolete technology, and that the newer French technology satisfied Rwanda's needs and interests to a greater degree. The French were also supplying telephone switches in a separate project, and could argue that their overall aid program provided a more complete solution to Rwanda's telecommunications needs. The result was that the French built a microwave telecommunications system that paralleled the Canadian system in many places.

Thus, the "success" of a project from the donor's point of view depends greatly upon the actions of the central communicator. On the one hand, those actions make the project a success for the Canadian institutions. On the other hand, they do not insure the success of the whole project cycle in the long run from "Canada's" point of view. This is particularly true in this case. The French decided to compete, and succeeded in taking over the Rwandan telecommunications equipment market.

It is clear that the institution at the centre of the project's communication network has the strongest influence over the objectives of the project. That organization also influences the structure and content of that network itself, the outcome of the project, and for whom it will be a success. Not all development projects may have the same structure of communication between institutions as CIDA's telecommunications project in Rwanda, but those with private sector institutions from the donor country at the centre are likely to have similar characteristics. It must be emphasized, however, that control over the central communication position does not guarantee success. In addition to factors internal to the project, there are also external obstacles to success. International business competition appears to have spread to the development assistance arena. Thus, to understand the phenomenon of international telecommunications technology transfer, a donor's activities in a project cycle have to be assessed in the larger context of international competition between donors and the private corporations which are among their clients.

CHAPTER V

COMPETITION AND COOPERATION IN THE PROJECT CYCLE

The main characteristic of the project cycle is negotiation. All the parties involved in some way in the project "bargain" with each other to try to get what they want from it. Ideally, the donors and the recipients hammer out a mutually beneficial agreement. However, another view of the project cycle emerged from the study of the Rwandan project. The negotiation process may not always be optimal for a number of reasons. If the negotiation takes too long, conditions in the "real" world may change and make the negotiation somewhat irrelevant. Also, part of the negotiation process takes place between institutions of the donor country as they vie to be included in the project, and at times within certain institutions. If the negotiation includes mostly donor institutions, the recipients' interests may not be well represented. In many ways, the negotiation of interests in the project cycle only includes competing donors trying to "sell" their products to the Third World. The model best describing development assistance appears not to be "gift-giving", whether altruistic or with strings attached, but to be commercial marketing.

A Divided Canada

The ODA process in Canada is highly fragmented. There is no one institution that is responsible for the entire process, nor is there one set of interests that all the institutions agree upon and work towards realizing. Instead, Canadian ODA seems to be characterized by a large number of institutions with different interests that at times compete and at times cooperate. At times, the institutions themselves contain internally competitive interests.

CIDA is one of those institutions split at the level of goals. The Aency suffers from a debate over who is to benefit from Canadian aid. Some officials feel Canada's aid should serve primarily the Third World recipients, and meet their needs. Others in the agency would like Canadian aid to be structured so

that the money benefits the Canadian economy more. This debate is fueled by a similar debate in the international development/export community and by pressure from the government, which has to account for all the money spent.

This uncertainty over CIDA's role is not likely to be resolved soon. It is systemic due to CIDA's role as a "bilateral aid institution": the agency must try to serve two "masters", the Canadian government and the developing world, at once.[1] Unfortunately, this puts CIDA at a disadvantage in any formal or informal negotiations with other organizations, whether these are Canadian, from other developed nations, or from the developing world. It is clearly harder for CIDA to defend its own interests when it is not sure exactly what they are.

In Rwanda, those concerned with the benefits of ODA to Canada seem to have "triumphed". CIDA did not abandon its plans for a high technology microwave system, even when one report suggested that that sort of system was not among Rwanda's basic needs in telecommunications. The fancy technology would have reflected well upon Canada, and brought much of CIDA's grant back to Canada, while the other proposal would have been less "glamorous" and would have involved a more difficult and potentially dangerous restructuring of Rwanda's telecommunications system.

The "pro-Canada" structure to the Rwanda project cycle also meant that Rwanda perhaps had less input into the project than it might have had.[2] Most of the reports that influenced the project were written by Westerners for a Western audience, and the one study done in Rwanda was written by two Canadian professors at the National University of Rwanda.

While this relative exclusion of Rwanda from the process let the Canadian organizations involved in the project work in an environment they were more

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[1] Bjorn Wellenius, Interview. Washington, D.C.: The World Bank. January 31, 1989. Mr. Wellenius was the "Principal Telecommunications Specialist" of the Industry, Trade and Finance Division, Asia Technical Department of the World Bank.

[2] This may not have been entirely due to the actions of Canadian organizations. Kral noted that it was very difficult to "bring the Rwandese 'to the table'", although he did not know if that was due to budgetary problems or to a wish to avoid responsibility.

comfortable in – namely, a Canadian one – it did have a negative impact on the project cycle as a whole. Since the Rwandan officials and government reportedly felt neglected, it is not surprising that their level of commitment to Canada and CIDA was low and that they chose alternative suppliers for their telecommunications needs. In the end, neither Canada nor Rwanda benefited as much as they might have from the project had CIDA adopted a less Canada-centered approach to the project.

The larger context in which CIDA fits is also fragmented in terms of interests. There are many different organizations, each with their own set of interests, which, because of CIDA's practice of contracting out, come together to compete.

There is a large number and bewildering array of organizations involved in Canadian ODA. They range from private companies hoping to make a profit to emergency relief institutions concerned with disasters and human suffering. Although they share a common involvement in development, their divergent interests compete at many levels. Before the project they may compete to try to define the project, or to be included in the project once it gets underway. During the project, the interests which were successful in the first round may still compete to "control" the project as much as possible.

These different levels of competition were apparent to different degrees in the project in Rwanda. Different interests competed during the Pre-Investment Studies phase of the project cycle to determine what the project would involve. Then various companies bid and competed to become the prime consultant or the prime contractor to the project. And during the project itself, different levels of the two main corporations involved were in conflict, although others cooperated.

Much of this competition comes out of CIDA's need to contract out. These outside consultants are used to carry out feasibility studies, design and manage development projects, and provide equipment. However, the practice of using outside consultants and expertise further divides the Canadian presence in international development.

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Contracting out does have advantages for CIDA. For instance, contracting for certain expertises as they are needed is much cheaper than maintaining in-house expertise in all neccessary areas. It also lets CIDA fulfill its mandate, even though it does not have the expertise itself. More importantly, contracting out lets CIDA draw from a wider pool of talent than may be available in its own staff, and lets CIDA use the best Canadian talent available. This is sure to have positive effects upon CIDA's projects.

However, contracting out has certain disadvantages for CIDA and Canada that many outweigh the positive effects. More interests are brought into the negotiation processes surrounding ODA. Unfortunately, private Canadian corporate interests may not be the same as CIDA's interests or mesh well with them. This could create fundamental divisions in the project team and in the project goals. Because of increased competition from other interests, CIDA may have problems asserting its own interests during the project cycle, which means development goals are less likely to be the project's main goals. Finally, a multiplicity of interests and organizations may not be the most effective basis for addressing larger issues or situations in which the consultant may have no immediate interest. A consultant may not be very concerned with competition from other countries, except where it interfered directly with its work. As well, bilateral aid efforts may not be the best tools for addressing regional development issues.

Consequently, when Canada goes out into the developing world to help it in its development efforts, it goes with an uncertain and possibly conflicting set of goals. Even as Canada must negotiate with other developing countries to set up development projects and must compete with other developed countries for development projects, various Canadian interests are competing among themselves. Thus, CIDA can not ensure that its interests, let alone its development goals, will succeed in the negotiation of interests that takes place during the project cycle and take a pre-eminent position in the project. This could weaken the Canadian aid effort and make it less effective.

Negotiation in the Project Cycle

The interaction that takes place during the project cycle will affect the success of the project. The telecommunications project in Rwanda demonstrates this. Both a long project cycle and a Canada-oriented network of organizations adversely affected the communication and negotiation patterns that emerged, which in turn affected the success of the project.

The Rwanda telecommunications project had an unusually long and drawn-out project cycle. Because of a very long period of project definition during the pre-investment phase, the project cycle was 15 years long. This was perhaps exceptional, but CIDA has had a problem with long start-up times for projects.[3] This can have a negative effect the project.

The project cycle is a period of negotiation. Canadian, developed world, and developing world interests are played out, and a certain set of interests emerges. A long cycle may benefit some interests, by allowing them to be fully expressed, but others can be forgotten over time.

An advantage of longer project cycles is that projects tend to be better designed and planned. The Canadian and recipient organizations have more time to compete and communicate their interests and to create a final set of goals for the project. In this less rushed atmosphere, there is a greater chance that a well thought-out and planned project will emerge from the negotiation process.

However, ODA is inefficient if the cycle is too long: it usually indicates that too much time was spent talking and too little time actually "doing". A long Pre-investment Studies phase also keeps Canadian aid from being as timely as it could and should be. Moreover, this long planning phase is not neccesarily in the best interest of the developing nation receiving the aid. Most of the planning and negotiation surrounding CIDA projects takes place in Canada. Thus, the recipient nation could be forgotten as the Canadian organizations get wrapped

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[3] "...the period between the project identification and the commencement of field activities can be as long as 27 months." CIDA, Sharing Our Future, p.34.

up in their activities in Canada.

Finally, a long Pre-investment phase encourages competition from other industrialized donors. Others will inevitably hear of the proposed project, and if the project cycle seems to be stalled, they will have a chance to propose competing projects. Since CIDA would not appear to be "eager" or "ready" to carry out the project because of the delays, the Third World nation could be encouraged to turn to others for its development needs and accept their proposals. This happened twice in Rwanda, when the French proposed and built a telecommunications system similar to Microtel's, and when Rwanda asked the Japanese instead of Canada to design and build a rural telecommunications system.

CIDA recognizes this problem to some extent, and addressed it in its 1987 development strategy paper through decentralization. It was hoped that this would result in faster project turnaround, greater project timeliness, and planning activity taking place closer to the recipient. It is still too early to tell if this policy was effective, and it was too late to help in Rwanda.

Because of the long and slow project cycle, Canadian ODA tends to be less effective, and is more likely to be turned down in favor of "competing" alternative project proposals, should any appropriate ones appear. Canadian aid is also affected by the inter-organizational networks that emerge from the project cycle.

The organizations involved in the project cycle communicate their interests when they negotiate with each other, and so form communication networks. These networks include organizations not directly involved in the Canadian project but who communicate their interests regarding the project.[4] These networks become the place where the different interests compete, and their structure will affect the outcome of the competition and the project cycle.

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[4] e.g. the French consulting firm SOFRECOM.

During the pre-investment studies and the project phases, the main "beneficiary" of the project is determined in the interorganizational communication network. This is the organization or group of organizations whose interests "win" in the negotiation of interests and are to be met by the project. This position, however, is not a secure one, since the negotiation continues and the present "beneficiary" could be unseated. In Rwanda, for example, Canadian interests eventually lost to French interests.

Different definitions of "success" also compete in the network. Each organization is likely to have a different idea of what "success", related to their goals, might be. As much as possible, they structure the project so that when it is completed, their definition of success is reflected in the outcome of the project.

Also emerging from the network is a "central communicator". Because it emerges from a process of communication and negotiation, it is not necessarily the central communicator planned by those who designed the project. In Rwanda, CIDA was to have been the central institution, but Teleconsult emerged in that role instead. The central communicator is either the strongest institution in the network, or else, as in Rwanda, the one that is in a position to influence the communication of others because of its function of manager in the project.

Because of its influence, the central communicator can be the most effective in communicating its interests. Thus, even though the negotiation of interests does not stop, it is in best position to decide who the main beneficiary is and to decide the dominant definition of success. Ultimately, it is responsible for the success of the project, however success is defined, and for its own success.

However, this influence is not control. The position of central communicator is fluid, and as interests shift and change within the communication and negotiation network, it is easy to lose the central position. Nor does that position guarantee success. The central communicator has to keep all organizations satisfied by the negotiation process, if it does not want an outside

interest to enter more fully into the network and upset the existing relationships. This is what seems to have happened in Rwanda. The Rwandans seem to have felt ignored by the negotiation process, and when the French and Japanese entered the negotiation network with their proposals, the Rwandan government turned towards them.

The two central communicators in this project were first CIDA, and then Teleconsult. While CIDA was still at the centre, it tried to design a project that would meet its goals, namely, Rwanda's development, the transfer of Canadian technology, and the transfer of resources from the government to the Canadian private sector. However, partly because it allowed Teleconsult to take the central position, not all of its goals were achieved. Resources were transferred to the private sector, but a sustained transfer of telecommunications technology was not established, and effective development in Rwanda was hampered by the competition between Canada and France.

Teleconsult took advantage of its central role during the most active part of the project cycle. It wanted to build a well-constructed telecommunications system that it could use as a reference to obtain future international contracts. It also wanted to maintain its autonomy, to carry out its job in the manner it saw fit. In general, it achieved all its goals, maintaining its autonomy despite pressure from other players in the communication and negotiation network, and establishing a reputation that it used to obtain further domestic and international contracts.

The farther from the centre, the less likely it is that all of one's goals will be achieved. A good example is Mr. Kral, who worked for Teleconsult. He achieved most, but not all of his goals. He managed to do his job, despite interference from Schaper-Kotter, and he earned a good reputation from his work that got him more work. However, he did not see the project transfer much expertise along with the telecommunications technology.

Microtel, being still further from the centre, had a mixed record. It successfully completed the project on time and within budget, but it did not

manage to use the project to promote further exports. Nor did it get further contracts from CIDA: the DND, which hired Microtel to work on the North Warning System, heard of the company through not CIDA but DSS.

Rwanda was relatively peripheral in the project's Canada-oriented organizational communication network. Although Rwanda was not the focus of this thesis, and although data on Rwanda is limited, it appears some of its goals were not met by the CIDA project. First, its development was perhaps slowed by the duplication of the telecommunications system, since it wasted money on at least one of the systems. Second, not as much expertise was transferred with the technology as is needed for effective development. Third, the usefulness of the new microwave telecommunications system was reduced by the lack of interface technology and by the second system. Given its lack of "success" with the Canadian technology, Rwanda turned to other donors, giving them the chance to be the "central communicator".

After looking at the data, it is clear that this study does not provide unqualified support for the hypothesis put forward in the introduction. At the same time, however, it does not reject the hypothesis.

It was hypothesized that, at the organization level, CIDA was concerned primarily with its own survival and with its success in the competition for government resources. CIDA would have used the negotiation process during the project cycle to define and shape the project so that, to the greatest extent possible, when it was completed it would be a "success" for CIDA. The Agency could then go to the government with this success and argue for continued or increased levels of funding.

Many aspects of this hypothesis were not supported by the data. It is hard to argue, based on the information available, that CIDA exists and operates primarily to ensure its own survival as a bureaucracy. That is doubtless a concern, especially after the recent budget cuts, but CIDA is wrestling with other basic issues that are as important to its operation and practices.

CIDA is still trying to find its place between serving the needs of the developing world on the one hand and serving the needs of the Canadian government and economy on the other. This is a fundamental issue that will always be in the forefront at CIDA, because in many ways the two alternatives can not be balanced and harmonized, short of making a decision completely in favor of one or the other. Thus, the issue of bureaucratic maintenance is neither the primary nor the only important issue facing CIDA.

Nor do data suggest that CIDA used the negotiation process during the project cycle to secure a successful project for itself. CIDA failed to achieve too many of its goals for that to be the case. Its successes were generally limited to short-term technology transfer goals. The new telecommunications system was in fact successfully completed. Developmental goals, however, or longer-term goals such as the transfer of expertise or a continued transfer of Canadian technology, were not achieved. However, CIDA certainly tried to ensure a success, even if it failed in many respects, and even if all it could do was claim a success in the end.

If CIDA did not succeed in creating a success, Teleconsult did. Thanks to its function in the communication and negotiation network, it was able to shape the project to meet its goals. It also managed to control other participants' communication flows to minimize the threats of a crisis to the eventual "success".

While the specific hypothesis was not verified, a more general model appears to have been supported. The central communicator seems to use the negotiation process during the project cycle to create a "success" for it when the project is completed. If it manages to do this, it can use that "success" as an asset when it competes in the future for contracts or funds. While the first central communicator, CIDA, was not able to do this, the second, Teleconsult, did.

Canadian organizations, as was seen in Chapter 4, were the central communicators throughout most of the project cycle. They failed to hold on to

that position in the end for a number of reasons, and in the end, the project cycle ended in favor of France and Japan. CIDA was especially vulnerable to this in Rwanda because it did not have a clear set of goals, it gave up its central role to an outside consultant with different interests, it extended the project cycle too long, and it left Rwandans feeling neglected.

The ODA Marketplace

The Third World is a market for commercial goods and services produced in the industrialized world. But in some ways, it is also a market for Western ODA.

Western goods and corporations compete in the developing world, and in Rwanda in particular, in an effort to make a profit. This competition is most visible in the commercial ventures and trade from the West that appeared when the colonial empires were dismantled.

However, there is also strong competition in official development assistance. This situation is encouraged by the relative lack of aid coordination. In most cases, any efforts at coordination are ineffective as in Rwanda, or are completely accidental as in Haiti where there is so much that needs to be done that all donors can work on different segments of the country's needs and rarely infringe upon another donor's "territory".[5] Except in those cases, it is inevitable that Western aid donors clash to varying degrees in their efforts to help the developing world.

Competition in ODA may not be motivated by profit, as are most commercial ventures. However, there are other factors that explain the competition. Successful ODA brings international prestige. A donor may want a presence or may want to maintain its presence in a developing country. A developed nation may want to "dump" its old technology on another country to make way for its newer technology. The donor may want to support its national

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[5] English, p.38.

industries by encouraging exports, both during the project and afterwards for maintenance. The developed nation may have cultural affinities with the developing nation and may want to encourage closer ties. There may be a true desire in the Western nation to help the recipient of ODA. Competition in ODA could arise from one donor's conviction that it is best able to help a particular nation, and attempt to keep "inferior" help from that nation.

This is only a partial list of motivations behind competition in ODA. However, because of its policies, CIDA was unable to take this competition effectively into account. Indeed, the agency's reluctance to see it in terms of competition may have kept it from taking steps to forstall the French move into Rwanda with a national microwave telecommunications project of their own.

ODA should not be considered part of a donor nation's overall export promotion efforts. ODA and exports play different, if occasionally related, roles for both the developed donor and the developing recipient. However, it is useful to consider ODA in terms of competition between different donor nations. Because of a dilemma over goals, certain policies, and an inability to remain the "central communicator" in the project cycle's inter-organizational communication network, CIDA was unable to meet competition from other aid institutions adequately.

CHAPTER VI

CONCLUSION

Communication patterns clearly determined the outcome of the project. The goals of the project were determined through negotiation between the participants in the project. However, some were in better positions to communicate than others. CIDA was not sure for which position it was negotiating, Rwanda was too poor to be in a strong communication position, and Microtel and DSS were somewhat peripheral because of their function in the project. Teleconsult was in the best position to communicate its interests, and it did so.

The data suggests that CIDA suffered from uncertainty over its policies and goals. CIDA was, and still is, trying to serve two masters at once. It is trying to serve the developing world by providing it with development projects that address the needs of those countries. It is also trying to serve Canada and the Canadian government by designing projects that use Canadian goods and services, and by tying those projects to those goods and services.

Faced with these two sets of goals, the Agency is under great pressure to adopt one wholeheartedly. Choosing one, however, would upset a large constituency in favor of the other. Moreover, it cannot adopt both because those two sets of goals are often in conflict. This uncertainty tends to have a restraining effect on CIDA's practices, since the policies shaping those practices are unclear, and CIDA thus cannot effectively communicate its interests in the development process. Since an important part of that process is the communication and negotiation of interests and goals, CIDA sometimes finds its aid less effective than it could be, and finds it more difficult to achieve all their goals.

For instance, CIDA wanted to design a project that would have met Rwanda's telecommunications needs for quite some time. However, other forces were at play in the design process. Canada's and Rwanda's needs unfortunately are often quite different and incompatible, and expertise, the sale of which does

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not benefit the Canadian economy in obvious ways, was not transferred with the technological hardware. Trying to do two contradictory things at once is difficult at best, and often reduces the value of what is eventually done.

Rwanda too has problems communicating its interests in the development process. It is an extremely poor, underdeveloped country, and as such is very dependent upon foreign aid and investment for virtually all its technological needs. Rwanda would have no telecommunications if it were not for foreign aid.

Consequently, Rwanda is in a very poor negotiating position. It does not have much power to insist that other nations and organizations listen to what it wants. Instead, it often has to accept what others are willing to offer and try to get portions of that aid to meet some domestic goals. As well, if a donor is not committed to including the country in the negotiation process through which a project is defined, it can easily be forgotten. Rwanda was consulted very little during the Pre-Investment Studies phase of the project cycle, and many changes to the project that it asked for during the Project phase were denied.

However, Rwanda is not the passive victim of Western aid, as dependency theorists would suggest. It took an active, if limited and relatively powerless, role in its own development. It tried to have certain changes made to the CIDA telecommunications project, so the project might reflect Rwanda's changing needs. More importantly, it decided to switch from CIDA to other donors for its telecommunications needs, and was thus responsible for ending the Canadian telecommunications project cycle in Rwanda.

Whereas Rwanda was a weak communicator, Teleconsult was not. In most communication situations, a central, primary communicator emerges. This is the person or organization with the most power in the group, whether that power be secured by virtue of a loud voice, access to capital and technology, or a functional role in the development project that gives it some control over the communications of others. This central communicator is in a position to define the situation, and to shape the project so that the project achieves the goals the

communicator wants to achieve.

Teleconsult assumed this central role during the project by virtue of its function as designer and manager of the project, and to some extent by virtue of CIDA's policy problems which limited the amount of control it could exert over Teleconsult. That company could and did then shape the project to meet its needs and goals, despite CIDA's earlier attempts to define the project to meet "Canadian" and CIDA goals. Since Teleconsult was primarily interested in marketing itself to CIDA and to other sources of telecommunications engineering contracts, other goals, such as developmental goals, had to take a secondary position, and were less likely to be achieved.

All these results of the analysis in the thesis suggest that communication was central to the development project. Those that could communicate effectively achieved their goals. This raises the issues of which goals are being addressed by development projects and who is benefiting.

The "best" communicator in a project tends to be the organization with control over the technology or the capital. Its interests, however, are generally different from those of the developing nation receiving the technology or the money. If it can determine the goals of the project, it is more likely to make them reflect its interests than those of the developing nation.

Development assistance, then, seems to serve primarily the organization with the technology or capital, and secondarily the nation that needs the assistance. The recipient seems to benefit only incidentally from the aid. The hypothesis presented in the introduction held a similar position, that the aid-giver is more interested in securing benefits from the aid than in transferring benefits to the recipient nation. The data of the thesis partially verified that hypothesis.

The hypothesis that CIDA used the negotiation process during the project cycle to ensure to the greatest extent possible a "success" for itself, was not verified. CIDA was unable to use the project to achieve all its goals. The primary sources of information created by the project and the secondary sources

suggest that, from CIDA's point of view, the project was a rather qualified success, and the project cycle ended in failure because Canadian telecommunications technology is no longer being transferred to Rwanda.

However, the same sources clearly show that the negotiation process was in fact used to ensure a "successful" project for an organization. The consultant, Teleconsult, took advantage of its situation to make the project meet its goals.

While the specific hypothesis was not confirmed, a more general model seems to be supported. The data from this telecommunications project in Rwanda suggest that in any development project, one organization will emerge as a more effective communicator than the others. This organization will be most able to control the communication flows in the network of project participants, and thereby to determine the goals of the project. This organization will thus be in the best position to see its goals achieved and there is a greater likelihood that the project will be a "success" from its point of view.

In addition to this model, the data suggest a way to look at development assistance that is an alternative to what may be called the "aid-as-gift" and the "aid-as-curse" point of views. This new perspective is closer to a competitive model.

The "aid-as-gift" model is related to modernization theory. It states that the industrialized world gives the Third World money and technology so that it might develop. These gifts might be given altruistically, or they might have "strings" attached. This model of aid states that once the Third World has the gift of aid, and once it learns how to use that aid, it will be a step closer to being fully modern and developed, regardless of the attached "strings" and obligations.

The "aid-as-curse" model, related to dependency theory, tends to see development assistance as a tool of the industrialized nations to perpetuate the underdeveloped and peripheral status of the Third World. This is because only certain export-oriented sectors of the economy are developed through this aid, or

expertise is not transferred with the technological equipment, or there is never enough aid given to enable Third World economies to threaten industrialized nations in any particular economic sector.

Just as both modernization theory and dependency theory do not fully explain the world economic order or the process of development assistance, the "aid-as-gift" and the "aid-as-curse" models do not seem to fully describe development assistance. A third perspective, "aid-as-business", can be useful for supplementing the other two.

It must be emphasized that aid should not be considered part of a country's overall export promotion policies. Aid has an altruistic component that is missing in export trade, and has a completely different role in the international economic system. As well, every country's aid efforts should ideally be coordinated and complementary, unlike the more competitive international export trade, since coordination is the most effective way to develop the Third World. However, there is often much competition and jockeying for the opportunity to design and build any one project in any one country, and much competition to be the central communicator among the organizations in a project. Perhaps, then, an "aid-as-business" model would be useful for understanding the development aid process.

For instance, donor countries compete for "market shares": they try to "corner the market" in certain development sectors in underdeveloped nations. CIDA's internal confusion over appropriate policy kept it from effectively marketing Canadian telecommunications technology to Rwanda. The nations receiving aid also try to keep open their options for sources of technology, so that they are not locked into one supplier and tied to that supplier's fortunes.

Development assistance has become big business. Large amounts of money are disbursed each year, although they are admittedly not large enough to solve the problem of underdevelopment. The governments of the donor nations support ODA efforts in much the same way that they support their domestic businesses and industries, partly because tied ODA benefits those domestic industries. The

business sector is relied upon to provide the technology that is transferred to the Third World. And if ODA flows were to stop, a number of developing nations would likely have to default on their loans to commercial banks, which in turn would cause a crisis in the world economy.

This is not to suggest that the "aid-as-business" model is the only model or the best model to describe the development assistance process. It is merely another way to understand ODA and the way "successes" or "failures" are created in development aid. Business and ODA are so intertwined that although the motivations behind each sector are different, the tools describing business activity might be useful for describing ODA activity.

Thus, the competition CIDA experienced encouraged it to call the project prematurely a "success", although too few goals had been achieved for that label to seem appropriate. CIDA could then argue for continued inputs of capital from the government. The "aid-as-business" model also suggests that a donor needs to have a clear national voice if it wants to effectively communicate the benefits of its aid to the developing world. Uncertainty over policies and goals will ultimately hurt the aid process.

The unfortunate consequence of this business-orientation of development aid is that people forget why aid is given in the first place. Development assistance should be meant to help a Third World country alter its social and economic conditions in the manner it wishes. That should be the goal of all the competition in the development project cycle.

In Rwanda, however, all this competition and negotiation among Western donors led to Rwanda being forgotten and therefore losing commitment to any hardware put in place. This can be seen in Rwanda's approach to maintenance. Both CIDA and the World Bank have decided to stop giving telecommunications aid until Rwanda proves it wants the technology and sets up mechanisms to maintain it effectively. The continued renewal of the Canadian maintenance contract suggests that the Canadian system is maintained only because CIDA wants it maintained.

Rwanda may have lost its commitment to the development of its telecommunications system when it saw how eager donors were to give equipment but not to address the country's needs. In that situation, the easiest strategy may have been to tell the donors what they wanted to hear, and then to sit back and enjoy the technological windfall. While the telecommunciations situation in Rwanda has become more confused as a result of "development", future projects there will hopefully benefit Rwanda more.

CHAPTER VII

EPILOGUE

This thesis showed that CIDA's first telecommunications project cycle in Rwanda might have been a "success" if certain factors had been different. It revealed CIDA's weaknesses in developing the recipient country's institutions and maintenance capabilities, in responding to the developing nation's needs in a timely manner, and in encouraging the recipient's long-term commitment to the technology. However, these weaknesses were apparent in other projects, and Canada's official development assistance policies were extensively reviewed and debated shortly after the project in Rwanda was completed. As a result of this review, CIDA's policies were changed so as to address the problems identified.

Canadian ODA had a number of characteristics that made it less effective than it could have been. Canadian aid did not answer the problem of institutional development or of human resource development (HRD) very well. Maintenance was not as much of a priority in some telecommunications projects as it should have been. Related to this was the tendency of Canadian aid to be more commercially-minded than development-minded. The transfer of technology thus tended to take priority over the transfer of expertise.

Canadian aid was also not very responsive to the needs of the developing world. It tended not to identify basic needs as well as it could have, and the bureaucratic project approval process prevented Canadian aid from responding quickly to those needs. Finally, CIDA often did not raise the necessary long-term commitment to its technology from the developing country that received it. This made it harder to encourage the recipient to maintain the technology effectively.

These weaknesses of CIDA's aid policies were deduced from the analysis of its first telecommunications project in Rwanda. They illustrated problems common in CIDA's aid. The recommendations in this thesis are also illustrative of conclusions of a broader review of Canadian ODA.

While the review and critique of CIDA and Canadian ODA tend to be an ongoing process, that process entered an important stage in 1986. It became clear at that time to the House of Commons' Standing Committee on External Affairs and International Trade that the problems and complaints were widespread. The Committee, chaired by William C. Winegard, felt compelled to address them, and tabled its report, For Whose Benefit?, in May 1987.

One important focus of the Winegard Report was human resource and institutional development. In fact, its second recommendation was that the government adopt a "Development Assistance Charter" which emphasized, among other things, a commitment to "strengthen the human and institutional capacity of developing countries to solve their own problems in harmony with the natural environment."[1] The Report also recommended that human resource development become a central feature of all of Canada's bilateral aid.

The Report's recommendations on HRD were meant in part to address the problem of maintenance and training in projects that transferred infrastructural technology. It recommended that priority be given to the maintenance of existing technology before CIDA consider transferring new technologies. If the Agency should give "capital and infrastructure assistance", it should build in a training and technical assistance component to insure the long-term operation of the equipment. It was also suggested to the Agency that it help government institutions in the developing world effectively coordinate the assistance they receive.

The Winegard Report also made strong recommendations to increase the responsiveness of Canadian aid. Its first recommendation was the decentralization of CIDA. This was to involve the transfer of personnel to the developing world and the creation of four regional "Canada Partnership Centres", two of which would be located in Africa. The Report also recommended that the amount of

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[1] Canada. House of Commons. For Whose Benefit? Report of the Standing Committee on External Affairs and International Trade on Canada's Offical Development Assistance Policies and Programs. William C. Winegard, Chairman. Second Session of the Thirty-Third Parliament, 1986-87. Ottawa: House of Commons, May 1987, p.129.

money allocated to "Mission Administered Funds" (MAFs) be gradually increased. These were bilateral aid funds controlled by Canada's diplomatic missions and used to support small, effective, and grassroots-level projects.

The decentralization would have reduced the delay between the project identification and the project approval stages, while the increased MAF funding would have encouraged projects addressing the developing country's basic needs. Other recommendations suggested relaxing the rules on tying Canadian aid to Canadian goods and services. This would have allowed the developing country to acquire technology that might be more appropriate than Canada's technology.

The Report did not address as effectively the problem of developing country commitment to the technology. Its recommended solutions were to encourage maintenance, to increase the recipient's capacity to absorb more aid, and to focus on projects that were economically or environmentally sustainable in the long-term. The Winegard Report seemed to focus instead on Canada's long-term commitment to its aid. It suggested, for instance, that Canada's structural adjustment packages be adequately funded and long-term. It also recommended that CIDA not demand short-term results from projects funded through the Industrial Co-operation Program.

The Government of Canada responded quickly to the Standing Committee on External Affairs and International Trade's Report. Canadian International Development Assistance: To Benefit a Better World was tabled in September 1987. The government accepted most of the Commitee's recommendations with a few notable exceptions. It generally did not commit itself to any of the recommended numbers or levels of funding. It also expressed some reservations on the proposals on tying aid and decentralization of CIDA.

The government accepted most of the recommendations on HRD and institutional development. It also accepted most of the recommendations that would have encouraged the developing country's commitment to the technology it received, and Canada's commitment to long-term development programs. Many of the recommendations, however, that would have increased the responsiveness of

Canada's aid were accepted "in part" or "in principle".

The idea of a decentralized CIDA was accepted, but the government did not seem to commit itself in its report to any specific proposals. It did not promise to establish any of the four "Partnership Centres" suggested by Winegard. It also did not promise to transfer "substantial" numbers of people, including senior officials, to field offices, and while it would "delegate more decision-making authority to managers in the field", it would not change the ministerial authority "to approve projects or award contracts".[2]

To Benefit a Better World also stated that the level of funding given to MAFs, which were renamed "Canadian Funds for Local Initiatives" or "Canada Funds", would be increased. Tying requirements, as well, were to be relaxed. The Winegard Report's numbers, however, were not accepted in full. The untied aid was not to be used to buy competing products from other developed countries. In addition, the level of tying, which Winegard recommended be 50%, was raised to 66.6% except for projects in Africa, which would be 50% tied to Canadian goods and services.

The government's response recognized in general the value of the Standing Committee's recommendations. At the same time, it did not want to commit itself to any specific expenditures. That commitment was made when CIDA later produced its policy statement Sharing our Future: Canadian International Development Assistance in 1987, which closely followed the government's previous statements in To Benefit a Better World. CIDA, however, returned to some of the recommendations in the Winegard Report.

CIDA adopted an "Official Development Assistance Charter" with four principles. Canadian ODA would focus on the poorest countries and people. It would emphasize human resource and institutional development. It would focus on developmental priorities, and it would foster strong partnerships between Canada

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[2] CIDA, Canadian International Development Assistance: To Benefit a Better World. Response of the Government of Canada to the Report by the Standing Committee on External Affairs and International Trade. Ottawa: Canadian International Development Agency, September 1987, p.82.

and Third World countries.

The whole strategy emphasized HRD, making it the main criterion of all projects and programs. CIDA said it would also decentralize itself, moving staff to the field and the four regional offices suggested by the Standing Committee. Project approval authority for bilateral projects up to $5,000,000 that fit within a country program was delegated to the field. Canada's aid was untied 33.3% for most countries, and 50% for sub-Saharan and least-developed countries. In addition, while the problem of long-term commitment to technology or to aid projects was not specifically addressed, the emphasis on Canada-Third World partnerships suggests that some advances would be made in those areas.

CIDA's new development assistance strategies and policies addressed many of the problems and weaknesses that were identified in the thesis. While CIDA and Canadian businesses found the "aid-as-business" model worked well in some countries, it was inappropriate for the least-developed countries. The new policies suggested a move to a "purer", more developmentally-minded model of Canadian development assistance better suited for those poorer countries.

It is perhaps too early to tell whether or not the new strategies will succeed, and a review of those strategies was not a goal of this thesis. It would be, however, very useful for a future study to analyze the degree to which the new policies successfully addressed the weaknesses identified in the thesis.

Further study might also continue the present thesis. While it focused on the communication among Canadian organizations, the thesis could be expanded to include the negotiation between Canadian, Rwandan, multilateral, and foreign competitive institutions. It is especially important to determine the perspective of the Rwandan institutions through a visit to the country. Their version of the events and their interpretation of the goals of the project would complete this study and confirm or refute the Canadian perspective.

It would also be very useful to investigate Canada's foreign competitors, such as French and Japanese companies and development institutions. This could be done by analyzing CIDA staff reports and studies, and by interviewing key people in those competing organizations and analyzing their documents and practices, including the uses of their aid agencies. This would verify the accuracy of the "aid-as-business" model of development, and would illustrate the effect pf CIDA's recent policy changes.

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