

focused their grants in the north and west of Nusa Tenggara – if money is given to NGOs or civil society for working with the rural poor, it can have a major impact. So this issue really depends upon how you focus the money. For poor people this can be a significant amount of funding for creating an employment in the rural areas.

Culpepper: Regarding the issue of aid tying, which tends to be very controversial. But aid tying has two faces, tying as to sources and tying as to uses of funds, and both are actually important facets of the inequities of tying. On sources it means funding agencies paying Canadian or northern experts rather than Indonesian experts and aid should be untied as to the sources of expertise. In fact one previous Minister of CIDA once made the statement that the great thing about the Canadian aid program is that none of the money ever leaves Canada, because it is so highly tied to Canadian sources. I think it would be a great service for capacity building in developing countries if aid was not tied to Canadian sources and not tied to specified uses, but rather that it moves in the direction of budgetary support, sector-wide approaches and so forth. That would help to create capacity in Indonesia, in Indonesian ministries, agencies and so forth, so long as there is a mechanism to phase it out over time so that Indonesian revenue raising can take over at some point in the future.

Ibrahim: I would also add the comment that in comparison to many other donors, CIDA is much more progressive when it comes to tied aid. In comparison with Japan, for example, if you receive money from Japan, everything should be from Japan, people should be from Japan, if you purchase something, it should be from Japan. But still, there are some criticisms of CIDA along these lines as well. If a CIDA project requires partnerships, the partners should be NGOs or consultants from Canada, and not directly the CSOs or NGOs in Indonesia. So this means that some portions of the money stay in Canada, for example 14 or 15% would be for overhead costs for consultants or NGOs in Canada, so we don't see the money in Indonesia. But still I can say that CIDA is more progressive in this respect compared to Japan and other donors.