

CANADIAN DEVELOPMENT ASSISTANCE TO COSTA RICA

Background

Canadian Development Assistance to Costa Rica began in 1971. During the period 1971-72 to 1981-82, total disbursements amounted to \$2.8 million, of which \$1.4 million was bilateral aid.

In 1982, following a review of Canada's relations with Central America, the government announced that it would be tripling bilateral aid to Central America over the next five years, and that Costa Rica would receive an increased share of assistance. This commitment has been met. During the past five years (1983-84 to 1987-88) Canada disbursed \$29.3 million in bilateral aid (including the Canada Fund) to Costa Rica. During the same period, Canada contributed an additional \$32.2 million to Costa Rica through other direct aid channels, including CIDA's Industrial Cooperation and Non-Government Organizations channels, the Petro Canada International Assistance Corporation, the International Development Research Centre and the International Centre for Ocean Development. Table II provides a breakdown of direct aid disbursements to Costa Rica for the period 1983-84 to 1987-88.

Since 1982, the primary objective of the bilateral aid program has been to provide balance of payments support - in response to Costa Rica's debt crisis and to assist with the economic recovery process. Project activities financed since 1982 have consisted principally of lines of credit for the provision of Canadian fertilizer. Proceeds from the local sale of the fertilizer have been used to finance the very successful Costa Rica-Canada Rural Housing Program. A separate project during this period was also implemented to provide technical assistance to refugees.

Current Bilateral Program

Bilateral disbursements to Costa Rica currently average \$5 to \$6 million per year. In accordance with Canada's new aid strategy "Sharing Our Future," the bilateral program will decentralize its operations to San José by the end of the summer of 1989. The following projects are currently in operation:

1. Line of Credit III (fertilizer) - \$8.3million loan, \$6.6 million contribution

Approved in 1985 as a loan, the unspent balance was converted in 1987 to a contribution. The line of credit was