

be applied flexibly so that CIDA could supply a larger proportion of the cost of projects showing exceptional promise. It is also particularly important that the system give full recognition to the element of participation and support provided to projects locally (i.e. within developing countries). This principle is already applied to the financing of certain agencies such as CUSO, to very good effect. Similar standards should be applied to other agencies. (134-137)

(iv) The voluntary agencies face rapidly-changing conditions in their work in developing countries. The need for external personnel is narrowing to highly-trained and experienced specialists who are hard to recruit. Poor countries ask, not for charity, but for opportunities to progress through their own efforts. Assistance must fit in with their system of values and their development priorities. The non-governmental agencies are generally sensitive to these changing conditions and are attempting to respond to the new challenges. (138-142)

(v) An increasingly important role for these agencies is at home in Canada, in the fields of information and public education about development. A number of community-based groups have sprung up with this as their prime objective. These tasks are changing the nature of the voluntary agencies and are affecting their relationships with official bodies. This can place a new strain on the overall Canadian effort unless acrimony is avoided and highly-contentious issues kept in perspective. (143-145)

C. Business and Industry

(i) Under the proper conditions, private investment from abroad can provide a great stimulus to development and is welcomed by most of the governments of developing countries. (149)

(ii) In the past the flow of private investment from Canada to developing countries has been among the lowest of industrialized countries. This reflects Canada's own internal need for development capital. This situation presents an opportunity to ensure that future Canadian investment enters developing countries on a basis of genuine partnership which will enhance overall relations. (150, 152)

(iii) One immediate need is for much-improved information, so that governments and the public, both in Canada and in developing countries, can have some accurate idea of the extent and location of the holdings of Canadian-based investors. Provisions for proper disclosure should be among the conditions placed on investors receiving Canadian official incentives and subsidies. Measures for requiring disclosure may have to be considered in cases where secrecy by Canadian corporate nationals begins seriously to impair other private or official interests. (151)

(iv) Canadian-based investment in developing countries must be encouraged to respond to the new conditions prevailing for foreign investors. Many of these new conditions, relating to the type and scale of enterprises involved, and to "good corporate citizenship" in

general, are closely paralleled by growing concerns among Canadians. (155)

(v) Outside investment is likely to be increasingly limited in sensitive sectors, such as resource industries, utilities, financial institutions and tourist facilities. Many countries are now seeking small and medium-scale industrial enterprises, a situation which should in certain industries correspond to Canada's own scale of operations. (153-154)

(vi) Ideally Canadian investments should promote the following objectives: stimulate employment and ancillary economic activity; involve the maximum input of relevant technological, managerial and marketing "know how"; provide for local participation; and pay careful attention to local employee development and good community relations in general. (153)

(vii) The Canadian Government encourages Canadian firms to invest in developing countries through programmes of both CIDA and the Export Development Corporation (EDC). On condition that investments are made on fair and mutually-beneficial terms, Canadian official incentives can serve as a useful catalyst in speeding overall development. (A detailed discussion of some of the main schemes is found in section C (ii) of the full Report). (157-164, 167-176)

(viii) In addition to financial incentives, CIDA is developing a service to provide information relating to investment in developing countries. This kind of service should prove invaluable both to potential Canadian investors and to governments and entrepreneurs of developing countries who may be seeking sources of capital in this country. (165-166)

III. THE AID RELATIONSHIP

The Possibility of Partnership

(i) Official and public attitudes toward development have been evolving steadily over the past few years. Canadians have ceased to speak of "foreign aid" or "external aid" and have increasingly thought in terms of "international development assistance" or "development cooperation". These changes reflect a new sensitivity and hopefully a new conception of the relationship between Canada and the less-developed countries. (177-179)

(ii) The recent reviews of international development together constitute a kind of charter of rights and responsibilities involved in a true "partnership for development" (to use the Pearson Commission's phrase). The difficulties involved in achieving this kind of relationship should not be under-estimated. (180)

(iii) Evaluation of aid-use presents particular problems in reconciling the sovereignty and sensitivity of the recipient government with the legitimate concerns of the donor. Under the proper conditions, however, evaluation can be useful and constructive process. It appears to work best in a multilateral forum and under broad and flexible criteria which give full weight to the social goals and aspirations of the people of