

further intends to liberalize the procurement conditions to cover shipping costs on all goods provided under the official development assistance programme, and to make available up to 20 per cent of total bilateral allocations on a completely untied basis for projects and programmes of particularly high development priority. In addition, the Government will be prepared to work with other donor countries towards agreement on general measures which might be taken to untie development assistance on a multilateral basis.

The Government will continue to require counterpart funds to be established by recipients of food aid and commodity aid. These funds may be utilized to provide, where feasible, local currency components and support for projects or programmes agreed to between Canada and recipient countries. Under appropriate conditions, counterpart funds not allocated to specific projects or programmes within a reasonable time may be released to the recipient to provide support for its general development programme.

Contribution to Multilateral Agencies

The multilateral agencies play a singularly important role in the international development process. These agencies include principally the United Nations organizations, the World Bank group, and a growing number of regional development banks. The strength and value of the agencies arise primarily from the nature of their relationship to the recipient countries. Virtually all of them include membership of the developing countries. This often gives them a status and degree of acceptability which enables them to enter into a more effective development partnership with recipients than would be possible for a bilateral donor. It also helps insulate the development relationship from the political difficulties and sensitivities sometimes associated with direct bilateral programmes. A number of difficult problems, however, continue to impede the ability of many of the international agencies to make the most effective use of these inherent advantages.

Another factor concerning multilateral aid which must be taken into account is that it often reduces the sense of direct participation of the people of the donor country, which may result in reduced interest and support for the development assistance programme. Nevertheless, a substantial multilateral programme can directly contribute to development in a very effective manner and improve the conditions under which bilateral funds are utilized.