

Why give aid? Apart from purely altruistic reasons -- one likes to think that Canada would still help its poorer relatives in the world community even if nobody else did so -- there are powerful political and economic motives for international development co-operation. Like any other nation, Canada depends on the goodwill of other countries. It needs to trade with them, it needs their recognition of Canada's sovereignty, their protection of Canadian citizens within their borders and their support on vital issues in the United Nations and at such conferences as the recent one on the environment in Stockholm.

To secure such support it must do its share in international efforts, including development co-operation. Moreover, as Paul Hoffman, former administrator of the UN Development Program, once put it, "What's good for the world is good for Canada". As a side effect, Canadian assistance to Third World countries produces important benefits to the Canadian economy, as most of the goods and services needed in Canadian-financed projects are bought in Canada.

Development co-operation is not a series of haphazard handouts to any visiting dignitary who wears a turban or a sombrero. It is a highly-organized, professionally-run operation and, being part of Canada's public expenditure, it is carefully directed, managed and audited. The government body responsible for running Canada's assistance program is the Canadian International Development Agency (CIDA), whose president answers directly to the Secretary of State for External Affairs. CIDA's budget for the 1972-73 fiscal year is \$491 million. Its program can be divided into eight main categories:

Project assistance The largest single kind of CIDA assistance is project aid. Under this program, development loans and outright grants are given only for specific projects, which the recipient government and CIDA have jointly identified and agreed upon. Of the \$332 million earmarked for bilateral (direct Canada-to-developing-country) assistance in 1972-73, over \$190 million is for project aid. Other forms of bilateral co-operation are food and commodity aid, of which more later.

Nearly all Canadian development loans are interest-free and run for 50 years, with a ten-year grace period (the first payment is not due until ten years after the loan is made). Usually, but not always, loans are used to finance the purchase of goods and materials needed for a project, while grants pay for technical assistance -- providing teachers and advisers or conducting feasibility studies -- and for food aid.