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Development Assistance

Canada's development co-operation relations with Malaysia date back to the 1950s and 1960s when Canada provided technical assistance and training programs through the Colombo Plan. Canada contributed approximately \$23 million to Malaysia during the implementation of the Colombo Plan. With the establishment of CIDA in the late 1960s, Canadian development assistance activities expanded substantially with projects in the areas of agriculture, education, energy, health, mining and metallurgy, communications, transportation and finance. Between 1970 and 1976, Canada's official development assistance (ODA) contributions to Malaysia amounted to \$28.2 million.

In 1975, a decision was made by Canada to concentrate development assistance programs in a smaller number of developing countries. In keeping with this decision and in recognition of Malaysia's rapid economic development during the late 1960s and early 1970s, Malaysia's development assistance eligibility status changed. No new major projects were started. This put into motion the gradual phase-down of the bilateral program in Malaysia, which was officially terminated in 1979.

After considerable discussions with the Malaysian government, a General Agreement on Development Co-operation was signed in May 1986 and a small-scale program was reinstated. The emphasis of the program changed toward the implementation of projects in the areas of economic and human resource planning; agriculture/resource development and management; and science and technology. In 1990, an industrial linkage program was established. It will foster closer economic co-operation between Canada and Malaysia. The promotion of this form of self-sustaining co-operation is at the core of the CIDA program strategy which emphasizes a gradual transition from a development assistance relationship to one of full economic co-operation.

Canada's development assistance efforts in Malaysia are currently an amalgam of the various development co-operation channels administered by

CIDA and related government agencies including IDRC and EDC. Over the last five years, CIDA's Bilateral Program has provided the largest proportion of ODA funds to Malaysia (approximately 40 per cent of the total). The IDRC and CIDA's Industrial Co-operation Program followed closely with 22 per cent each of the total (see Table 5). ODA disbursements in Malaysia since 1987 average approximately \$5 million annually.

4.1 Bilateral Program

Approximately \$1.5 million had been spent annually on CIDA's bilateral program in Malaysia until disbursements more than doubled in 1988/89 to reach close to \$4 million. The program is focused on seven high-profile projects in the human resource development, agriculture, and energy sectors as well as in the area of socio-economic policy planning and analysis. More recently, the main emphasis of the program has shifted toward developing industrial and business linkages between the private sectors in the two countries.

A key project in this context is Enterprise Malaysia-Canada. It involves a CIDA contribution of close to \$15 million and is currently being established to promote the transfer of Canadian technology and know-how to Malaysia through joint ventures and other co-operative endeavors between the private sectors in both countries. This project will be the main focus of the bilateral program in Malaysia over the next five years. It will complement the activities of CIDA's Industrial Co-operation Program which contributes approximately \$2 million annually on a cost-sharing basis to Canadian firms conducting studies leading to the establishment of joint ventures or other forms of private sector co-operation and business arrangements in Malaysia. Another important feature of the Program's activities in Malaysia over the past three years has been the assignment of a Canadian investment adviser to the Malaysia Industrial Development Authority.