

Feasibility studies or pre-investment studies are essential tools of long-range development in which Canadian engineers, surveyors and planners have been heavily engaged in recent years. These studies are not luxuries. Whether it is to explore the full social and economic potential of a huge section of land such as the Chittagong Hill tracts of Pakistan or the Guayas River Basin of Ecuador, or to determine the economic value of a proposal to build a railroad, as between Zambia and Tanzania, the study can be used to guarantee the best employment of a developing nation's small store of wealth.

There are continuing benefits to Canada, apart from the growing international reputation of the men who have worked upon such studies. The reports they bring back, which can be made public with the permission of the country involved, can be valuable guides to investment or to businessmen seeking new outlets for their products.

Additionally, this kind of reliable appraisal can be expected to attract capital from financial institutions such as the World Bank or from private lending sources, which might be used to finance Canadian exports. You will see this line of credit operation working shortly in our Latin American programme. I hope that similar arrangements can be worked out in other countries where a substantial Canadian aid programme is envisaged.

We will continue to seek the most effective procedure for purchasing and procurement.

Until quite recently, virtually all aid-financed procurement was done through the multi-step procedures of government buying. These procedures, I think, make good sense where public funds are being used by the Canadian Government to meet its own needs. In the implementation of the aid programme, however, they are often quite inappropriate.

To an increasing extent, therefore, we are leaving it to the government receiving Canadian aid to purchase under competitive conditions, or have purchased on its behalf by its own importers, Canadian goods and services approved for aid financing. This technique will go a long way toward the establishment and maintenance of lasting commercial relationships, involving high-quality goods and services produced in Canada with an adequately high Canadian content and available at competitive prices.

We have adopted improved methods for selecting consulting firms for pre-investment investigations and supervision of capital projects so as to ensure the most equitable distribution of their work among Canadian consultants and the most effective utilization of the resources they represent.

Under our new procedures, proposals normally will be sought from a certain number - usually three or more - of competent and interested Canadian firms, including, where applicable, any competent firm suggested by the aid recipient. This procedure, which is comparable to that followed by a number of other donors and such other institutions as the World Bank, the UN Development Fund and the Inter-American Development Bank, will enable a contract to be awarded to a Canadian firm interested in working abroad which has submitted the most favourable proposal from the point of view of operation, experience and availability of qualified personnel and equipment. This procedure will help to ensure that a Canadian consultant who has developed the project will be in a good position to secure the resultant business.