

Africa, expenditure under this head amounted to \$5.63 million for the Sahel.

Aid to purchase basic products

Aid for the purchase of basic products is a bilateral form that enables developing countries to procure primary materials, unprocessed or semi-processed, and fertilizer from Canada for their infant industries and agriculture. The nature of the products (fertilizer, copper, nickel, asbestos, etc.) is determined by agreements between the Canadian and beneficiary governments. This assistance is generally financed by loans on easy terms; sometimes there may be subsidies⁽³⁾. In a country like Pakistan, for example, this form of aid promotes the development of the secondary sector, which has already begun, as well as the creation of jobs. In 1976-1977, CIDA expenditures on this type of assistance amounted to about \$52.5 million.

Lines-of-credit

Lines-of-credit opened by CIDA, on the same favourable terms as aid for the purchase of basic products, are not subject to so many administrative formalities. They are like credit cards valid for a pre-determined amount. They offer the recipient country the greatest possible freedom in the expansion of its imports of Canadian products, at the same time providing support for its balance of payments. The agreements concerning lines-of-credit are often restricted to specifying what they may *not* be used for: the purchase of luxury goods, for example, or goods not carrying the Canadian value added required for bilateral aid, or that could be used for military purposes, etc.

Within the limits established by CIDA, Canadian exporters can sell very diversified products to the public or private sectors of developing countries. CIDA settles with the Canadian supplier, and the buyer in the recipient country pays his government in local currency.

This form of assistance, offered to countries whose development is well planned and efficiently pursued, entailed expenditure of a little more than \$27 million in 1976-1977.

⁽³⁾ This assistance is subject to administrative controls and procedures similar to those that govern the use of development loans.