

STATEMENTS AND SPEECHES



INFORMATION DIVISION
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CANADA'S FOREIGN AID PRIORITIES

A Statement by Mr. Paul Gérin-Lajoie, President of the Canadian International Development Agency, to the International Development Assistance Sub-Committee of the Commons Standing Committee on External Affairs and Defence, February 4, 1971.

...My predecessor appeared before your Committee in mid-December, and during his testimony Mr. Strong covered in some detail the events of the last 20 months in which CIDA had been involved. Before the end of today's meeting, I will make available to members an annex, compiled with the help of my senior officers, which lists the highlights of CIDA operations during 1970. In my testimony today I shall look to the future, to the challenges ahead, as I define them. Since I am assuming the presidency of CIDA at the same time as the start of the Second Decade of International Development, it is particularly fitting that I look upon this responsibility with CIDA as a new challenge which will involve taking a number of new initiatives. At the same time, I will determine the basic objectives of CIDA in the light of the broad policy statements which have been set down in the Government's foreign policy review. These broad policy statements, set down last year, are being given greater precision by the work of Parliament, and of your Sub-Committee and Standing Committee.

I do not think of this as a personal challenge for myself, but as a challenge which is accepted and taken up as a collective responsibility by CIDA management and staff, and coming under the ultimate responsibility of the Secretary of State for External Affairs, of the Cabinet and Parliament. But, of course, I have a prime responsibility to identify as clearly as possible with this challenge.

Now I should like to speak in more detail about these challenges, and about the priorities for CIDA as I see them today. I should list five major priorities:

- (1) Taking fuller account of the local and social impact of our assistance;

- (2) placing further emphasis on multilateral assistance and co-operating in international moves to make the terms of aid more liberal;
- (3) putting greater impetus behind assistance to *francophone* Africa and Latin America;
- (4) speeding up the progress of projects in general;
- (5) awakening the interest and involvement of the Canadian people.

In setting these out as the major priorities for CIDA in the years immediately ahead, we are taking a course very much in line with the directions agreed upon by the world community for the Second Development Decade.

(1) Taking fuller account of the local and social impact of Canadian assistance

I shall deal with this very important subject under three headings.

First, there is the question of integration. Most of the aid given by Canada and other donor countries during the Sixties was offered in a bilateral framework which did not mesh with other projects in that particular country and were sometimes even at cross purposes. Faults were on all sides: some of the low-income countries did not have detailed development plans, while some of the donors were not interested in looking at the country's problems as a whole and preferred to think only of their favourite project. The low-income countries have learned the weaknesses of this piecemeal approach, just as we have done. There has recently been much greater concern expressed to make sure that each project of assistance fits into the general pattern of development. Numerous examples can be given of the need for integrated plans; if there is investment in some new industry, there must be investment in housing for the workers drawn to that industry; a scheme for agricultural extension services has to include rural education and community development. And, as well, the job is not complete until men and women in the recipient country have been trained to manage the project after the foreign advisers have left.

A good example of this integrated planning is the great DERRO scheme of rural development in the mountainous Tetuan province of Morocco. Canada has a technical team of seven experts already working there in different fields. This month agreements were signed under which Canada will provide an operational team for five years, equipment to back them up, and training for Moroccan technicians who will take over.

This concern for integration has to go a further stage, beyond simply providing integrated teams of experts from a particular country. It should also mean fuller co-ordination between the work of various donor countries and institutions. The Pearson Report laid heavy stress upon the need for improved co-ordination machinery, and urged the President of the World Bank to call a conference to discuss the creation of such machinery. It was Canada that led the way in this by hosting the Montebello Conference a year ago, and its work was followed up in another meeting in Heidelberg last summer. Much remains to be done to avoid duplication of work by a multiplicity of agencies. But

there are signs of partial results appearing on the ground. The BERRO-Tetuan project, which I have just mentioned, is itself being integrated into a 25-year plan to develop Morocco's six northern provinces -- a plan in which the World Bank, several UN agencies, France, Belgium and Germany are all helping.

Secondly, there is the objective of social development. It is by now widely acknowledged that the Sixties witnessed a concentration on economic development and on growth-rates measured in terms of gross national product, with too little account taken of the social development of the people affected. Both objectives -- economic development and social development -- must be retained. With insufficient foreign-exchange earnings and insufficient domestic-capital formation, countries will flounder. On the other hand, a complete preoccupation with economic growth and a neglect of the social effects -- the opening-up of wide gaps in living standards inside a country's population, for example -- can bring great dangers to that country, as we have seen in certain instances. I shall not name any such country, but I shall name one country -- Tanzania -- that probably could have raised its growth-rate by a significant amount but whose leaders decided instead that it was more important to make sure that development brought benefits for the greatest possible number of their countrymen.

CIDA, in company with other agencies, should place more emphasis on the direct social effects of its programs. Our assistance program has already begun to emphasize this consideration, and to plan how best to help the least privileged in any country with which we work. There are many ways in which to do this. Social considerations rank high, for instance, in assistance to educational programs, to public health schemes, with water supplies or agricultural extension plans or population programs. Assistance that helps create a proportionately high number of new jobs will be an important means of helping tackle one of the biggest social problems looming in the Seventies -- unemployment among young people. The technical aid Canada has given to the comprehensive schools in Guyana, the assistance with the junior secondary schools in Jamaica, take social considerations properly into account. So does our help with water supplies in the Markenburg scheme in Guyana, and with the dry-land farming in India, and with agricultural extension in Commonwealth Africa. But there must be more of such schemes. It has become easier to plan and finance these projects since CIDA was given so much more flexibility as a result of the foreign policy review. Our ability to undertake schemes with a high proportion of local costs means we can tackle projects in agricultural extension that were not possible before last year.

In saying this, one must acknowledge that for a donor country to pay heavy account to the consideration of diminishing disparities within a developing country is to move into a sensitive area of work. A donor country has to confine its assistance within the general framework of the recipient government's statement of priorities, and some governments may not put a high priority on helping the "marginal" sections of the population. But Canada has some limited room for manoeuvre, first in its original choice of countries with which to work and secondly, after that, in its tactful choice of projects within those countries.

A third concern I have, when studying the local impact of our assistance, is that the apparent Canadian interest has often been our preoccupation, to the clear disadvantage of the low-income country. The tying of much of our aid to procurement in Canada is without doubt a burden and a restriction upon these countries. We have been unable, except in special circumstances, to undertake projects that had a high local cost component; and this has been a serious obstacle to development in some cases. Several ministers of agriculture in African countries will testify to that. Some hard questions need to be asked in this context. Are we in the development field for our own self-interest? In any case, are Canadian interests and local interests often -- or indeed ever -- irreconcilable? If development is seen in a long enough perspective, they surely are not. I am very happy that the foreign policy review last year gave CIDA a good deal of new flexibility which will enable us to pay more account to local interests by financing for example, a higher proportion of local costs. As well, Canada is this year actively involved in the OECD Development Assistance Committee's study of ways to untie aid. As members know, Canada has during the last year made its own moves to untie a large part of its development assistance -- by increasing the multilateral proportion, by offering to provide 20 per cent of its bilateral aid on completely untied terms, and by offering to pay all shipping costs. The same spirit, if not exactly the same approach, led the 17 main donor countries to concentrate on ways of untying bilateral development loans during the DAC "high-level" meeting in Tokyo in September. Canada has welcomed this spirit, and CIDA officers have been vigorously involved in many discussions that have followed the Tokyo meeting. At the same time, we have been concerned that this new preoccupation among DAC members with plans for untying aid does not cover over a decline in the volume of aid, or a hardening of financial (as opposed to procurement) terms. Members received last month a position paper that went into further detail on this subject; but I should like to emphasize that, if there is international agreement through the DAC on concerted steps to untie bilateral development loans, the effects of this may be very profound.

(2) Placing further emphasis on multilateral assistance, and co-operating in international moves to untie aid

The DAC moves on tied aid are one aspect of a greater emphasis which the donor countries are placing on multilateral and co-ordinated assistance. Canada has a good record in this field already. It has been a leader in the moves to replenish and enlarge the funds of the International Development Association (or IDA, as it is called). We have been ahead of most donor countries in the proportion of aid funds channelled through multilateral agencies, and the foreign policy review took us further on this road by laying down the target figure of 25 per cent. With the third replenishment of the IDA starting next year, Canada will be close to that target figure, for our contribution will double to keep pace with the doubling of the total fund.

There is also our work with the regional development banks. We have helped establish the Caribbean Development Bank, and are now active in trying to launch a special fund of soft loans inside the African Development Bank. With the Asian Development Bank and the administration of the Inter-American Development Bank, our advances of funds have not been taken up as quickly as one could hope; part of the difficulty has been the tying of our funds to

procurement in Canada. We must do something about this. In the world-wide discussions about how best to untie aid in a concerted and controlled way, a good deal of agreement is gathering around what is often called the "Dutch proposal"; this is simply a proposal that all the lenders to a particular development bank who agree to untie their aid in it may compete openly for procurement among themselves and with any producers in these developing countries. Funds may well move faster, and projects be implemented more swiftly, as a result. If agreement is reached on some such proposals in the regional banks, it may serve as a model for larger untying moves with the rest of bilateral loans.

A blurring of the lines between bilateral and multilateral aid is starting, in fact, as more and more of our bilateral assistance is offered on untied terms. To measure the effect from the procurement end, there is not much difference either. Under the guidelines of the foreign policy review, we now tie about 50 per cent of our bilateral assistance to procurement in Canada. Meanwhile, we have recently been receiving back in the value of contracts made by IDA borrowers the equivalent of about 50 per cent of the funds we contribute on untied terms to that pool. CIDA and Industry, Trade and Commerce are making a special effort to improve Canadian suppliers to win a fair share of the contracts awarded by multilateral institutions. Bread thrown on the waters does return to you, and not necessarily after many days. This is surely evidence that, even in considering the short term, Canadian interests and local interests are not irreconcilable.

(3) Putting greater impetus behind assistance to *francophone* Africa and Latin America

We have a particular opportunity, which I wish to take, to put into effect in our most recently launched programs the considerations about which I have just been speaking: a heightened concern about social and local impacts and an eagerness to make use of the new flexibility we enjoy with more liberal terms of aid. Our programs in Asia, Commonwealth Africa and the Commonwealth Caribbean are becoming mature and well-rounded programs; these considerations will equally apply to them, but it is in the two newest areas of work that these considerations can most immediately shape the development of our assistance plans. This is one substantive reason why I intend to put stress upon the programs in *francophone* Africa and Latin America. Let me speak about each of these programs in turn.

CIDA's program in *francophone* Africa has until now been strongly oriented towards providing technical assistance. But a start has been made in implementing plans to support more innovative development projects. We need to put more impetus behind the delivery of capital assistance to the *francophone* African states. From our figures of commitments of grants and loans, it is clear the impetus is beginning to build up; but again there is more to do. Our growing association with these countries is valuable in several ways. Through the association, we link ourselves as friends and partners with an important sector of the human family in Africa; through it we can use the great range of knowledge, experience and expertise that lie within the French-speaking communities across Canada for the benefit of the developing countries; and through it the *francophone* African states can go

beyond their past dependence for assistance on France and Belgium and find access to new relations around the world. Again let me stress that since this is a comparatively recent program for Canada, we can seize the opportunity to shape our work there so that it fits as closely as possible to the objectives defined in the latest thinking among donor and recipient countries, and to the objectives of social development which I have been describing.

There is a difference with CIDA's bilateral program in Latin America. It will be oriented, at least at the start, towards the supply of technical assistance. This is, however, balanced by the fact that the \$60 million we have already advanced through the Inter-American Development Bank is being taken out in the form of capital assistance. Our new program of technical assistance will, as far as possible, be linked to work in education, agriculture, forestry and community development that may help to spread the benefits of change over a comparatively wide section of the people. The countries to which the CIDA teams of specialists have begun to go to identify specific projects -- Colombia, Peru, Brazil and the Central American republics -- are ones where the need for development assistance is great, and yet where there is planning organization within the countries to make good use of such assistance. This does not mean that we shall not offer similar assistance to other countries in Latin America in due course; we are also concerned to help in regional projects and in schemes of third-country training scholarships. There is nothing, therefore, exclusive about the list of countries the CIDA teams have started to visit.

(4) Speeding up the progress of projects

It is, of course, one task to plan the substance of new programs in *francophone* Africa and Latin America, and another task to complete them within the shortest possible time. The question of speedy implementation (or, as it is sometimes put in a slightly less constructive way, the problem of disbursements) has been raised in your Sub-Committee, as well as in the recipient countries and among the general public in Canada. There are contrasting things I wish to say on this subject. First, we should recognize that international development is a complex business: it must be clear that development projects, involving millions of dollars, are not matters to be settled overnight. Completing a capital-development project is, more often than not, a matter of years. For food aid, commodity assistance and technical aid, the "pipeline" from appropriation to disbursement is shorter. CIDA planning and operations officers have worked hard, within their present capacity, to cut the pipeline as short as possible.

But secondly, I should add, in contrast, that there are certain improvements to be made. Now that the structure of the Planning and Operations Branches have been fitted more smoothly alongside each other, the CIDA capacity to speed up implementation of projects can perhaps best be improved through an increase in staff who are familiar with the region with which they work, and who have skills in the business of international development. This is a new point not sufficiently stressed. International development is a relatively new, and certainly unique, business. CIDA has been learning, through its own experience, about the rather special type of qualifications required in its staff; a virtually new category -- that of development officer -- is emerging. And we need more of them.

Other improvements may be achieved if more of the minor decisions are made in the field, possibly through decentralizing from Ottawa the authority to approve small projects up to a certain ceiling of funds. Again, the forward commitment authority given to the Agency is an instrument of which more use must be made. Until very recently, the preoccupation in CIDA has been to plan the commitment of present funds; we can now advance a good distance beyond that point. Finally, as a result of the foreign policy review, CIDA gained many new kinds of flexibility, and we must take full advantage of them to speed up the delivery of our assistance.

(5) Awakening the interest and involvement of the Canadian people

Now I should turn away from a discussion of dollars and other figures. Since international development has its basis in the idea of a shared world, of solidarity among all people in the world, Canada's contribution should not only be a financial and technical one. It must also have a humanistic foundation. For it to possess such a foundation, the Canadian people should feel as personally involved as possible. This is a matter of building up a moral and long-lasting attitude, rather than conducting a short-term campaign to arouse support for particular projects or targets. We should all admit that this work until now has been done in a spotty and not very methodical way. To say that is not to underestimate the enthusiasm and bright ideas of those who have worked to tell Canadians about the issues of international development. There have been good starts (the Miles for Millions Walks are an example) but they are no more than starts.

There needs to be a much more concerted effort to involve the Canadian public. The people and the talents are clearly available. The growth in our development program overseas has generated among many Canadians a desire to participate more actively in international development. In this context, I should like to pay a particular word of praise to CUSO (Canadian University Service Overseas). CUSO represents one of the most dynamic initiatives that Canada has taken in the non-governmental sector. The tributes which it has earned from the leaders and people of the 40 or more countries around the world where 1200 of its workers are at present posted is a tribute to Canada herself. Beyond the work they do as employees of those governments and institutions abroad, they build a further link of interest and understanding between their families and friends in Canada and the countries in which they are serving. And, beyond CUSO, there are 100 other non-governmental agencies whose assistance to developing countries in funds raised and workers sent abroad has a value estimated at more than \$30 million a year. This is impressive evidence of public support for international development and for the Canadian Government's policies in this sphere.

I believe that we can and must respond directly and imaginatively to the growing requests for information and education programs. In doing so we shall help to create a more aware public, which is essential if we in Canada are to meet our responsibilities as an economically-privileged member of the world fraternity. In this the non-governmental agencies can play a significant role; reaching out into large and small communities across Canada, they can bring the cause of international development to Canadians in all walks of life.

The UN Second Development Decade presents us with an opportunity for some fresh initiatives in this respect. Your Committee has recently heard proposals on this subject, including one to establish a national commission on development. I am studying these and other possibilities carefully. I am particularly anxious that our young people should be closely associated with any new initiative that is taken. They have demonstrated in many ways, at home and abroad, their enormous potential for creative and constructive tasks. Moreover, they are going to be most affected by the achievements -- and the failures -- of the next ten years. I should like, therefore, to harness the idealism and vitality of young people to give real thrust to the plans for the Development Decade. I shall do my utmost to work closely with them.

A second aspect in the involvement of Canadians is the participation of business. Many developing countries, with memories of their colonial experience, are suspicious of foreign business and tend to overlook the creative contribution which the free-enterprise system could make to their development.

Canada, as a nation that is very familiar with the problems of foreign investment, could perhaps play a more understanding and sensitive role in this respect. Canadian private investment could, if it proceeds wisely and carefully, help to create a new image of the foreign investor as a partner rather than as a potential exploiter in the developing countries. This is no easy role to play, but I believe CIDA should make efforts to help businessmen who look upon investment in low-income countries as a genuine partnership out of which can come a shared and mutual benefit.

The need for increasing the flow of Canadian private resources is only too apparent, if we are to meet the 1 percent target of GNP. Official development assistance may come close to the 0.7 percent target before long, but there is the other 0.3 per cent, most of which is implicitly expected to come from private sources. Up to now Canada's private flow has been one of the smallest, but it need not be in years to come. CIDA's Business and Industry Division has met a lively response in its first few months of offering help with starter surveys and feasibility studies. The initial response suggests there may be a reservoir of investment as yet untapped.

As well as encouraging Canadian businesses to consider investment abroad, CIDA and the Government generally have a responsibility to ask them to consider their role at home in relation to developing countries. By that I mean Canadian producers and the Government must face important issues of trade policies, particularly the protection of domestic industries from the competition growing in the low-income countries. I see a danger here in the polarizing of attitudes. There are groups today, such as Canadian textile manufacturers and workers, who face hard times during this period of high unemployment and quite naturally call for protection; others, like Canada's beet-sugar growers, hope to expand and want subsidies. At the other pole are those who call for a swift end to these arrangements so that Canada may offer to producers in the developing countries the most open access for their goods.

I do not think it will help anyone if the textile men and the sugar-growers in Canada and other such groups feel themselves pushed onto the defensive and into a corner. Professor Reuber put it well in December when he said the Government needs to find "a long-run policy (with) underlying assistance arrangements, and then to see it through and not shift ground depending upon the particulars of the day". To put it another way, there needs to be between the Canadian Government and producers a broad and positive discussion about the trends of world trade and about the changes and readjustments in which all can benefit, as long as these changes are planned over a steady period.

I should speak specifically for a minute about CIDA's own Information Division and its public information program. An agency such as CIDA needs to mount an intensive program of communication with both the general public and specialized publics. I have spoken a good deal about the active involvement of Canadians in international development; but involvement can also be intellectual, for professors and housewives and everyone else. They are due, and they should have, as complete an explanation as possible of the ways in which an increasing portion of public funds is being used abroad. As well as reporting on particular CIDA activities, the Information Division is being reoriented so that it can help explain broad development issues to Canadians, and so that CIDA's efforts can be better seen in fuller perspective. The Division is being built up so that it may go beyond the point of responding to inquiries and recording particular events, to the stage where it may to a degree anticipate and recognize new trends in the policies and work of international development, and help explain them in good time to the Canadian public.

Conclusion

This statement of mine, of priorities and preoccupations, has to be seen against the background of the more general and fundamental objectives of Canadian international development activities. I should like to close by summarizing those objectives, as I see them.

First, there is the objective of helping the low-income and less-favoured nations shape and develop a society according to their own national priorities, so that they may enjoy a larger share of the benefits of life which we enjoy in the richer countries.

Secondly, there is the task of playing a significant, if not a leading, role in developing a new international community with a different set of values, as expressed in terms of national expenditure, from the values accepted today. I look towards an international community where smaller and smaller sums of money and effort are spent on military activities, and where we all make increasing contributions to the task of improving the living conditions of all humanity. This objective is founded on the belief that humanity, for all its superficial divisions, is an indivisible and closely-knit community where any significant development in one group has an inevitable and swift repercussion on the whole. We cannot avoid our responsibilities; the challenge is to face them with spirit and imagination.