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THE COLOMBO PLAN

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COVER—The Ceylonese Minister of Home Affairs, Mr. Ratnayake, raises the Ceylon flag on the steam trawler "Maple Leaf", supplied to Ceylon by Canada under the Colombo Plan.

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The Colombo Plan

What is the Colombo Plan? Why is it needed? What are its aims and objectives? What is Canada's interest in it? How is the Plan progressing? These are questions which are currently being asked and which this article will attempt to answer.

THE full title of the Colombo Plan is "The Colombo Plan for Co-operative Economic Development in South and Southeast Asia". It emerged from a meeting of Commonwealth Foreign Ministers held at Colombo in February 1950, the first occasion when the Commonwealth Foreign Ministers met in Asia and the first such meeting at which Foreign Ministers of the new Commonwealth countries in Asia were present. The use of the name "Colombo" in the title of the Colombo Plan has no other significance than that the idea took shape at a meeting held in that city. In fact, the Colombo Plan, though established on the initiative of Commonwealth Governments, is not even restricted to Commonwealth countries but was always intended to encompass the general area of South and Southeast Asia. The original members were Commonwealth countries, India, Pakistan and Ceylon, (as well as the British Territories in the area, Malaya, Singapore, Sarawak, etc.), the United Kingdom, Canada, Australia and New Zealand. Since then, membership has been extended by the addition of Burma, Cambodia, Laos, Nepal and Viet Nam, and by the United States which, in the implementation of its own Point Four Programme of economic aid in the area, is co-operating fully with other Colombo Plan countries. All these countries are full members of the Consultative Committee, an intergovernmental body which exercises a general supervision over the execution of the Colombo Plan. The Consultative Committee meets annually, normally in the Colombo Plan area, to exchange views on policy matters and to review progress. The remaining countries in the region, namely, Indonesia, the Philippines and Thailand, have been represented at Consultative Committee

meetings by official observers and Indonesia has indicated its intention, subject to the approval of its Parliament, to become a full member. The International Bank for Reconstruction and Development is naturally interested in the Colombo Plan and also sends an observer to Consultative Committee meetings.

Need for Help

Even a most cursory examination of the economic and social situation in South and Southeast Asia makes clear the urgent need for something to be done to help the peoples in that region towards a better life. The total population exceeds 570,000,000, roughly a quarter of the world's people. For the great majority, food is scarce and lacking in variety. Health conditions are deplorable. Eight out of ten are unable to read or write. Housing conditions are desperately poor, a one or two-roomed hut of mud or bamboo commonly serving the needs of a whole family. Living standards were low before the war, but the war has made conditions worse. Countries under Japanese occupation were despoiled and neglected and economic assets, such as rubber and tea plantations, power stations and transportation facilities, which had been painfully built up over long periods, were destroyed or fell into disrepair. In the Indian sub-continent, the very heavy strain on transportation and factories, the diversion of productive capacity to defence needs, and the inability to keep pace with the requirements of maintenance, repair and replacement, took their toll of economic assets.

Political and social disturbances have added to the difficulties in South and Southeast Asia. The transfer of power to the new Governments of India and Pakistan was carried out smoothly. But the

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partition of the country itself caused serious economic dislocation. In Malaya, Burma, Indo-China and Indonesia, political disturbances and terrorist activities hindered normal recovery.

Much has been done in the past six or seven years towards restoring the shattered economies of South and Southeast Asia to their pre-war levels but much more must be done. The peoples of these countries are no longer satisfied to eke out a bare existence for themselves and their children in the conditions of poverty and misery which were the lot of their fathers and forefathers. Most of these countries have gained their independence since the war and governments and people alike are determined to match their political progress with economic and social improvement.

The region is rich in natural resources and the main source of supply for several key products in international trade. Before the war it provided almost all the world's exports of jute and rubber, more than three-quarters of the tea, two-thirds of the tin and one-third of the oils and fats.

Tremendous Effort Required

It is clear that if the great wealth of the countries of South and Southeast Asia is to be developed for their benefit and for that of the whole world, a tremendous and sustained effort is required. The task must, in the main, be carried out by the countries themselves under the leadership of their own governments. This challenge has indeed already been accepted. Most of the governments concerned have worked out national development plans to be implemented in stages over a five or six-year period. With or without external assistance these development programmes will be carried forward but to the extent that the richer and more economically developed countries provide help, especially at the beginning, progress will be that much more rapid.

This is where the Colombo Plan comes in. It is not in itself adequate to provide for the scale of development which is desirable and indeed essential. It can, however, make a significant contribution

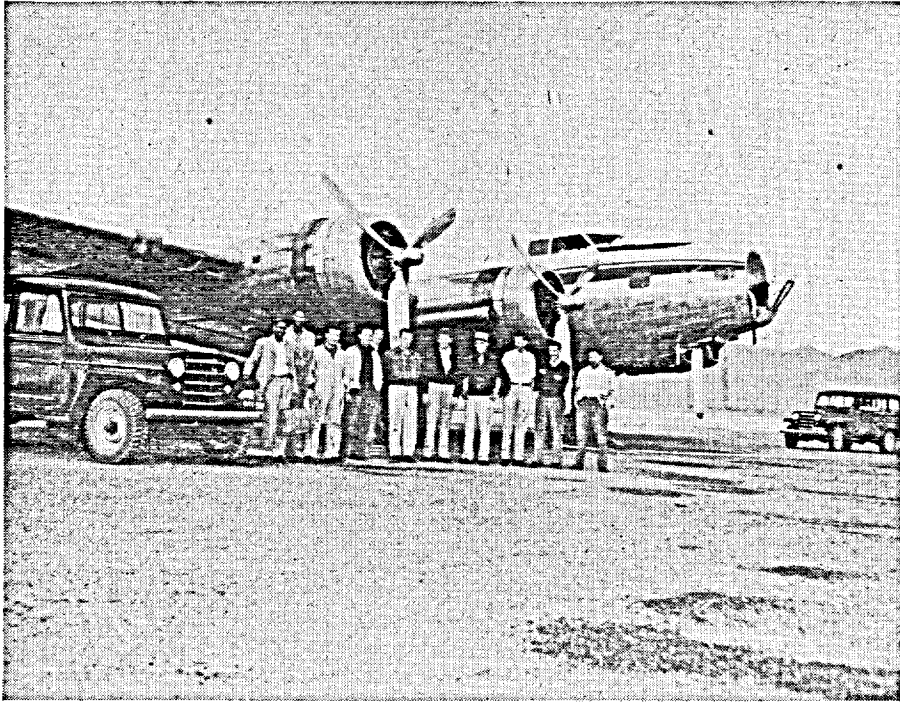
and is doing so by supplying urgently needed capital aid and technical assistance to fit in with the programmes which the receiving countries themselves are carrying out. It should also be of indirect benefit in encouraging financial assistance from other sources, for as the development plans become realities the economy of the area will be to that extent strengthened, production increased and living standards raised. The process is bound to be gradual but as conditions improve and stability is maintained, it would be natural to expect that private capital will move in greater amounts towards the area.

Two Part Plan

The Colombo Plan can be divided into two separate but closely related parts. These are technical assistance and capital aid. Technical assistance, as is clear from its name, is the sharing with the underdeveloped countries of the advanced knowledge and skills of the industrialized and more developed countries of the world. The idea of international technical assistance on a large scale is relatively new. It began with the United States Point Four Programme, so called because it constituted point four of President Truman's inaugural address to Congress in 1949. It was quickly taken up by the United Nations which organized an expanded programme of technical assistance in the middle of 1950. Colombo Plan technical assistance is supplementary to the United Nations programme in South and Southeast Asia, where the needs are particularly urgent.

Basic Aim

The basic aim of technical assistance is to provide the essential bridge to economic development. It is obvious that the countries of South and Southeast Asia, for example, will never be able to develop their resources if they lack skilled technicians. For limited periods and on a small scale, technical experts might be lent but this would do little if anything to solve the permanent problem caused by a shortage of trained personnel. The solid foundation of economic develop-



A Canadian photographic survey team, with Pakistani assistants, at Samungli Airport, Quetta, Pakistan, carrying out a resources survey of West Pakistan.

ment is technical skill and those who have it must share it with those who have not, if sound and lasting development is to be realized.

While technical assistance programmes present many difficulties in their execution, which will be discussed in more detail later on in this article, it is capital assistance — that is, the financing of economic development— which calls for the heavy outlay of funds. The growth of productive power is a slow and gradual process which must be spread over generations as has, indeed, been the experience in the advanced countries of the West. But it is the early stages of this development which are the most costly and the most difficult to initiate. Basic services, such as railways, roads, ports and harbours, electricity and irrigation, require a vast capital investment. In democratic countries, moreover, a certain minimum of social services must go hand in hand with programmes of economic development, if these are to command popular support. Countries in South and Southeast Asia are at different levels of

development but they all require heavy expenditure on basic services. Once the process of development gets well under way, its effects are cumulative, and financial and other difficulties become less.

Estimated Expenditure

The Colombo Plan as drawn up in September-October 1950, envisaged a total expenditure of some \$5 billion for capital development during a six-year period in the Commonwealth countries of South and Southeast Asia. The figure is based on the requirements of the Commonwealth countries or territories because only they had worked out national development plans at that stage. It was estimated at the time the Colombo Plan was established that about \$3 billion of the total sum required would have to come from outside the area itself. More recent assessments indicate that the requirements in external finance are likely to be even higher because of the deterioration in the terms of trade of the Asian countries as a result of the reduced world

prices of jute, cotton, rubber and other key exports. In any event these countries, despite their best efforts, will need a substantial amount of foreign capital if they are to reach the modest goals set in their national development plans. Private capital is, of course, one source of financial support and another, the International Bank for Reconstruction and Development, is already financing some of the larger projects. Up to date, the contributing countries in the Colombo Plan have pledged themselves to support the programme as follows: Australia has undertaken to provide aid over the six-year period to a total value of 31.25 million Australian pounds, or approximately \$70 million; New Zealand is contributing the equivalent of 3 million New Zealand pounds, or \$8.3 million for the first three years at the rate of £1 million a year; the United Kingdom over the six-year period is prepared to assist to a total of approximately \$900 million chiefly by releasing war-time sterling balances held in London by the receiving countries. Canada provides its contribution to economic development under the Colombo Plan on an annual basis by means of a parliamentary vote. For each of the first two years of operations under the Colombo Plan, Parliament approved a sum of \$25 million for capital assistance. Again this year parliamentary approval is being sought for a third contribution in the same amount. If approved, this vote will therefore bring the total Canadian contribution for the first three years of the Colombo Plan to \$75 million. The United States, through its own programmes of economic aid in the general area of the Colombo Plan, has contributed or pledged a total of approximately \$200 million in the first two years. Like Canada, the United States operates on the basis of annual appropriations approved by the Legislature and the extent of United States aid to South and Southeast Asia during the coming fiscal year will be determined by Congress.

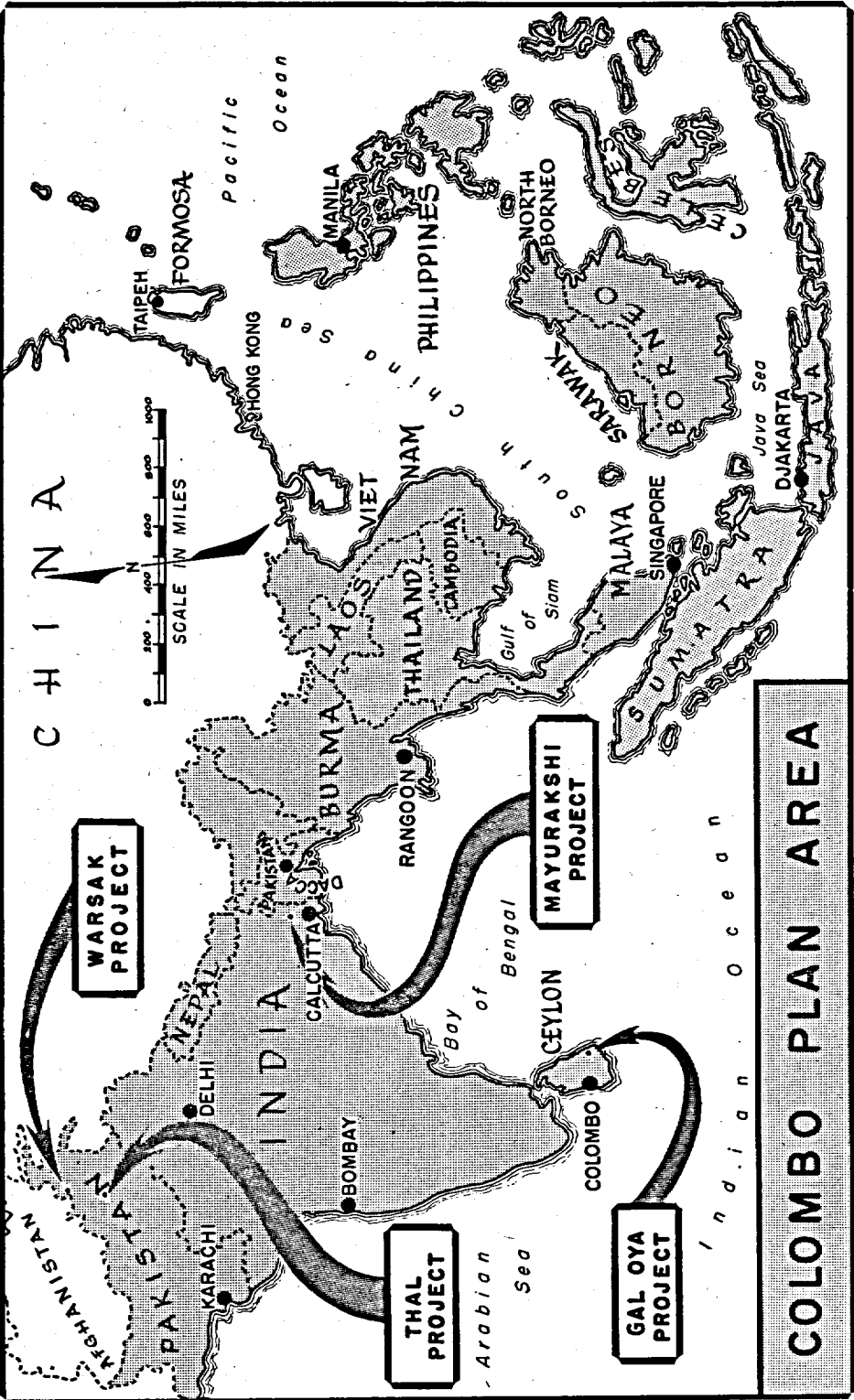
Bilateral Basis

The actual carrying out of Colombo Plan aid, both capital and technical, is arranged on a bilateral basis between the receiving and the giving countries. Every

effort is made to co-ordinate such bilateral programmes not only with other members of the Colombo Plan but also with other organizations engaged in economic development programmes in the region, particularly the International Bank, the United Nations and its Specialized Agencies. If the limited resources available are to produce the greatest benefits for the under-developed countries, it is essential not only to avoid overlapping and wasteful duplication but also, where feasible, to complement each other's programmes and thus help towards the completion of well-integrated projects which fit into the national development programme of the countries concerned.

Canada and the Colombo Plan

On September 10, 1951, an Exchange of Notes was signed in New Delhi formally recording the mutual acceptance of the Canadian and Indian Governments of a Statement of Principles to govern the provision of economic aid from Canada to India under the Colombo Plan. Identical Notes were exchanged on the same day in Karachi between representatives of the Canadian and Pakistan Governments and on July 11, 1952, in Colombo between representatives of the Canadian and Ceylon Governments. The Statement of Principles provides that all economic aid supplied by the Government of Canada to the Government of India or Pakistan or Ceylon shall consist of goods and services in accordance with specific programmes agreed upon from time to time between the Canadian Government and the government of the receiving country concerned. Provision is made for Canadian financial assistance to be given either on a grant or a loan basis, depending on the nature of the particular project and the uses to which the goods and services are put. The particular terms of each specific programme are a matter for agreement between the Canadian and the other government concerned, subject to the following general provisions covering grant aid and loan aid. If goods financed by grants from the Canadian Government should be sold or otherwise distributed to the public by the receiving government, "counterpart funds" are nor-



COLOMBO PLAN AREA

mally to be set aside. The receiving government is to set up a special account for these funds and to pay into it the rupee equivalent of the Canadian expenditures on goods and services supplied in connection with the project concerned. These funds are to be used to finance the local costs of economic development projects agreed upon by the Canadian Government and the government of the receiving country. For specific projects which are agreed to be appropriate for financing by loans, the terms of the loans are to be determined by the two governments, taking into account the commercial character of the project in question, its anticipated earnings and its anticipated effects on the foreign exchange position of the receiving country. In fact, all Canadian Colombo Plan aid given to date has been on a grant basis.

In carrying out its Colombo Plan activities, Canada is guided by a few general policies. It is recognized that the governments of receiving countries are in the best position to know their own needs and it is, therefore, left to their initiative to propose projects for Canadian aid. In selecting the most suitable projects from among those submitted for consideration, Canadian authorities take into account both the contribution which the particular project is likely to make to basic economic development and Canada's own ability to provide the goods and services required. The general preference is for projects in the fields of agriculture, transportation and public utilities, but the most careful consideration is given to any project which the receiving government regards as important to its national development plan and for which it requests Canadian assistance.

Capital Assistance

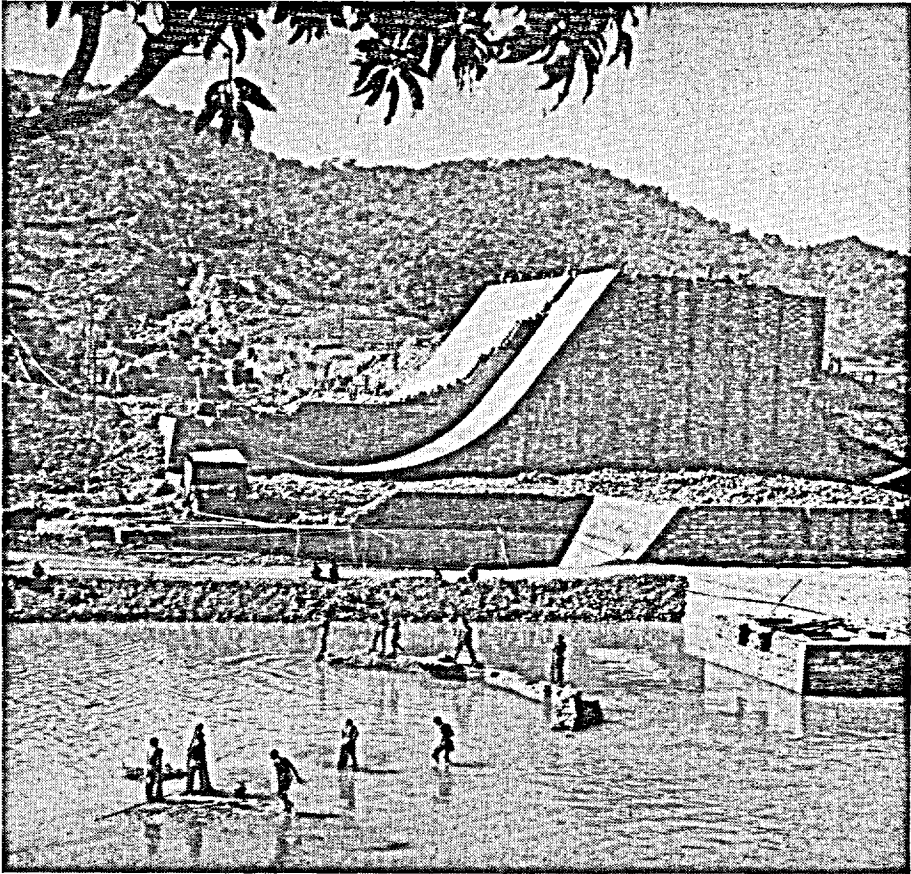
In the first year of the Colombo Plan, the Canadian contribution of \$25 million was divided between India and Pakistan, with \$15 million in aid being granted to India and \$10 million to Pakistan. In the second year, that is the fiscal year 1952-53, it was decided that Ceylon should be included in the Canadian programme of aid, that about \$2 million might be allocated to Ceylon and that the remaining funds should be made available to India

and Pakistan in the light of the programmes to be submitted by their governments. To date, a final decision on the exact division of funds has not been made nor is any automatic allocation contemplated in respect to the third \$25 million contribution which Parliament is being asked to vote for 1953-54. Certainly India, Pakistan and Ceylon will continue as recipients of Canadian aid, though the possibility of providing some assistance to other countries in the area for projects specifically submitted by them is not ruled out.

India

India's food problem is tremendous. There is never enough food produced in India to feed the population even at the minimum standards to which they are accustomed, and the Government is therefore obliged to import large quantities of food every year. The essential food requirements are roughly 50 million tons; even in a good year India rarely produces more than 45 million tons. The need to import something in the neighbourhood of five million tons of food a year represents a serious drain on India's limited foreign exchange and a serious strain on her international balance of payments position. The Government of India is fully aware of the desperate need to close this gap and its five year development plan concentrates on increased agricultural production. Under the Plan 17.5 per cent of investment capital is to be devoted to the improvement and expansion of agriculture and 21 per cent to irrigation which, of course, is closely related to better agricultural returns.

The success of the agricultural programme in India's Five Year Plan will mean that the country will grow enough food for its own population at the present level of consumption, and may make it possible to raise that level. Meanwhile, however, while the programme is getting under way and is developing, the gap continues to exist and food must be imported. The immediate basic needs must be met while development goes on. It was to help relieve this situation that the Indian Government requested Canada to use Colombo Plan funds for the provision of wheat to India.



—Government of West Bengal

The Mayurakshi Project — dam under construction.

Purpose of Plan

The Colombo Plan was never intended to be anything in the nature of a relief agency. It was meant not to provide food for the famine-stricken, nor any other emergency supplies, but to help strengthen and develop the economies of the under-developed countries on a permanent basis. Nonetheless, it was recognized from the beginning that in certain circumstances, and India's position was specifically noted, the provision of food-stuffs could contribute to the long-term economic development which is the objective of the Plan. The Canadian Government agreed to allocate \$10 million of the Colombo Plan funds available for India in 1951-52 and \$5 million in 1952-53 for the provision of wheat subject to arrangements which would ensure bene-

ficial results to basic economic development. This objective is attained through the establishment of counterpart funds as provided for in the Statement of Principles described above. The Indian Government agreed to set up a special account and to credit to it the proceeds of the sale of the Canadian wheat in India. This counterpart fund, equivalent in rupees to the \$15 million Canadian expenditure for wheat, must be used to finance the local costs of some economic development project, or projects, mutually acceptable to both Governments. Agreement was in fact reached some months ago on the use of the rupee counterpart fund generated by the first \$10 million wheat grant. This money is all to be allocated to pay part of the costs of local labour and materials for the construction of a large irrigation pro-

ject at Mayurakshi. This project, which will also include a small hydro-electric plant, is in the State of West Bengal. A good deal of work has already been done in damming up the Mayurakshi river, building a barrage, etc., and it is expected that the project will be completed in 1955. Mayurakshi, which is one of the high priority projects in India's five-year economic development plan, will irrigate 600,000 acres of land with a resultant increased yield of approximately 400,000 tons of food annually. It will be seen, therefore, that the provision of wheat by Canada to India under the Colombo Plan has accomplished three ends. It provided food at a time when the need for food was great and urgent; it represented a saving for India of its limited foreign exchange; and it generated rupee capital for the development of a project which will be of permanent value to India in its programme for increased food production. It has not yet been decided how the counterpart funds arising out of the \$5 million grant of wheat given to India this year shall be used. To the extent that these funds are needed to complete Mayurakshi they will probably be used for that purpose. The balance, if any, will help to finance the local costs of some other equally sound long-term project.

Cottage Industries

As explained above, there is to be built at Mayurakshi a small hydro-electric plant which will generate about 4000 kw. of electric power. One of the primary purposes of the power is to develop cottage industries in the district, which will supplement the means of livelihood of the peasants by providing them with useful and productive work during the monsoon season when they are unable to farm. It will also provide power for small local industries and for the social improvements which accompany rural electrification. Most of the items of capital equipment required for the construction of the hydro-electric plant must be obtained abroad and negotiations are now under way for the provision of this equipment from Canada. If satisfactory arrangements can be made, Canada will undertake to provide the necessary generating equip-

ment for the power plant itself and the transmission equipment needed to distribute the electricity throughout the district. This part of the project would cost about \$3 million.

Transport Project

One of the basic elements in any programme of economic development is transportation and in this field also Canadian Colombo Plan aid has been given to India. The State of Bombay, with its very large population and its very poor transportation facilities, recently decided to improve its road transport system. On its behalf, the Central Government of India requested Canada to render assistance to this worthwhile project through the provision of motor vehicles. The request appealed to Canadian authorities not only because of their recognition of the need for improved transport but because in large part the Canadian aid requested would contribute to the solution of the food problem. It is obvious that food production must be matched by food distribution facilities, if people are to have the food they need. The larger part of the Canadian contribution to Bombay consists of trucks, which are to be used to transport food from the area of production to the area of consumption. In all, Canada is contributing 835 trucks, 450 buses and 70 tractors and trailers. Some of these vehicles have already arrived and shipments will be completed within the next month or two. The total cost of the project, including spare parts, amounts to \$4½ million.

The Bombay State Transport Project, like all Canadian Colombo Plan operations in India, was negotiated between the Canadian Government and the Central Government of India. While the vehicles were provided as an outright gift to the Indian Government, it was agreed that that Government in turn should supply them to the State of Bombay on a loan basis on the principle that a transport system is, or should be, a self-supporting enterprise. The Bombay State Transport Corporation benefits from the arrangement because the terms of repayment are much easier than could have been obtained commercially. As the loan is repaid to the Central Government, the

instalments will be credited to a counterpart fund for use in rupee financing of economic development projects. This is another Colombo Plan project which serves a three-way purpose. It helps to meet a real and urgent need in transportation and food distribution in an exceptionally populous area; it saves India's dollar exchange to the extent of \$4.5 million; and it creates rupee capital for long-term development purposes.

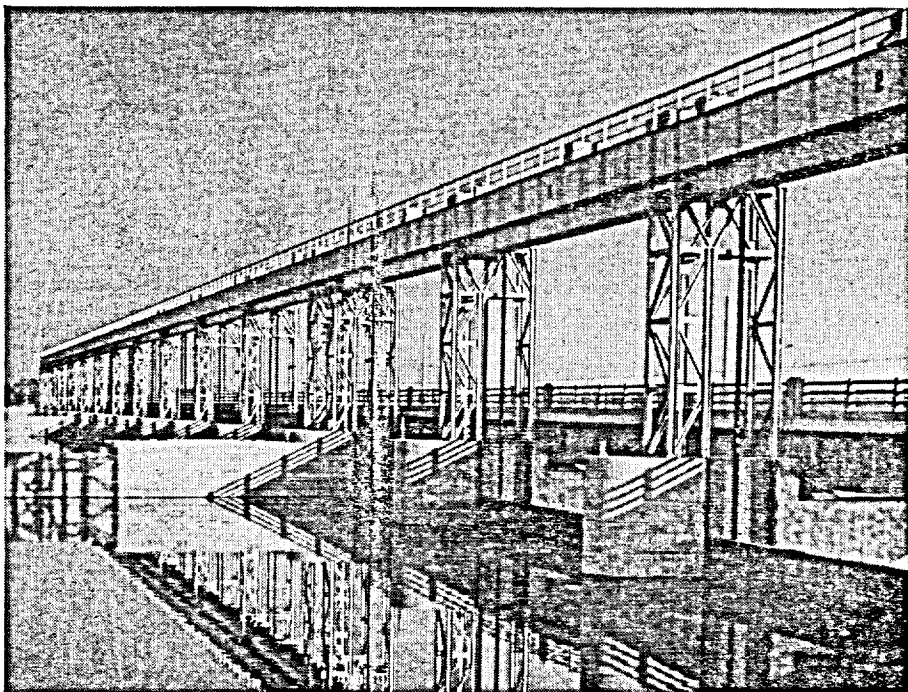
Summary

Summarizing the aid given so far to India under the Colombo Plan, we see that \$15 million in wheat have been granted with the corresponding rupee counterpart funds being devoted to the construction of an irrigation hydro-electric project at Mayurakshi; \$3 million in generating and electrical equipment will probably be provided for the hydro-electric plant at Mayurakshi; \$4.5 million in trucks and buses have been furnished for the improvement and expansion of the Bombay State Transport System with resultant counterpart funds for national

economic development projects. Other projects have been proposed and are being seriously studied. If as a result of inquiries in the field and at home, some of these projects prove suitable for Canadian aid both from the viewpoint of the contribution they will make to the economic development of India and from the viewpoint of availability in Canada of the capital equipment needed, they will no doubt be included in Canada's programme of aid, to the extent to which funds are available.

Pakistan

In normal times Pakistan produces sufficient food for its own needs and has usually been able to count on a small surplus for export. It was natural, therefore, that Pakistan's six-year development plan, while making provision for increased food production, did not give the same emphasis to that aspect of economic development as did India, nor is it surprising that the projects put forward by Pakistan for consideration by Canada should have been for the most part in fields other than agri-



—Government of West Bengal

The Mayurakshi Project — close up of the Barrage.

culture. Pakistan's economy is seriously lacking in basic industries and electric power and like all other countries in the area, is weak in its transportation facilities.

Results of Partition

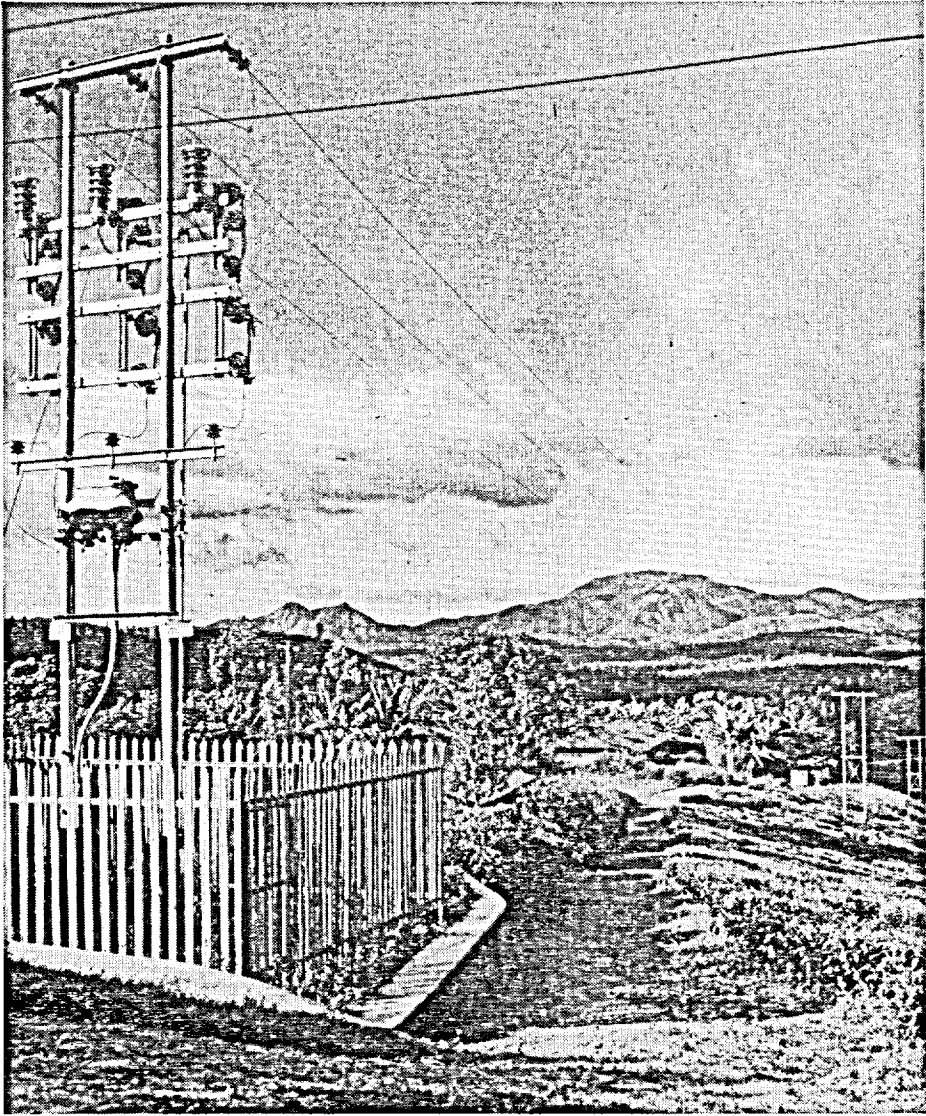
Partition resulted not only in a grave economic dislocation in both countries but also in a large-scale movement of refugees in both directions, a migration which caused serious economic and social problems and which was potentially a political danger. The total exchange of refugees amounted to something in the neighbourhood of 14 million people, equal to the entire population of Canada. The Pakistan Government, as part of its effort to provide for refugees, is organizing a large-scale colonization scheme in the Punjab in a region called Thal. The Thal Development Authority was set up to administer the project and some progress has already been made. The region, lacking in water was nothing but a desert waste. Irrigation will transform it into fertile land, as is proven by the results of the small amount of irrigation already carried out. The whole colonization scheme envisages irrigated farm lands, water supply for other uses, small industries and the power plants to run them, and, of course, the housing, the schools, hospitals and other facilities which will make of the area a reasonably prosperous and comfortable community. Here large numbers of refugees will not only enjoy better living conditions themselves but will also contribute to the increased productive capacity of the country as a whole.

Thal Projects

The Thal colonization scheme is important in the national development plan of Pakistan but it is described here in some detail because Canada, through its Colombo Plan activities, is itself contributing to the development of this area. One of the basic requirements for getting on with the Thal scheme is substantial quantities of cement. Its most important use is for lining the irrigation canals to prevent the water seeping through the porous sand. The irrigation project on which the entire colonization scheme de-

pends, could not be carried through without the use of cement. Cement is also needed for buildings, for small industries, and for the usual uses to which it is put in any permanent community. There is, however, no cement within anything like reasonable distance of the Thal area and very little manufactured in the whole of Pakistan. The provision of cement, therefore, posed a serious problem to the Pakistan authorities in relation to the practical development of their colonization scheme. The obvious and sensible solution to this problem was the construction of a cement plant in the Thal region, where the essential raw materials are, fortunately, to be found in abundance. The plant could be a source of supply for the colonization project and for later needs in and around the area. The Pakistan Government proposed that Canada should construct such a cement plant under its Colombo Plan Programme. The proposal was accepted by the Canadian Government and \$5 million set aside to cover the cost. The plant and machinery will be manufactured in Canada and will be erected at Thal by the Canadian contractor. The Pakistan Government will be responsible for providing local labour and materials for the construction of the building which will house the plant. The entire project will be completed in two years and its capacity will be 100,000 metric tons of cement annually.

Canadian assistance is being given to another project in the Thal area, less important and far less expensive, but one which could make a significant contribution to long-term agricultural developments in the region. This is a model livestock farm which is jointly sponsored by Australia, Canada and New Zealand. These three contributing members of the Colombo Plan have agreed to establish the livestock farm and to maintain it in the initial stages. Livestock, equipment and technical experts are being provided according to the varying abilities of the three sponsoring countries. The Canadian share is primarily the provision of agricultural machinery and related equipment. For this purpose \$200,000 has been earmarked, about half of which has already been spent.

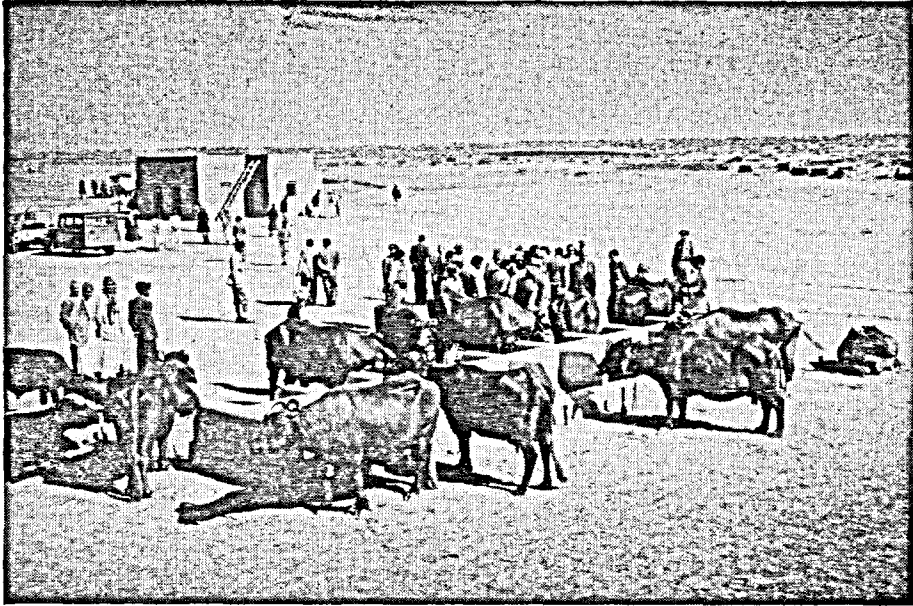


The development of electricity by installation of hydro-electric schemes, plays an important part under the Colombo Plan. The above electric grid system is a portion of the development in India designed to increase electric power by 67 per cent.

Transportation System

The Pakistan Government is very anxious to improve its transportation system and has been able to secure a loan of \$27.2 million from the International Bank for Reconstruction and Development for the rehabilitation and development of its railway system. With the loan, Pakistan is purchasing locomotives and other mechanical equipment but the full re-

quirements for this first stage in the railway development plan cannot be entirely met from the Bank loan. The Pakistan Government asked Canada to consider using Colombo Plan funds to provide Pakistan with a substantial quantity of wooden railway ties which would fit in with the over-all railway project. The Canadian Government has accepted this proposal and over the next year railway ties to the value of \$2.8 million will be



Cattle being watered on a farm in the Thal area of Pakistan.

shipped from the Canadian West Coast to Pakistan.

An interesting Canadian project which should be of unusual long-term value to Pakistan's economic development is a resources survey of most of West Pakistan. A Canadian photographic survey company is carrying out this project which includes aerial photography, a geological survey, mosaicing and mapping. Canadian personnel with Canadian planes and equipment have been in Pakistan for some months and have made good progress. In order that the results of the survey can be put to the best use by the Pakistan Government and that a permanent survey unit in Pakistan can be set up, arrangements have been made for the training of Pakistan technicians during the course of the survey operation.

The Pakistan projects described above all formed part of the Canadian programme of aid for the first year of the Colombo Plan, that is, 1951-52. This year Pakistan, like India, asked that Colombo plan funds be used to provide wheat to help meet a grave and unusual food deficit. While Pakistan has normally produced more than enough food for its own needs, several factors combined to bring about a critical food shortage in the fall

of 1952 and the Pakistan Government was forced to import millions of dollars worth of wheat in order to provide for the basic necessities of the country. In these circumstances, the Canadian Government agreed to assist Pakistan's food import programme by allocating \$5 million of Colombo Plan funds for the provision of wheat to Pakistan on the same kind of counterpart fund basis as was done in the case of India. That is to say, the Pakistan Government will set up a special account to which will be credited the proceeds of the sale of the Canadian wheat in Pakistan and the resultant counterpart funds, to equal in rupees the \$5 million Canadian grant, will be used for local costs in connection with some economic development project to be mutually agreed upon by the two Governments.

Warsak Project

Another project which has been approved for assistance under the Canadian programme of aid to Pakistan for the second year of the Colombo Plan is the construction of a hydro-electric project at Warsak in the North West Frontier Province. The preliminary engineering

on this project has been done by the Pakistan authorities and the results indicate, to the satisfaction of engineering experts including International Bank staff and Canadian consulting engineers who surveyed it, that the project is technically feasible and economically sound. When completed it would generate 150,000 kws. of electric power, a large proportion of which would be distributed to the neighbouring province of the Punjab where the need for power for industrial uses is great and growing. The availability of electric power in this general district can be expected to make a substantial and permanent contribution to the basic economic development of Pakistan. The project will also contribute to increased food production through the irrigation of 93,000 acres of land.

Five or six years would be required to construct the Warsak project and a preliminary and rough estimate places the external costs for equipment which must be obtained from abroad, at about \$14 million. In addition there would, of course, be heavy costs incurred in rupee capital by the Pakistan authorities for all the labour and materials required for the preparatory work involved in building the dams, barrages and earthen works for the project. The sum of \$3.4 million has been allocated out of Canadian Colombo Plan funds for the purchase of the machinery and equipment required in the initial stages. Continued Canadian aid for Warsak will, of course, be subject to appropriations by Parliament in the remaining years of the Colombo Plan.

Ceylon

In June of 1952, arrangements were made for a visit to Ottawa by an official of the Ceylonese Government to place before Canadian authorities, on behalf of the Ceylon Government, certain specific proposals for Canadian Colombo Plan capital aid. As a result of these conversations, the Canadian Government agreed in principle to the extension of Colombo Plan aid to Ceylon and the Statement of Principles, referred to earlier in this article, was mutually accepted by an Exchange of Notes on July 11, 1952.

The Ceylonese Government had put forward three specific projects whose esti-

mated total cost somewhat exceeded \$2 million. One of these projects, a fisheries research and development scheme, was accepted promptly and \$1 million earmarked as the Canadian contribution. The other two suggested projects were a rural development scheme and a rural electrification project. While Canada was interested, in principle, in helping rural development in Ceylon and was anxious to obtain the necessary general information about the project Ceylon had in mind and specific requirements in the way of farm tools and other items, unexpected difficulties have delayed the Ceylonese authorities in organizing the project and submitting it in detail for Canadian consideration.

Gal Oya Project

More progress has been made on the rural electrification scheme. A large hydro-electric plant has already been constructed at Gal Oya by an American engineering firm, the costs of the project having been met by the Ceylonese Government. The plant forms part of a general development plan for this whole region which includes the resettlement of farmers from other less desirable and less productive parts of Ceylon; the establishment of small industries like rice mills, sawmills, etc.; the improvement of the water supply by the installation of pumps; the development of cottage industries and other benefits which normally accompany the establishment of electric power. The specific request made of Canada was to provide transmission lines and ancillary equipment to distribute the power from the plant to the adjacent communities. Canadian engineers have recently returned from a first-hand examination of the project and will provide the Canadian Government with a report on the technical and economic aspects of the project and detailed specifications of the distributive equipment which would be supplied by Canada if it were decided to take on the project.

Fisheries Project

On the fisheries research and development project, it was possible to take immediate action because the scheme as

presented by Ceylon was based on careful investigation and detailed recommendations made by a Canadian fisheries consultant who had been in Ceylon for a year under the technical assistance part of the Colombo Plan, acting in an advisory capacity to the Ceylon Ministry of Fisheries. Despite the island status of Ceylon, its annual production of fish meets only about 25 per cent of the national requirements. Methods of catching, handling and marketing fish are inefficient and obsolete and the present sphere of fishing operations is confined to the shore and to shallow water. Moreover the extremely low yield per fisherman results in such a high cost to the consumer that many people are unable to purchase this protein food.

Purpose of Fisheries Project

The purpose of the fisheries project to be carried out by Canada is to determine fish population potentials in the coastal waters of Ceylon and the most efficient method of harvesting these tropical seas, to demonstrate the effectiveness of a moderate degree of mechanization in fishing and to assist in the modernization of the fish handling and distribution methods in Ceylon. It is hoped that the results of this experimental project will be such as to promote the development of a fishing industry which will serve the needs of the Ceylonese people.

The actual contributions being made by Canada in connection with the fisheries project consist of two fishing vessels complete with fishing gear, one steam trawler, a fish refrigeration plant, miscellaneous related equipment and the expert personnel necessary to instruct Ceylonese fishermen and technicians in the operation of the ships and of the plant.

Technical Co-operation

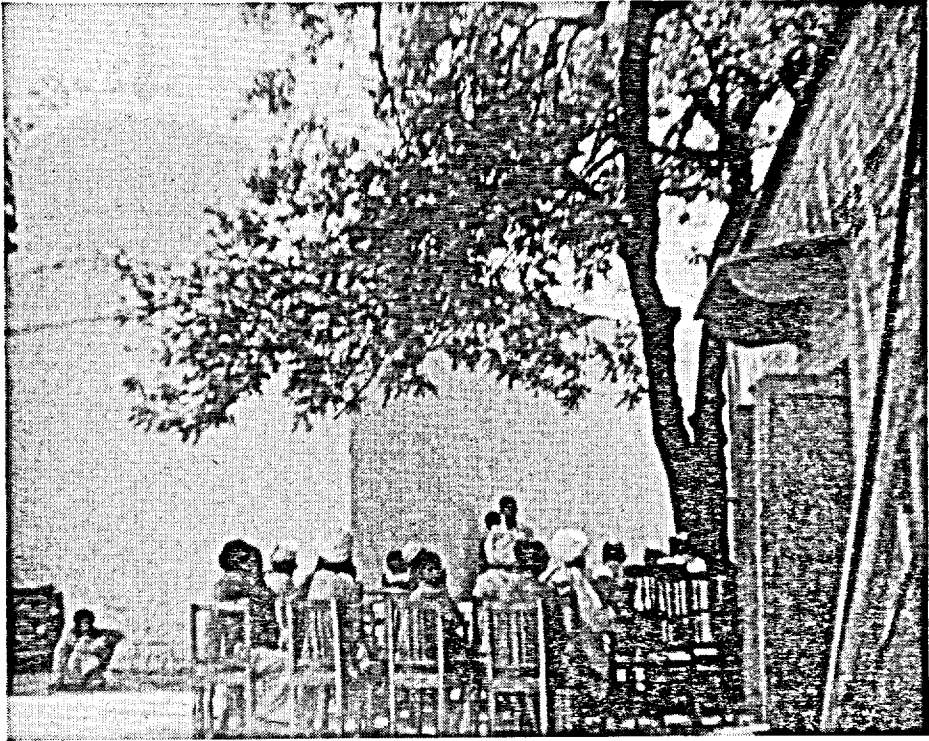
The Colombo programme for technical co-operation has a two-fold objective, to supplement the technical assistance activities of the United Nations and its Specialized Agencies in South and Southeast Asia and to help increase the technological know-how which is essential to the success of the Colombo Plan for the economic and social development of that

area. The activities of the programme of technical co-operation are co-ordinated through a small permanent Bureau established in Colombo, through which requests for technical assistance, offers of training facilities and experts, nominations of individuals, etc., are channeled. The programme is operated on a bilateral basis but the services of the Bureau facilitate arrangements between the governments concerned. In addition, an inter-governmental body, known as the Council for Technical Co-operation, meets from time to time, generally in Colombo, to supervise the conduct of the programme, review progress and agree on general policies.

Term of Programme Extended

It was originally intended that the Colombo programme for technical co-operation should continue for a three-year period beginning July 1, 1950. However, the many difficulties which are now seen to be inevitable in getting a new programme of this kind into action, resulted in slow progress in the initial stages and by the end of 1951 it had become clear that the goals set at the beginning would not be reached within three years. Canada, therefore, agreed with other participating governments that the programme for technical co-operation should remain in operation for the same period as the economic development part of the Colombo Plan, that is, until June 30, 1957. During the past few months as administrative difficulties and organizational problems have been resolved and the participating countries have become more familiar with the available facilities, the programme has gained momentum.

In the light of the experience gained to date, member governments have concluded that while the programme for the training of Asians abroad has in the main been successful and will undoubtedly contribute to the economic development of the region, greater emphasis should be placed on increasing training facilities in the Colombo Plan area for foremen, skilled labour and other middle and lower grade workers. Co-operating countries have also agreed that the provision of equipment for training purposes in the area should be a recognized feature of



A village worker training school in the State of Madras, India.

the programme. This would allow not only for the supply of essential training equipment along with an expert appointed under the Colombo Plan but would also present a positive opportunity for integrating activities under the Colombo programme for technical co-operation with the technical assistance activities of the United Nations. Thus a project sponsored by the United Nations or one of its Specialized Agencies in South or Southeast Asia might be assisted by the provision of a "missing component" by Canada as part of its Colombo Plan programme.

Canadian Experts Recruited

During the earlier phase of its participation in the programme for technical co-operation, the Canadian contribution was restricted for the most part to making available in Canada training facilities for persons nominated by the Asian governments. More recently efforts to recruit Canadian technical experts for service in

the under-developed countries have met with greater success. The difficulties in locating suitable, highly-qualified experts who are prepared to devote a year or more to service in the Colombo Plan area are considerable. Canada is, itself, engaged in a colossal programme of economic development and the need and the opportunities for technically trained Canadians are great. Disruption in normal personal life is often a deterrent to prospective candidates, particularly to the man with a family. Balancing these factors, however, is the interest and satisfaction to be gained from participating in a co-operative effort to help the Asians toward a better life, the opportunity for demonstrating Canadian techniques to people unskilled in technology but enthusiastic in their determination to learn, and the practical experience which may prove extremely useful to the expert on his return to take his place in the Canadian economy. Certainly the recruitment of experts and teachers will continue to be difficult. But the search goes on, and

more and more Canadians are being found to fill technical and educational positions in the Asian countries. It is of interest to note that the services required of Canadian experts are not limited to advisory functions: the greatest demand is for the type of expert who combines the giving of technical advice to the recipient government with the training of people in that country who can carry on with the development project or with the local training programme long after the Canadian expert has returned home.

Relationship Between Capital and Technical Assistance

Frequently the provision of technical assistance is connected with, or leads to, or results from a capital aid project. A good example of this is to be found in Canadian assistance to the fishing industry in Ceylon. It was on the basis of the advice and recommendations of a Canadian fisheries expert that the Ceylon Government proposed, and Canada accepted, the fisheries project which was described in some detail earlier in this article. Canadian technical assistance for this particular project did not end, however, with the assignment of the expert who worked out the details of the project. He himself will be remaining in Colombo beyond the period of his original term of duty in order to see the project through its initial phase. Moreover, four Canadian fishermen will accompany the two fishing vessels and will instruct Ceylonese fishermen in the operation of the craft and in mechanized fishing methods. The trawler also will be officered by experts who will remain in Ceylonese waters until a Ceylonese crew and Ceylonese officers have been sufficiently well instructed to carry on on their own. Similarly, the cold storage plant will remain under the supervision of Canadian technicians until the Ceylonese are thoroughly familiar with its operation. As a matter of fact, a Canadian expert in refrigeration has been in Ceylon for over a year and is already associated with the plans for the cold storage plant.

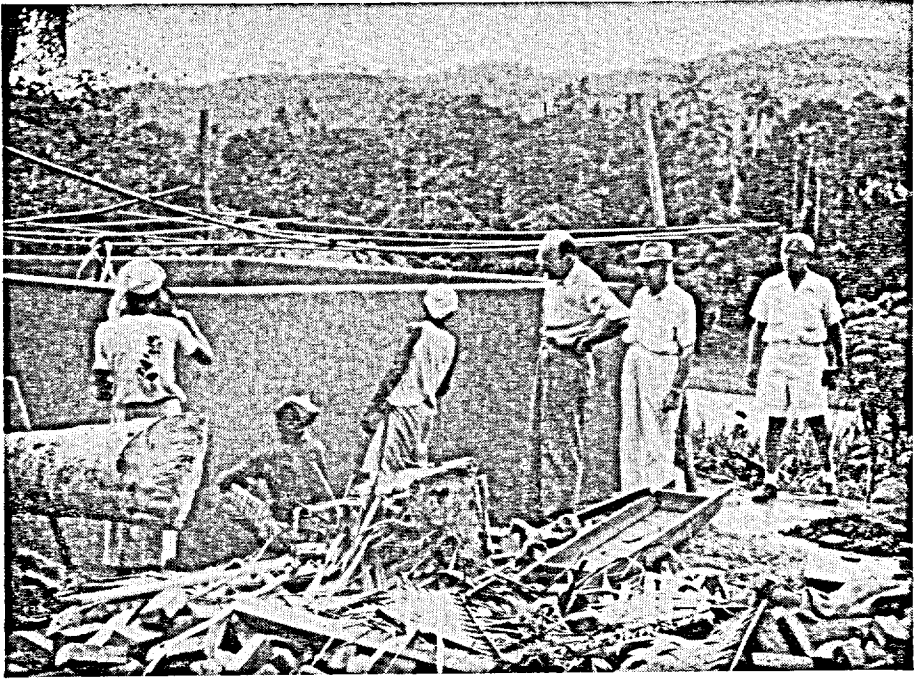
The construction of a cement plant in Pakistan, which forms part of Canada's capital aid programme, provides another illustration of the inter-relationship between capital and technical assistance. As

the project goes forward, selected Pakistani workers and engineers will be trained in the maintenance of the plant and in actual cement-making methods. The photographic and geological survey of Pakistan, another capital aid project, also includes the training of Pakistani personnel both in the field and in the Canadian laboratories of the company carrying out the survey.

Agricultural Assistance

In the field of agriculture, two Canadian experts have recently accepted assignments in Ceylon under the Colombo programme for technical co-operation. One of these, formerly Professor of Agriculture at the Ontario Agricultural College, is serving in Ceylon for a period of three years as Head of the Department of Agriculture of the University of Ceylon. He will, in effect, be reorganizing the University's Department of Agriculture. It may well be that as a result of his work further assistance will be given by Canada to the University, including the provision of staff members and of training facilities in Canada for Ceylonese agriculturists who will replace experts lent by Canada. The other Canadian agricultural expert, who is on loan from the Soils Department of the University of Alberta, is serving in Ceylon for one year as Director of a Soils Division of the Government of Ceylon.

Last year a Canadian biological expert, who is an officer of the Commonwealth Biological Control Institute, undertook a three-month mission to India and Pakistan to investigate the possibility of setting up Commonwealth biological control institutes in those countries. As a result of his survey, the Governments of both India and Pakistan have made applications for Canadian assistance under the Colombo Plan in the establishment of biological control stations. These stations will provide instruction and demonstration in pest and weed control for those not skilled in use of insecticides. Action is now being taken on the Indian and Pakistan requests and it is expected that this same Canadian expert will be returning to the sub-continent to serve as director for the stations in both countries.



Canadian experts inspect the finishing operations of a water supply tank on the new experimental area at the University of Ceylon.

Assistance in Co-operative Field

At the time of writing, a Canadian agricultural and co-operative team is in the subcontinent to investigate what further technical assistance Canada can give in the agricultural and co-operative fields. The team, consisting of two officials from the Department of Agriculture, the Director of Extension of St. Francis Xavier University and the Chief Inspector of the Fédération des Caisses Populaires of Quebec, will be spending three months in all visiting India, Pakistan and Ceylon.

While more emphasis is being placed upon recruiting of Canadian experts and instructors to give technical assistance in the under-developed countries, the training in Canada of persons sent here from these countries continues as an important feature of the Colombo Plan programme of technical co-operation. In large part the success of this part of Canada's technical assistance programme has been made possible by the co-operation of universities, provincial government and private agencies and individuals across the country who have received these persons for training.

Course for Administrative Officers

Among the more interesting and successful of the training programmes arranged in Canada under the Colombo Plan was the comprehensive five-months' course given to 12 junior administrative officers from the Civil Service in Pakistan. Their programme, which included instruction at all levels of public service, was made possible by the collaboration of different agencies of the federal government, the Provinces of Alberta, Saskatchewan, Ontario and Quebec, Laval and St. Francis Xavier Universities, and many other institutions and industrial firms. During their stay in Canada these young Pakistanis lived in private homes and were thus able to get a picture of normal life in Canada as well as the opportunity to study and observe administrative methods in this country.

Health Mission

Another interesting programme was arranged during the past year for six senior health officers from India and Pakistan who came to Canada to study the organization of federal and provincial health

services and Canadian medical facilities in general. While in Canada they participated in the annual meetings of the Canadian Public Health Association and the Canadian Tuberculosis Association in addition to the particular study they made of the organization of health services in certain Canadian provinces. The mission was particularly interested in the progress made in lowering tuberculosis death rates and in the development of health services for Canadians living in rural communities.

For the most part, technical assistance is requested on an individual basis and courses are arranged for individual trainees in their own particular fields. Since the inception of the Colombo programme, approximately 100 Asians have received or are receiving training in Canada. They have come from India, Pakistan and Ceylon and courses of training have been offered them in such fields as agriculture, engineering, medicine, public administration, fisheries, forestry, railways, education, co-operatives and industrial management and development.

The technical assistance given by Canada under the Colombo programme as outlined above is, of course, additional to the similar contribution which Canada has given in providing experts and offering training facilities in Canada in connection with the programmes of technical assistance carried on by the United Nations and its Specialized Agencies. Many of the services furnished by Canada in co-operation with the U.N. programmes have been directed towards the countries of South and Southeast Asia. Thus Canadian technical assistance to the countries in the Colombo Plan area is provided through the United Nations and its Specialized Agencies as well as through the Colombo programme itself.

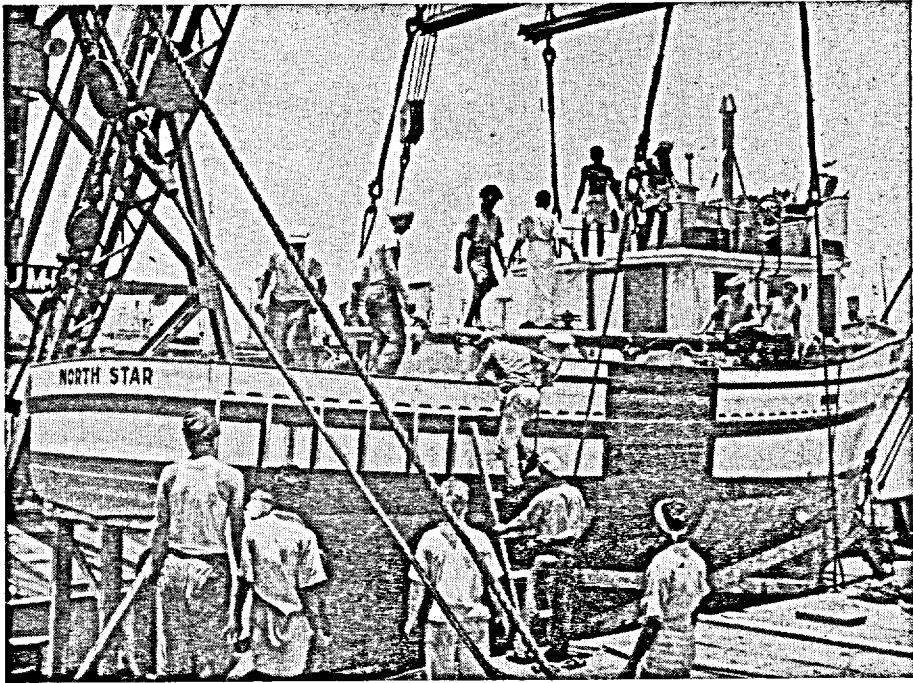
Administration

The execution of Canada's Colombo Plan programme, both capital and technical, entails a considerable volume of administrative work which is handled by a special unit established for the purpose in the Government service, the International Economic and Technical Co-operation Division of the Department of Trade and Commerce, under the direction of Mr. R. G. Nik Cavell. This Division is responsible for locating experts

to serve abroad, arranging training programmes in Canada for fellows and scholars from under-developed countries and for all other administrative duties in connection with both the Colombo and U.N. programmes of technical assistance, and for investigating the supply situation in Canada in regard to capital equipment requirements. Moreover, Mr. Cavell, in his capacity as Administrator, visits the Colombo Plan area annually to discuss with Government officials and Canadian diplomatic representatives in the region particular projects which Canada might assist and to examine at first hand those projects which seem most suitable for inclusion in the Canadian programme of Colombo Plan aid. As a result of these discussions with officials directly responsible for economic development in the receiving countries and of the on-the-spot survey of likely projects, the Canadian authorities are provided with useful advice to assist in the selection of sound and worthwhile projects suitable for Canadian assistance.

Experience has shown that in most cases it is extremely difficult, if not impossible, to form a sound judgment on the practicability, from the point of view of Canadian assistance, of an economic development project in Asia on the basis of correspondence alone. Even when a particular project appears to be most desirable in principle, it may be that engineering risks or lack of preliminary engineering tests, or the possibility of a long time-lag before capital equipment can be used, or some other circumstance or combination of circumstances, will make it inadvisable to commit Canadian Colombo Plan funds until all such doubts are cleared up. It is, therefore, becoming normal practice for Canada to send Canadian consulting engineers to the site of an economic development project in which Canada is interested in order to make a professional examination and to report on the technical feasibility and soundness of the project and to advise in respect of the capital equipment requirements, before a final decision is taken to allocate Colombo Plan funds to the project.

Thus in working out its Colombo Plan programmes, Canada is guided by the



—Fisheries Research Station

Canadian fishing vessels being unloaded in Colombo Harbour.

wishes of the receiving governments and is assisted in making its final selection of projects by continuing discussions with those governments through their representatives in Ottawa and Canadian representatives in their capitals, by the information provided by Mr. Cavell as a result of his periodic trips and by the technical advice of Canadian consulting engineers.

Conclusion:

Canadian interest in the Colombo Plan is based on several considerations. In the first place, Canada, as a member of the community of free nations, is concerned in the maintenance of political stability in this vast and important region. The people of South and Southeast Asia are at the crossroads; the direction they take will depend, in part, on the degree of sympathy and understanding and practical co-operation they find in the more industrialized and economically advanced countries of the West. These countries, including Canada, can give no more convincing proof of the values of democracy than to lend a helping hand to the Asian peoples in their own tremendous efforts

to improve their living standards. On economic grounds, too, the development of South and Southeast Asia is in Canada's long-term interests for, as one of the most important trading nations of the world, Canada is bound to benefit from the expanding world trade which will result from the increased productivity and prosperity of this large and populous area.

It was political, economic and humanitarian considerations of this kind which led Canada to join with other Commonwealth countries in launching this programme of economic development for South and Southeast Asia. *The Colombo Plan* itself, as published in October 1950 by the initiating governments, contains in its final paragraph this brief but complete summary of the motives underlying the co-operation of the sponsors:

In a world racked by schism and confusion it is doubtful whether free men can long afford to leave undeveloped and imprisoned in poverty the human resources of the countries of South and Southeast Asia which could help so greatly, not only to restore the world's prosperity, but also to redress its confusion and enrich the lives of all men everywhere.

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