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Article abstract

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# CANADA'S ROLE IN THE FOREIGN AID PROGRAMMES TO THE DEVELOPING NATIONS: A GEOGRAPHICAL APPRAISAL \*

by

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## I. INTRODUCTORY REMARKS

The study of commercial flows between the industrialised nations and the less developed ones has already been undertaken by many economists and some geographers in a great number of books and articles. But economic relations between these two groups of countries include more than commodity trade: « invisible » flows also play a great role in these relations. For example, income from tourism in some countries, such as Mexico, makes it possible for them to have a favourable balance of trade. Likewise, bilateral and multilateral foreign aid programmes to the less developed countries make possible for the latter a more efficient use of their human and natural resource potentials in order to raise their standards of living and to be in a better position to face competition on the world markets. These programmes, although still very inadequate, keep growing in size and scope year after year.

However, notwithstanding the obvious interest which a study of the spatial distribution of foreign aid might offer, geographers have not yet contributed very much in this field, for want of accurate and consistent statistical data. In a recent article, the author analyses such obstacles to research in the case of foreign aid to Latin America.<sup>1</sup> But some countries, such as Canada, and a number of international organisations, such as O. E. C. D., have begun to publish fairly accurate statistical data on foreign aid in the last few years. These data have made it possible for us to begin a geographical analysis of Canada's foreign aid programme.<sup>2</sup>

\* Text of a paper read at the annual meeting of the New England—Saint Lawrence Division of the Association of American Geographers, Bridgewater State College, Bridgewater, Mass., U. S. A., October 18-19, 1968. The author hereby acknowledges the assistance of Mr. Stanley K. Westall of the External Aid Office (now renamed Canadian Agency for International Development) in Ottawa, and of M. Gaston Bernier, directeur de la Division des documents officiels, Bibliothèque générale, université Laval.

<sup>1</sup> CERMAKIAN, Jean, « La géographie de l'aide étrangère à l'Amérique latine: problèmes de sources et de méthode », *Cahiers de géographie de Québec*, vol. XI, n° 24, 1967, pp. 543-556.

<sup>2</sup> CANADA, EXTERNAL AID OFFICE, *1966-1967 Annual Review*, Ottawa: The Queen's Printer, 1967; separate English and French editions.

CANADA, EXTERNAL AID OFFICE, *Quarterly Report*, January 1, 1968, Ottawa: mimeographed.

OECD, *Efforts et politiques d'aide au développement: Examen 1967*, Paris, 1967.

OECD, *Les moyens financiers mis à la disposition des pays moins développés: 1961-1965*, Paris, 1967. Separate English and French editions for this publication and the preceding one.

OECD, *Répartition géographique des ressources financières mises à la disposition des pays moins développés: 1965*, Paris, 1967. Bilingual (E/F).

II. FOREIGN AID PROGRAMMES TO THE DEVELOPING NATIONS<sup>3</sup>

During the period 1951-1966, the total flow of financial resources from industrialised to less developed countries, both public and private, increased from U.S. \$1.5 billion to \$10.8 billion. In 1966, the total aid volume could be broken down as follows: bilateral public aid, \$5.9 billion; multilateral public aid, \$1.0 billion; and private aid, \$3.4 billion. Some ninety per cent of this aid was granted by a group of fifteen O.E.C.D. member countries which make up the D.A.C. (Development Assistance Committee): the United States, Canada, eleven European countries, Australia, and Japan. All other countries, including those of the Socialist bloc, contributed a little over \$0.5 billion.

The total amount of aid, both public and private, granted by the D.A.C. countries (\$9.8 billion) represented only 0.88 per cent of their combined national incomes in 1966. The percentage, though it varies from country to country, remains extremely low in all cases. While the U. S. accounted for nearly half of the total aid volume with \$4.6 billion, it ranked eighth in percentage value (0,76). On the other hand, France, which ranked second with a total contribution of \$1.3 billion, had the highest percentage (1,70). Canada came far behind, being seventh in terms of volume, with \$263.5 million, and eleventh in percentage value (0,66) in 1966 (see Table 1).

However, Canada's share in the world foreign aid programmes has been increasing substantially in recent years. From Can. \$30 million in 1951-52 it grew up to 300 million in 1966-67, a tenfold increase. The growth of Canadian foreign aid has been particularly rapid between 1962 and 1967, with a threefold increase in five years. It is likely that the amount and scope of this aid are going to grow further at a substantial rate in the next few years.<sup>4</sup>

III. GROWTH AND DISTRIBUTION OF CANADA'S FOREIGN AID PROGRAMME<sup>5</sup>a) *Canada and the Colombo Plan*

In a recent doctoral dissertation concerning Canada's foreign aid programme, Keith Spicer wrote that

« Canada launched her development aid programme in 1950 with virtually no policy aim beyond a lively anti-Communist instinct and an exhilarating vision of a free, multi-racial Commonwealth. »<sup>6</sup>

The Colombo Plan, established at the January 1950 meeting of the Commonwealth foreign ministers, was created with the aim of « favouring the economic

<sup>3</sup> This section is based largely on the first two O. E. C. D. publications listed in reference 2.

<sup>4</sup> *Annual Review*, *op. cit.*, pp. 2-3.

<sup>5</sup> Much of this section is based on the data provided by the External Aid Office publications listed in reference 2. The discussion deals only with bilateral aid given by the Canadian government to the developing countries. Other types of aid will be discussed in future studies.

<sup>6</sup> SPICER, Keith, *A Samaritan State? External Aid in Canada's Foreign Policy*, Toronto, University of Toronto Press, 1966, p. 3.

development and raising the standards of living of all the countries and territories in South and Southeast Asia.»<sup>7</sup> In other words, the Plan, while essentially directed at Commonwealth countries in Asia in the beginning, has quickly become an intricate network of bilateral aid agreements which includes the U. S. and Japan on the donor side, in addition to the better developed Commonwealth nations (United Kingdom, Canada, Australia and New Zealand).

**Table 1 Comparison of the foreign aid programmes of the D. A. C. member countries in 1966**

|                          | National income per capita |      | Total amounts of foreign aid |                               |       |
|--------------------------|----------------------------|------|------------------------------|-------------------------------|-------|
|                          | U. S. \$                   | Rank | U. S. \$ (million)           | Percentage of national income | Rank  |
| United States of America | 3 100                      | 1    | 4 613,0                      | 0,76                          | 8     |
| Sweden                   | 2 140                      | 2    | 107,5                        | 0,64                          | 13    |
| Canada                   | 1 990                      | 3    | 263,5                        | 0,66                          | 11-12 |
| Denmark                  | 1 800                      | 4    | 24,2                         | 0,28                          | 15    |
| Australia                | 1 660                      | 5    | 136,5                        | 0,71                          | 9     |
| Norway                   | 1 570                      | 6    | 17,4                         | 0,29                          | 14    |
| France                   | 1 520                      | 7-10 | 1 289,8                      | 1,70                          | 1     |
| United Kingdom           | 1 520                      | 7-10 | 973,4                        | 1,16                          | 5     |
| West Germany             | 1 520                      | 7-10 | 738,2                        | 0,81                          | 7     |
| Belgium                  | 1 520                      | 7-10 | 189,0                        | 1,31                          | 3     |
| Netherlands              | 1 380                      | 11   | 255,6                        | 1,49                          | 2     |
| Austria                  | 1 030                      | 12   | 49,7                         | 0,66                          | 11-12 |
| Italy                    | 940                        | 13   | 627,5                        | 1,28                          | 4     |
| Japan                    | 780                        | 14   | 538,8                        | 0,70                          | 10    |
| Portugal                 | 380                        | 15   | 39,8                         | 1,14                          | 9     |
| D. A. C. TOTAL           | 1 870                      |      | 9 863,0                      | 0,88                          |       |

SOURCE: O. E. C. D., *Efforts et politiques . . .*, *op. cit.*, p. 205.

**Table 2 Canadian external aid allocations, 1950-67**

(millions of dollars)

|                       |          |
|-----------------------|----------|
| 1. Grants — bilateral | 830,33   |
| — multilateral        | 158,76   |
|                       | 989,09   |
| 2. Loans — bilateral  | 184,97   |
| — multilateral        | 92,09    |
|                       | 277,06   |
| 3. Export credits     | 333,50   |
| TOTAL                 | 1,599,65 |

**Table 3 Canadian external aid allocations, 1951-52**

(millions of dollars)

|                              |       |
|------------------------------|-------|
| 1. Bilateral (Colombo Plan): |       |
| — India                      | 19,85 |
| — Pakistan                   | 10,00 |
|                              | 29,85 |
| 2. Multilateral              | 0,67  |
| TOTAL                        | 30,52 |

SOURCE: External Aid Office, Ottawa. (The same source has also been used for tables 4 to 6.)

Canada's role has been crucial since the very beginnings of the Plan. From 1950 to 1968, its total contribution has amounted to some \$930 million, 85% of

<sup>7</sup> CANADA, DOMINION BUREAU OF STATISTICS, *Annuaire du Canada 1967*, Ottawa, The Queen's Printer, 1967, p. 186. Separate English and French editions.

which were made up of outright grants. These grants were used in the implementation of specific projects, as well as in technical assistance, food aid, commodity supplies, and purchases of manufactured goods. In 1967-68, as in earlier years, there was a two-fold concentration of this aid: spatially, since India and Pakistan have been getting the lion's share since 1950 (\$118,5 million out of 132 million for the Plan as a whole; see Table 5); and in its nature, since it involved projects in which Canadian skills and know-how could best be used as well as crop surplus shipments from the Canadian Prairie provinces to mostly overcrowded and undernourished countries. Thus, in 1967-68, out of \$90 million, India received \$50 million in food aid, and from 1965 to 1968 some \$9.5 million for the construction of a pulp and paper mill to be operated by *Indo-Canada Paper Mill Limited*. Finally, in the past few years, a special kind of aid has been gaining increasing momentum: the so-called technical assistance programme, under which some 3 930 trainees and students from Colombo Plan countries have been sent to Canada from 1950 to 1967 and 468 Canadian teachers and advisers to those countries during the same period.

Canada's foreign aid programme, as mentioned above by Spicer, started merely as part of the Colombo Plan and is still largely concentrated in those countries: in 1967-68, the latter were allocated \$132 million out of a total of \$190,7 million in bilateral aid. India and Pakistan still remain by far the leading beneficiaries. There is little evidence to conclude that these trends will be modified to any extent. However, the historical evolution of the foreign aid programme does show a tendency towards geographical diversification if not towards equalisation between the recipient areas (see Tables 3 and 4).

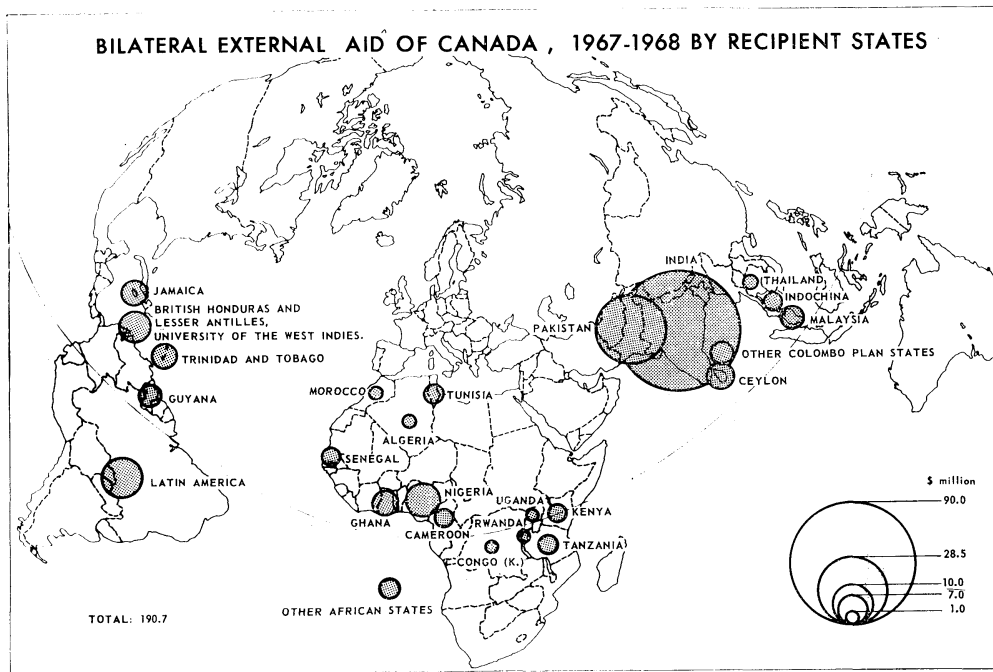
**Table 4** *Canadian bilateral external aid allocations by major recipient area, 1967-68*  
(millions of dollars)

|                        |       |
|------------------------|-------|
| Colombo Plan           | 132,0 |
| Commonwealth Africa    | 19,5  |
| Commonwealth Caribbean | 17,2  |
| French-speaking Africa | 12,0  |
| Latin America          | 10,0  |
| TOTAL                  | 190,7 |

*b) Canada and the Commonwealth Caribbean*

This geographical diversification begins in 1958 when the aid programme to the British West Indies Federation is set in motion. The Federation, during the five years of its existence, included Jamaica, Trinidad and Tobago, Barbados, the Leewards and the Windwards. Since 1962, when the Federation broke apart,

the programme has been continued with each of the area's state or territory, and Guyana (formerly British Guiana) and British Honduras have been added to the list of aid recipients. Furthermore, the initial programme, which was very modest in scope (\$10 million during the first five years) has been very greatly expanded, so that by 1967-68 it had reached the total of \$17,2 million, ranking third after the Colombo Plan and Commonwealth Africa aid programmes, and ahead of the French-speaking Africa and Latin America programmes (see Table 4). This Caribbean aid is made up equally of grants and loans. Among the many projects carried out between 1958 and 1967, only the most important ones will be mentioned here: the deep-water harbour at St. Vincent (\$1 million), two primary schools in Grenada (\$725 000), a Canada House at the Trinidad campus of the University of the West Indies (\$700 000), and the purchase of two mixed cargo vessels (\$5,8 million). In



**Figure 1**

other words, excepting the latter, the Caribbean aid programme includes chiefly projects of local or regional interest, with a great emphasis on educational buildings and facilities. On the other hand, there is no food nor any large-scale project in it. In 1966, there were 204 Canadian advisers and teachers in the area and 505 students and trainees from the Commonwealth Caribbean in Canada. The three largest States (Jamaica, Trinidad and Tobago, Guyana) are the chief recipients by far (\$11,2 million out of 17,2 million in 1967-68 (see Table 5).

*c) Canada and Commonwealth Africa*

The third area to benefit from the Canadian foreign aid programme was added to the other two in 1960 and includes all the States and territories in Commonwealth Africa. This segment of the programme began rather modestly with an allocation of \$10,5 million for the first three years. Later on, this amount was enlarged so that by 1967-68 the aid to this area totalled \$19,5 per annum. Half of it was in direct grants and the other half almost entirely in long-term loans. The chief beneficiaries are Ghana, Nigeria and the three nations which make up former British East Africa (\$15,7 million out of a total of 19,5 million; see Table 5). Here again, the aid is rather specialised: for example, Nigeria was granted \$3,2 million for aerial photography, surveying, and mapping of its territory between 1961 and 1967, Ghana received \$1 150 000 to build a technical training centre in Accra, and Kenya was given \$750 000 to survey its forest resources during the same period.

**Table 5** *Canadian external aid allocations: bilateral aid, 1967-68**(millions of dollars)*

|  |       |
|--|-------|
| <i>A. Colombo Plan :</i>   |       |
| — India  | 90,0  |
| — Pakistan   | 28,5  |
| — Ceylon   | 4,5   |
| — Malaysia   | 3,0   |
| — Indochina  | 2,0   |
| — Thailand   | 1,3   |
| — Others (Burma, South Korea, Indonesia, and Singapore)  | 2,7   |
|  | 132,0 |
| <i>B. Commonwealth Africa :</i>  |       |
| — Nigeria  | 7,0   |
| — Ghana  | 4,0   |
| — Tanzania   | 2,5   |
| — Kenya  | 2,2   |
| — Uganda   | 1,0   |
| — Others (Zambia, Malawi, Sierra Leone, Rhodesia, Lesotho, Botswana, Swaziland, Gambia, Mauritius, and East African Common Services Organisation)                    | 2,085 |
| — Unallocated  | 0,715 |
|  | 19,5  |
| <i>C. Commonwealth Caribbean :</i>   |       |
| — Jamaica  | 4,0   |
| — Trinidad and Tobago  | 4,0   |
| — Guyana   | 3,2   |
| — British Honduras and Lesser Antilles   | 5,0   |
| — University of the West Indies  | 1,0   |
|  | 17,2  |
| <i>D. French-speaking Africa :</i>   |       |
| — Tunisia  | 2,3   |
| — Cameroon   | 2,2   |
| — Senegal  | 1,7   |
| — Morocco  | 1,2   |
| — Congo (Kinshasa)   | 1,0   |
| — Algeria  | 0,8   |
| — Rwanda   | 0,8   |
| — Others (Burundi, Central African Republic, Congo (Brazzaville), Dahomey, Gabon, Guinea, Ivory Coast, Malagasy Republic, Mali, Niger, Tchad, Togo, and Upper Volta) | 1,0   |
| — Unallocated  | 1,0   |
|  | 12,0  |
| <i>E. Latin America</i>  |       |
|  | 10,0  |
| TOTAL  | 190,7 |

Only Ghana received some food aid in the guise of wheat flour (\$2 million in 1967-68). Finally, some 481 Canadian advisers and teachers were in Commonwealth Africa and some 645 Commonwealth African students and trainees in Canada in 1966. Canada's aid to this area has thus been quantitatively small but important in terms of technical and educational skills. The nature of this aid reflects a policy « with no strings attached, » which is apparent also in other areas benefiting from Canadian foreign aid.

#### *d) Canada and French-speaking Africa*

A recent book dealing with aid to developing countries states that « under pressure from Québec, the federal government has had to allow for funds . . . for

the benefit of French-speaking countries.»<sup>8</sup> The official stand of the Canadian government is altogether different. According to the latter, « it was a logical step to take in view of Canada's bilingual and bicultural character.»<sup>9</sup> Be as it may, Canada's aid to French-speaking Africa, which started in 1961, signalled the end of the programme's initial stage, during which all of the aid was granted to Commonwealth States and territories. On the other hand, this aid is still quite limited (\$12 million in 1967-68), although considerably larger than before 1964, when grants to French-speaking Africa amounted to a mere \$300 000 per fiscal year. The chief beneficiaries are Tunisia, Cameroon, and Senegal, and the aid is chiefly made up of direct grants. The various projects are rather small and deal mainly with education (audio-visual equipment, paper, films, and library material). There are also some exceptional subsidies from time to time, such as Canada's participation in the United Nations Operation in the Congo or emergency food relief programmes in North Africa in 1966-67. There were some 328 advisers and teachers from Canada in this area and 160 students and trainees from French-speaking Africa in Canada in 1966. On the other hand, technical assistance is much more limited, though one must not forget in this respect the French government's considerable efforts in this area. In fact, Canada and France have been coordinating their aid programmes to French-speaking Africa since 1966. Moreover, a few months ago, the Hon. Paul Martin, then Secretary of State for External Affairs, wrote that a « better balance ought to be achieved in the future between aid to French-speaking Africa and that given to Commonwealth African countries.»<sup>10</sup>

Finally, one might think that the provincial governments should play a more significant role in the future growth of Canada's foreign aid programme. Thus, the Government of Québec already subsidises the National University of Rwanda, and the Government of Ontario participates in the aid to education projects in the Commonwealth Caribbean. Given the federal political structure of Canada, which grants total independence to the provincial governments in the field of education, cooperation between federal and provincial authorities in the foreign aid programme of Canada is not only desirable but indispensable.<sup>11</sup>

#### e) *Canada and Latin America*

Canada's aid to Latin America began in 1964 only and is of a rather unique kind: it is in fact a limited bilateral programme of technical assistance, rather modest in size (\$10 million a year since 1964-65), but is administered by an international organisation, the I. A. D. B. (Inter-American Development Bank). It consists of long-term, interest-free loans with nominal annual service charges. These loans are used only to finance well-defined projects which fall within the framework of various national economic and social development plans. Thus, out of the \$16,3

<sup>8</sup> LUCHAIRE, François, *L'aide aux pays sous-développés*, Paris, Presses Universitaires de France, 1966, p. 118 (Que Sais-je?, n° 1227).

<sup>9</sup> *Annual Review*, *op. cit.*, p. 9.

<sup>10</sup> MARTIN, Paul, *Fédéralisme et relations internationales*, Ottawa, The Queen's Printer, 1968, p. 39. Separate English and French editions.

<sup>11</sup> *Ibid.*, p. 40.



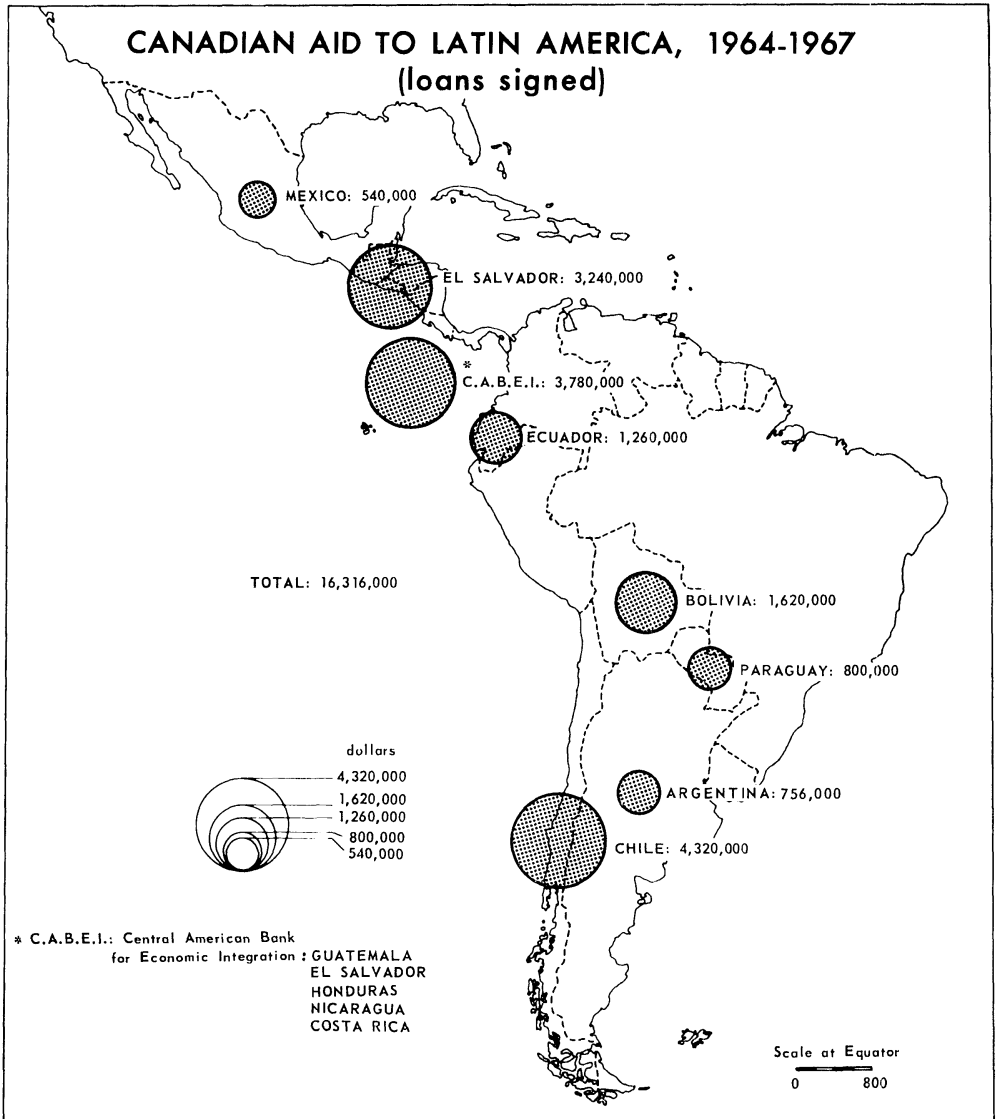


Figure 2

million in loans approved between 1964 and 1967, \$4.3 million were used to purchase equipment for Chile's State Technical University, \$3.2 million to enlarge and modernise the harbour installations at Acajutla, El Salvador, and \$1.3 million to undertake a detailed survey of the agricultural and forest potentials in the Guayas river basin of Ecuador (see Table 6).<sup>12</sup> Due to the fact that Canada, as part of the

<sup>12</sup> INTER-AMERICAN DEVELOPMENT BANK, *Annual Report 1966*. Washington, D., C., 1967, pp. 136-141. Separate English and Spanish editions.

**Table 6** *Canadian external aid allocations to Latin America (loans signed), 1964-67**(million of dollars)*

|   |        |
|---|--------|
| -- Chile: State Technical University              | 4,32   |
| -- Central American Bank for Economic Integration | 3,78   |
| -- El Salvador: Acajutla port development         | 3,24   |
| -- Bolivia: mining and industrial equipment       | 1,62   |
| -- Ecuador: Guayas river basin study              | 1,26   |
| -- Paraguay: highway studies                      | 0,80   |
| -- Argentina: hydro-electricity potential studies | 0,756  |
| -- Mexico: pre-investment studies                 | 0,54   |
|   | <hr/>  |
| TOTAL   | 16,316 |

family of Western Hemisphere nations, is showing an increasingly active interest in its neighbours to the South, it is likely that both federal and provincial governments will develop contacts with these countries, and that Canada's aid to them will be substantially increased.

#### IV. CONCLUSION

This paper has focused on Canada's role in the bilateral foreign aid programmes to the developing nations. With an enormous resource potential of its own in which to invest, and a northern frontier which is far from being totally conquered, Canada has until recently turned its energies « inward. » A modest contributor to foreign aid, it has become aware in the last few years of its international responsibilities as one of the better-endowed members of the family of nations. Recent statements by Prime Minister Trudeau and some of his cabinet members indicate that Canada is embarking upon an ambitious scheme of international aid and development, as evidenced by the enlargement of the aid programme and the creation of a Centre for International Development. A further diversification of the programme should result from this decision. Such new trends will encourage us in the further geographical analysis of Spicer's *Samaritan State* idea.

#### ABSTRACT

*This article shows first of all the importance of geographic studies of the foreign aid programmes as necessary adjuncts to the analysis of trade flows between industrialised and less-developed countries. Secondly, it deals briefly with the total volume of bilateral and multilateral external aid in the world and ranks Canada among the first fifteen donor countries. Finally, it emphasizes the evolution of the spatial distribution of Canada's bilateral external aid programme. Beginning as an integral part of the Colombo Plan in 1950, this programme was extended to the other Commonwealth countries in 1958 (Caribbean) and 1960 (Africa). Only in 1961 did it go beyond the Commonwealth framework due to Canada's bilingual and bicultural character (aid to French-speaking Africa) and to its location in the Western Hemisphere (aid to Latin American, beginning in 1964). The article concludes by stressing the need for further studies in this field, at a time when Canada seems to indicate willingness to intensify its external aid commitments.*

## RÉSUMÉ

*Cet article montre tout d'abord l'importance des études géographiques des programmes d'aide extérieure comme complément indispensable de l'analyse des courants commerciaux entre pays industrialisés et pays en voie de développement. En deuxième lieu, il traite brièvement du volume total de l'aide extérieure bilatérale et multilatérale dans le monde et situe le Canada parmi les quinze pays donateurs principaux. Enfin, il insiste surtout sur l'évolution de la distribution spatiale du programme bilatéral d'aide extérieure du Canada. Débutant comme une partie intégrante du Plan de Colombo en 1950, ce programme s'étend aux autres pays du Commonwealth : Antilles en 1958 et Afrique en 1960. Ce n'est qu'en 1961 que le cadre du Commonwealth est dépassé : à cause de son caractère bilingue et biculturel, le Canada commence à s'intéresser à l'Afrique francophone en 1961. Enfin, la situation du Canada dans l'hémisphère occidental l'amène à entamer un programme d'aide à l'Amérique latine en 1964. L'article conclut avec la nécessité d'études plus poussées dans ce domaine, à un moment où le Canada semble vouloir intensifier ses efforts d'aide extérieure.*

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