

commitment to democratic development; and h) commitment to stable global and regional security régimes and a reasonable level of military expenditures.

### 2.3 Can bilateral assistance address these policies directly?

Testimony before the SJC indicated a certain scepticism towards bilateral assistance based on a number of factors. First, bilateral aid is seen to place resources into the hands of governments rather than people (as indicated in footnote 2, this is perhaps somewhat of a misconception). Second, decision-making mechanisms in recipient countries are not always robust enough to ensure that aid is directed to priority problems. Third, bilateral assistance given directly to human rights abusers may appear to reward governments for their oppressive ways. Fourth, corruption means that assistance may not reach those who need it. Fifth, the large amounts of money involved in bilateral assistance can create rent-seeking behaviour in both the recipient and donor countries.

On the other hand, bilateral assistance can play an important role in buttressing support for governments that are implementing necessary but sometimes painful economic reforms. That is why the first four clusters of indicators developed below attempt to measure "commitment" or "effort" (i.e., the inputs into development and not the outputs of development).

The concerns expressed by Canadians also argue in favour of a careful screening of recipient governments, on the basis that the primary responsibility for pursuing sustainable development policies lies with the aid-recipient countries themselves. Bilateral assistance can be most effective in countries committed to implementing sound policies. This is also consistent with the SJC's view that countries must have a minimum absorptive capacity for Canadian assistance.<sup>5</sup>

## 3. Methodology

A set of 25 indicators has been compiled on 119 developing and Eastern European countries. Countries eliminated from consideration a priori included Upper Middle Income Countries above the threshold for World Bank loan eligibility<sup>6</sup>, High Income Countries<sup>7</sup>, and others slated for removal from the OECD DAC (Development

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<sup>5</sup> See SJC, Canada's Foreign Policy, p. 48.

<sup>6</sup> Antigua, Seychelles, Argentina, Oman, Barbados, Korea, Saudi Arabia, Aruba, Bahrain, Greece, Libya, Malta, Montserrat.

<sup>7</sup> Taiwan, Cyprus, Israel, Hong Kong, Bermuda, Cayman Islands, French Polynesia, Gibraltar, New Caledonia.