

countries of concentration, with the remainder allocated to other countries "primarily for education and technical assistance and for occasional capital projects of high development priority". (p. 19) This additional amount, together with increased allocations to multilateral agencies, should enable Canada to continue to make a worthwhile contribution to development in countries other than countries of concentration.

54. The criteria for selecting countries and regions of concentration are outlined in the Policy Paper (p. 8), and it is clear that in each case the selection involves the attribution of different weights to several different kinds of principle. While the Subcommittee would not venture a detailed critique of specific country-allocation, it does, in general, believe that these policies of allocation and concentration have been realistically and legitimately related to Canada's interests and capabilities. A note of caution should be sounded, however, about planned directions for the future. Bilateral programmes are now projected for Latin America and, increasingly, for certain Pacific countries such as Indonesia. These plans do relate to Canada's broad foreign policy priorities, and the countries involved could effectively utilize expanded Canadian aid. It is extremely important, however, to recognize that the assistance needs of these areas are immense, dwarfing statistically almost all the areas in which Canada now has its most concentrated programmes. For these reasons, it will be vitally important not only to be highly selective in practice, but also to take great pains to avoid arousing unrealistic expectations in these countries as to the volume of help that Canada will be able to provide.

#### ii) The Channels—

55. In the past, a great many discussions of the channels of development assistance have been couched in terms of "bilateral versus multilateral aid". It is now clear that this formulation is an artificial dichotomy, and that there is scope for both forms and for new forms which combine characteristics of both. Almost all of the Subcommittee's witnesses have stressed that both forms have distinctive merits and are mutually-complementary elements in the overall Canadian effort.

56. In this respect, a very important commitment was the announcement in the Policy Paper that the Government intends to "increase the proportion of Canadian assistance allocated to multilateral programmes to about 25 per cent of total official assistance". (p. 11) In this area, where the Canadian record was already a relatively good one, the new commitment substantially exceeds the minimum of 20 per cent recommended by the Pearson Commission. This is considered by the Subcommittee to be a very positive step and an important demonstration of Canadian support for multilateral aid and for cooperative international action in general. Increased allocations to multilateral agencies have the additional advantage (from which Canada has clearly benefitted in the past) of permitting continuing growth in overall aid efforts even when the facilities for bilateral adminis-

tration are fully occupied or strained. It is important to add, however, that Canadian participation in multilateral aid programmes cannot be considered complete on the basis of financial contributions alone. The Subcommittee considers it vital that Canadian skills and talents be made available as fully as possible for roles in the operations and secretariats of multilateral aid organizations.

57. Within this overall expansion of multilateral aid the Policy Paper states that "additional contributions to the IDA (International Development Association of the World Bank Group) deserve a special priority". (p. 18) The IDA (the "soft loan window" of the Bank) is described as "a particularly effective organization through which to channel development assistance". (p. 18) The Policy Paper goes on to say,

"The Government also proposes to increase its support of the United Nations Development Programme on evidence that its effectiveness is being improved, and to support regional and other specialized development institutions." (p. 18)

58. The Subcommittee firmly supports these objectives. In particular it is to be hoped that the U.N. system will soon be in a position to absorb increased Canadian assistance, through the implementation of the kind of reforms recommended in the Jackson Report. (A number of these recommendations have subsequently been approved by the UNDP Governing Council).

59. Similarly, the regional and other specialized development institutions merit strong Canadian encouragement and support, particularly because of the important share of decision-making held by the developing countries themselves in these organizations. As the Paper also points out, the new types of institutions, such as the agricultural research institutes, have some remarkable achievements to their credit, and show great potential for further effectiveness. Official Canadian support, either through CIDA or through the International Development Research Centre, is fully justified.

60. The policies on the allocation of bilateral assistance have been discussed in paragraphs 46 to 54 and a number of issues regarding the terms of bilateral aid will be examined in paragraphs 186 to 196. It is important to note here, however, that a number of the changes in the terms of Canadian bilateral programmes will significantly reduce the shortcomings of this form of assistance from the viewpoint of the developing countries. Once its objectionable aspects have been eliminated, bilateral assistance has several important merits.

61. Canadian bilateral assistance, not being provided by a great power and not having political strings attached, is often particularly welcomed by developing countries. In the close cooperative relationship which grows up, responsiveness is found to be high and the partner-governments find the involvement and commitment of Canadians to be a considerable advantage. From the Canadian point of view, the identifiable Canadian contribution makes it easier for people in this country to follow and feel involved in the Government's activi-