

## 1. Introduction<sup>1</sup>

Testimony before the 1994 Special Joint Committee (SJC) of Parliament Reviewing Canadian Foreign Policy revealed a wide consensus with regards to the main challenge facing developing countries: the alleviation of poverty. At the same time, however, witnesses disagreed as to what should be done to help and who should receive assistance. Many rejected entirely the suggestion that Canada should focus more assistance on fewer countries. Others supported concentration because of the need to make difficult choices about priorities in light of limited resources.

The purpose of this Paper is to stimulate discussion, by presenting three alternatives, on the geographic allocation of a subset of Canada's international assistance programmes: bilateral assistance.<sup>2</sup> First, the Paper develops a set of indicators to measure the commitment of governments to sustainable development. This approach proceeds on the basis that bilateral assistance will be most effective in countries whose own governments are most committed to pursuing sustainable development policies, regardless of the level of development or of direct Canadian "interests" in these countries. The set of indicators used is based on a cross-section of measures of "commitment". The choice of specific criteria was to some degree limited by the availability of data. Although the usual caveats about the strict cross-country comparability of data apply, internationally-recognized sources have been used.

The Paper then tests two further alternatives. On the assumption that Canada's bilateral assistance should be concentrated on the world's least developed countries, the next approach considers only these countries, although still testing for commitment to sustainable development. The final approach places greater emphasis on a more complete cross-section of Canadian interests, regardless of the level of development of the LDCs. These approaches are then compared and issues for discussion proposed.

The Paper does not claim to identify the only ways of choosing priority countries, to the extent that priority-setting is required. Nor does the Paper aim to

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<sup>1</sup> Mr. Dimic is currently on secondment from Foreign Affairs and International Trade with the Department of Finance.

<sup>2</sup>For the purposes of this Paper, bilateral assistance is government-to-government assistance (i.e., economic assistance provided by Canada to a foreign government or its agencies under cover of an economic cooperation agreement or a memorandum of understanding), recognizing that the majority of bilateral assistance today is not government-to-government assistance. The sectoral or thematic focus of bilateral assistance as well as the precise delivery mechanism (e.g., technical assistance, lines of credit) can vary depending on the country's needs, Canada's strengths and Canada's objectives in the country.