

A third concern I have, when studying the local impact of our assistance, is that the apparent Canadian interest has often been our preoccupation, to the clear disadvantage of the low-income country. The tying of much of our aid to procurement in Canada is without doubt a burden and a restriction upon these countries. We have been unable, except in special circumstances, to undertake projects that had a high local cost component; and this has been a serious obstacle to development in some cases. Several ministers of agriculture in African countries will testify to that. Some hard questions need to be asked in this context. Are we in the development field for our own self-interest? In any case, are Canadian interests and local interests often -- or indeed ever -- irreconcilable? If development is seen in a long enough perspective, they surely are not. I am very happy that the foreign policy review last year gave CIDA a good deal of new flexibility which will enable us to pay more account to local interests by financing for example, a higher proportion of local costs. As well, Canada is this year actively involved in the OECD Development Assistance Committee's study of ways to untie aid. As members know, Canada has during the last year made its own moves to untie a large part of its development assistance -- by increasing the multilateral proportion, by offering to provide 20 per cent of its bilateral aid on completely untied terms, and by offering to pay all shipping costs. The same spirit, if not exactly the same approach, led the 17 main donor countries to concentrate on ways of untying bilateral development loans during the DAC "high-level" meeting in Tokyo in September. Canada has welcomed this spirit, and CIDA officers have been vigorously involved in many discussions that have followed the Tokyo meeting. At the same time, we have been concerned that this new preoccupation among DAC members with plans for untying aid does not cover over a decline in the volume of aid, or a hardening of financial (as opposed to procurement) terms. Members received last month a position paper that went into further detail on this subject; but I should like to emphasize that, if there is international agreement through the DAC on concerted steps to untie bilateral development loans, the effects of this may be very profound.

(2) Placing further emphasis on multilateral assistance, and co-operating in international moves to untie aid

The DAC moves on tied aid are one aspect of a greater emphasis which the donor countries are placing on multilateral and co-ordinated assistance. Canada has a good record in this field already. It has been a leader in the moves to replenish and enlarge the funds of the International Development Association (or IDA, as it is called). We have been ahead of most donor countries in the proportion of aid funds channelled through multilateral agencies, and the foreign policy review took us further on this road by laying down the target figure of 25 per cent. With the third replenishment of the IDA starting next year, Canada will be close to that target figure, for our contribution will double to keep pace with the doubling of the total fund.

There is also our work with the regional development banks. We have helped establish the Caribbean Development Bank, and are now active in trying to launch a special fund of soft loans inside the African Development Bank. With the Asian Development Bank and the administration of the Inter-American Development Bank, our advances of funds have not been taken up as quickly as one could hope; part of the difficulty has been the tying of our funds to