

## A MORE STRATEGIC FOCUS

resources not earmarked for Development Partners). These countries would be chosen, irrespective of their size, based on their continuing strategic importance to Canada and/or in their own region, or where Canada can continue to make a difference based on strong people-to-people ties, especially with diaspora communities in Canada. Some of these countries will be middle-income countries, where programming will be geared toward eventual graduation; others will be low-income countries in which a modest level of bilateral programming would continue to be pursued in connection with Canada's regional and global priorities in governance, PSD, health, basic education and environmental sustainability.

### Failed and Fragile States

Our interests and capacity to contribute to poverty reduction are not limited to so-called "good performers". To help states under stress from becoming failed states—at tremendous human and material cost to their own citizens and others—Canada must consider how it can, in a coordinated fashion with other donors, support countries where the need is great but the capacity to use aid effectively is weak. With our focus in the area of governance, we have the capacity to strengthen the ability of poor performing countries to use aid more effectively. We will, therefore, provide targeted bilateral support directly

aimed at improving governance in a limited number of strategically significant poor-performing countries (from within the up-to-one-third of bilateral resources not earmarked for Development Partners).

We cannot ignore countries in crisis or at risk of crisis: the failed and fragile states. We will, therefore, reserve a special type of bilateral programming for a manageable number of "failed and fragile state" situations—countries in or emerging from crisis and of overriding strategic importance—where we will provide humanitarian and reconstruction assistance, including through the Global Peace and Security Fund. Such interventions will be coordinated in a whole-of-Government manner involving Foreign Affairs Canada, the Department of National Defence, CIDA, and other relevant agencies. In recent years we have done so in countries such as Iraq, Afghanistan, and Haiti. We will continue to do so in future, in selected situations and in close coordination with allies and other major donors. This will include, for example, a concerted, government-wide initiative aimed at helping with nation-building in Sudan, in the wake of that country's North-South civil war and the Darfur crisis.

### Middle-Income Countries: Transition to Graduation

In conjunction with an increased focus on Development Partners, the Government will over time transform its relationships with a number of more advanced developing countries that have less need for aid. Such an approach is already being applied in the case of middle-income countries such as Thailand, Malaysia, and the countries of Central and Eastern Europe that have recently joined the European Union.

There is little doubt that middle-income countries face development challenges. Some have per capita income levels at or close to US\$1,000 per year, a mere 4.5 percent of the average annual per capita income of Canadians. While some such countries may benefit from and welcome ongoing Canadian support, the challenge we face in strengthening aid effectiveness is summed up in the need to make choices if we are to target our assistance to where it is needed most.



Technicians with the Agricultural and Livestock Service are collecting water samples in Peumo, Chile, to test for pesticide residue.