

Broader questions have been raised about increased investment in developing countries. These require careful examination in order to develop approaches that will be practical and will promote sound patterns of development consistent with absorptive capacity and the development priorities of the prospective recipients.

Increased resource flows to developing countries, whether in the form of aid or private investment, are essential if they are to implement their development plans effectively. The terms, conditions and transfer mechanisms for such flows will vary depending on the needs and level of development of the respective recipients. By providing our official development assistance on highly concessional terms where this is appropriate and in the case of the poorest countries in the form of grants, we hope to ensure that the debt servicing capability of the countries concerned is maintained.

The total flow of official development assistance is too low. We are encouraged by indications that countries with consistent balance of payments surpluses intend to increase their level of development assistance. The donor countries that, like Canada, are experiencing balance of payment deficits, also have a continuing obligation to the aid effort.