

CANADIAN MISSION TO THE UNITED NATIONS

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EXTERNAL FINANCING OF ECONOMIC DEVELOPMENT
OF THE DEVELOPING COUNTRIES

Text of a statement made in the Second Committee by the Canadian Representative, Mr. Bruce Rankin, on October 19, 1967, on External Financing of Economic Development of the Developing Countries (Item 42).

The subject we in this Committee have now before us is a very complex one, the complexity of which is reflected in the scope and diversity of the various reports prepared for this item. I wish to say something about several of those reports but before doing so I wish to make one general comment. We in Canada greatly regret that the flow of financial resources from developed to developing countries has not kept up with the growth in the national incomes of the donor countries, even though most developing countries could use immediately a much greater volume of external assistance. The report of the group of experts in document E/4327 on the problems of methodology in the measurement of the flow of resources underlines the desirability of presenting that flow in as meaningful a way as possible. But by any measurement, the volume of aid has recently been disquieting. And the volume of external assistance is not the only criterion for judgements about its adequacy. The "quality" of the aid is also of great importance. By this I mean the terms on which the aid is given, the proportion that is tied and its geographical distribution, all of which influence its effectiveness. Yet here again the trends of the past few years have been disturbing and the problem of debt-servicing has become an increasingly pressing one.

We in Canada have viewed with concern the fact that the overall terms of aid have become harder. Accordingly, in our own programme of assistance, we have been conscious not only of the need for more aid but for aid on better terms. Last year Canada exceeded the target set forth in ECOSOC resolution 1183 on terms of aid by providing almost 90% of our assistance in the form of grants and development loans at interest rates of 3% or less. The bulk of our development loans are now interest free with a maturity period of up to 50 years.