

As a result of these decisions, I can tell you that it is our intention progressively to expand the level of the Canadian aid programme from the current mark of around \$300 million to one more in keeping with our national affluence and our international obligations. At these higher levels, the terms of our assistance will be tailored to the various needs and abilities of the developing nations. The bulk of our assistance will be extended as grants or interest-free long-term development loans.

But, in recognition of the fact that there are some developing countries that are able to service loans on somewhat harder terms but which are unable to do so exclusively on normal commercial terms, we are introducing intermediate term development loans at 3 percent interest with a seven-year grace period and 30-year maturity. I think you will appreciate that, when these are added to our grant aid, the interest-free soft loans and the special long-term export credits, Canada will have considerable flexibility in its approach to the capital financing problems of the less-developed world.

As you may know, from the legislative point of view all the world's under-developed countries are eligible for Canadian assistance and we have had bilateral programmes, large and small, in 65 such countries. But a brief backward glance over our programme is sufficient to indicate that a major share of Canadian aid has always been allocated to a comparative few. Over 80 per cent of Canadian aid funds, for example, have been used to meet the needs of India and Pakistan, where the population exceeds that of Latin America and Africa combined.

At the same time, we have attempted to meet, as generously as possible, the requirements of a large number of the world's developing countries. Our assistance to such countries can often be more effective when combined with the efforts of others through the United Nations and other multilateral programmes.

In reviewing this policy, we came to the conclusion that this approach is sound and that it should be continued despite the availability of larger amounts of money under an expanding programme. The best advice of the World Bank, and such other aid co-ordinating agencies as the Development Assistance Committee of the OECD, supports our conviction that the course of reason is to provide the bulk of our bilateral aid to those countries which may be lifted, relatively quickly, to the take-off point of self-sustained economic growth.

Within this context, several factors govern the decisions which are made from time to time on the geographic distribution of the Canadian aid funds. Naturally, account is taken of our trading relations, our responsibilities in the hemisphere and the family ties of Commonwealth and of language. But, over and above this, we are guided by the existence of consortia and consultative groups established for particular countries by the World Bank and similar multilateral institutions, for it is in these councils that objective calculation can be made of a particular country's needs, applied both to the required volume of aid and the terms and conditions under which it should be extended.