

One question of prime importance, particularly in the light of the nagging debt problems of a number of developing countries, is the quality of development assistance. Canada believes that increasing amounts of development assistance are needed, on soft terms, if the developing countries are to advance toward a minimally acceptable standard of living within a reasonable period. We recognize that both the quality and the volume of assistance are important. Canada, for its part, has accepted the international targets for total flows and official development assistance. While we have been unable to accept deadlines for their achievement, we see the targets as incentives to developed countries to continue increasing the amount of their development assistance. And we ourselves have made significant advances. Since UNCTAD II, Canadian appropriations for development assistance have increased at an average annual rate of 15% while our GNP has only increased at about half that rate.

Mr. President, there is a related area of concern to Canada. Although flows of concessional aid through major multilateral institutions now amount to about \$1.5 billion a year, it is apparent that developing countries require additional resources on concessional terms. Several proposals have been put forward to increase the transfer of resources to developing countries. It is in this context that Canada would propose that this Conference accept an objective of \$2 billion for concessional financing through the multilateral agencies. We would hope that the funding of these agencies might reach this figure as and when new levels of subscription are agreed upon. This proposed increase in resources would be distributed through such institutions as the IDA, UNDP and the regional development banks. If this one third increase in the programme were accepted internationally, Canada would be prepared to shoulder a proportionate share of the burden.

In the meantime, Canada intends to maintain the high quality of its ODA programme and the liberal conditions under which its aid is provided.

I would recall, first, that the vast majority of our ODA loans are extended at zero interest, a ten year grace period, with a maturity of 50 years.

Secondly, Canada would recommend acceptance of a new DAC terms target requiring a 25% grant element threshold for ODA, and a grant element of 86% on the overall ODA programme.

Thirdly, Canada intends to continue its present policy of a broadly based and flexible approach to untying. At present this enables us to untie about 50% of total ODA. Half of this, or a quarter of our total aid, is channeled through multilateral agencies, and about 5% is utilized to cover shipping charges on aid shipments.