



Recommendation 490 (1967)¹

Measures aimed at lightening the debt burden of the developing countries

Parliamentary Assembly

The Assembly,

1. Considering that financial aid given to the developing countries is vital for their economic development and constitutes one of the chief means of sparking off the phase of self-sustained growth, believes that this aid should increase at a constant rate and that Governments should both encourage transfers of private capital and develop bilateral and multilateral transfers of public funds ;
2. Noting with concern that external public debt charges have been increasing and continue to increase at a rate far greater than the increase of either Gross National Product or of total export earnings and presently amount to about one half of current new public financial aid ;
3. Observing with apprehension that the share of grants or grantlike aid in total public aid has tended to level off while average interest rates on public loans have tended to increase despite evidence that softer loan policies are increasingly being applied ;
4. Calling attention to the severe strains that the servicing of the foreign debt places on the balance of payments, the import programmes and ultimately the economic development possibilities of the developing countries,
5. Recommends member Governments, through the Committee of Ministers :
to continue to implement the Recommendation on Financial Terms and Conditions adopted by the Development Assistance Committee of OECD in July 1965 as fully as possible, and in particular :
 - a. *to reduce interest rates and lengthen maturities and grace periods, and wherever possible to harmonise loan terms to individual borrowing countries taking into account their debt service schedules ;*
 - b. *to attempt in the framework of existing consortia and consultative groups and in co-operation with the international bodies involved and the developing countries concerned to provide a combination of grants and of softer and harder loans corresponding to the infrastructure and various productive investment needs and possibilities of the recipient countries ;*
 - c. *to reduce the adverse effects which may result from procurement restrictions in cases where tied aid cannot be avoided ;*
 - d. *to promote the flow of private capital investments to developing countries by pressing for the conclusion of the negotiations carried on in the OECD on a Convention for the Protection of Private Property and in the IBRD for an International Investment Insurance Agency ;*

1. Assembly Debate on 27th April 1967 (6th Sitting) (see [Doc. 2209](#)[Doc. 2209](#) Revised, report of the Economic Committee). Text adopted by the Assembly on 27th April 1967 (6th Sitting).



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- e. *to promote all measures designed to improve the balance of payments of the developing countries, inter alia, by stabilisation of primary products markets, the Supplementary Financial Measures Scheme, assistance in developing production and increasing economically justified exports of the developing countries.*