At the October 1990 meeting of the Commonwealth Ministers responsible for women's affairs held in Ottawa, there was consideration, in response to a Canadian initiative, of the implications of structural adjustment for women. The Ministers concluded such programs should strive to promote the economic contribution of women and to contribute to a more equitable sharing of the benefits. It was also agreed, as part of this Canadian initiative, that a draft declaration on women and structural adjustment be recommended to the Commonwealth Heads of Government for consideration at their next meeting in 1991.

Many adjustment measures can be of direct benefit to the poor. For example, adjustment policies which put a greater focus on development of the agricultural sector can help to reduce rural poverty. Canada is pressing the international financial institutions and developing countries to ensure that basic social services for the poor are maintained and, where possible, strengthened. The Government has consistently advocated these policies and has recently suggested that multilateral development banks consider allocating assistance conditional on recipient countries undertaking meaningful and sustained poverty reduction policies.

Recommendation

Canadian policy should be that international financial institutions should remain net lenders to developing countries, on a constant basis.

Response

In the early days of the debt problem, the IMF was a major source of funds to developing countries. Over the period 1982-84, net lending by the IMF to developing countries amounted to some US$23 billion. This situation was reversed in subsequent years and net repayments to the IMF totalled US$16 billion in the period 1986-89. This cycle has now come to an end and net lending to developing countries is projected at US$2 billion in 1990.

Because of the relatively short-term, revolving nature of Fund resources and its fundamental purpose of fostering equilibrium in international payment flows, it would be inappropriate for the Fund to adopt the recommendation of the Committee. Because of the longer repayment terms for funds provided by the World Bank, its net lending has not been subject to such dramatic swings and has remained positive on an aggregate basis.

The role of the IMF and the World Bank is not limited to providing funds. The existence of Fund and World Bank supported programs serves as a catalyst for the mobilization of funds from other sources — multilateral, commercial and bilateral.

That many developing countries may have temporarily become net exporters of capital is disturbing, but there are a number of reasons for this. In some cases, a country may have been subject to large external shocks which are beyond its means to sustain on its own. In other examples, past loans have been poorly used and have not generated the economic growth needed to return to creditworthiness and