To qualify for the initiative, a country must be among the poorest (i.e., be eligible for assistance only from the International Development Association concessional lending window of the World Bank) and face an unsustainable debt situation even after the full application of current debt relief mechanisms. Forty-one countries meet this definition and a significant number should benefit from the initiative. The IMF and World Bank estimate the program could cost between \$5.5 billion and \$8.4 billion US.

The World Bank has made an initial contribution of \$500 million US of an expected total contribution of about \$2 billion US, with the IMF making a contribution of \$250 million US. Other international financial institutions are developing their own mechanisms to contribute or are considering contributing through the World Bank's multilateral HIPC Trust Fund. Funding is in place for the first group of countries that qualified for the initiative. Uganda, whose debts stood at \$1.7 billion US in June 1996, was the first country considered. It will receive debt relief totalling \$340 million US.

Canada has consistently advocated that the unsustainable debt burdens of poor countries committed to economic reform be addressed by the international community. Canada has also supported the sale of a modest portion of IMF gold reserves to be used to finance the relief initiative.

Canada is one of a limited number of creditor countries that have written off virtually all of its outstanding official development assistance debt owed by the poorest countries. As well, all of this Canadian assistance has been on a grant-only basis since 1987. Canada has also forgiven other bilateral debts through the Paris Club since the inception in 1988 of the first concessional debt relief terms, the Toronto Terms.