

Recommendation

The Government is urged to make best efforts to seek the agreement of concerned authorities on new accounting principles for Canadian official loan exposure. The Government is called upon to table annually in Parliament, a complete statement of all debt exposure in developing countries and details of any actions taken by the government to reduce the burden of debt.

Response

The Government agrees that it is prudent, in the light of evolving multilateral efforts to address the debt problem, and to establish an allowance for general contingencies.

Information on ODA debt measures is published annually in the Public Accounts and two appendices summarizing ODA debt forgiveness and ODA debt outstanding are attached. Specific measures to reduce the debt burden are released and distributed to members of Parliament as decisions are taken. To disclose detailed figures for official non-concessional debt, which contain commercially sensitive information, is not appropriate.

Recommendation

Canada should advocate a new approach by the international financial institutions in the way it responds to the debt problem, applies conditionality and attends to the problems of the poor. This approach should serve the goals of human-centred, democratic and sustainable development.

Response

The Government agrees that Canada should pursue multilaterally our objective of sound economic development which is socially responsible and respectful of democratic principles and human rights. These criteria guide our approach to the issues of structural adjustment and conditionality for debt-distressed countries in multilateral fora.

At the recent World Summit for Children, co-chaired by Prime Minister Mulroney and attended by over 70 world leaders, Canada provided strong leadership on the need for more resources for programs of basic health, education and nutrition. This led to new commitments from multilateral institutions, including a reallocation by the World Bank which will amount to approximately US\$500 million annually, to basic health programs of benefit to children.

The approach of bilateral donors and the international financial institutions towards structural adjustment and conditionality has evolved considerably as the international community gained a greater understanding of the process. Increasingly the approach of these institutions is responsive to Canadian concerns as presented to their executive meetings by the Secretary of State for External Affairs, the Minister of Finance and the Minister for External Relations and International Development.