

proposals for additional concessions. The extent of debt relief and reduction of debt obligations will be determined in the context of the multilateral discussions of the Paris Club and the financial needs of the debtor identified in the agreed IMF program.

The Summit also suggested, and Canada fully endorsed, that there be a review of measures for lower middle-income countries. The Paris Club has recently approved guidelines for more generous treatment based on longer repayment terms. There is also a provision for debt conversion of lower middle-income debt, in the context of a rescheduling agreement. Further measures are under review.

Previously in this document, the application of Toronto Terms and the allocation of additional resources to fund the interest rate subsidy have been outlined. It is not possible to be specific about the effects of future measures as their exact nature is still being discussed in the Paris Club.

Recommendation

There should be an independent Canadian assessment of the debtor country's commitment to serious economic reform and equitable development that is sustainable, and consideration of the human rights situation.

Response

In assessing adjustment programs and debt-relief measures, the Government undertakes its own assessment of the commitment to economic reform and other factors such as indicated in the principles and policy statements of this document. Depending upon the circumstances, appropriate action is taken either through bilateral assistance programs or in some cases ODA debt forgiveness, or in multilateral institutions such as the international financial institutions or the Paris Club.

With respect to official loans on commercial terms, the eligibility for, and the extent of, debt relief is agreed by consensus in the Paris Club, based on an internationally supported program of adjustment and an assessment of the need for additional finance. The Government believes that such debt relief should be undertaken in a multilateral framework to promote burden-sharing among creditors, and in consultation with the debtor country concerned.

With respect to Official Development Assistance, the Government will introduce legislation providing for further ODA debt forgiveness for other countries, on a case-by-case basis, in accordance with Canadian policies.

In the past, the Government has undertaken bilateral initiatives to forgive the ODA debts of developing countries in response to UN resolutions or following its own review of the needs of other low-income and debt-distressed countries. In one case (Myanmar, formerly Burma), Canada has not forgiven ODA loans because of our concern about the human rights situation in that country.