

A WHOLE-OF-GOVERNMENT APPROACH TO DEVELOPMENT

An important aspect of increasing the effectiveness of Canada's international contribution will be to strengthen coherence among the Government's aid and non-aid policies and actions, with the objective of reducing global poverty.

Debt relief is an important, concrete form of financial assistance. It frees up developing countries' own resources for poverty reduction, social development and improved governance. Canada has taken a renewed leadership role on this issue. Through both multilateral and bilateral initiatives, we have eased the debt loads of poor countries struggling to lift themselves up—most recently in Madagascar, Ethiopia, Ghana and Senegal. In Budget 2005, the Government set aside \$172 million for a new Canadian debt-relief initiative and \$34 million targeted to the world's most heavily indebted countries. Eligible countries are those that have completed the heavily indebted poor countries (HIPC) process as well as other poor countries that have sufficiently strong public expenditure management systems to use these savings appropriately for development. Countries must also have an acceptable human rights record. In total, over \$1 billion will be forgiven.

To encourage more rapid provision of debt relief through the multilateral system and more generous debt relief to HIPCs, the Government will continue to:

- seek debt relief that results in a net increase in flows to developing countries, treats non-HIPCs in an equitable manner, and preserves incentives for economic reform and improved governance; and
- under the leadership of the Minister of Finance, press the international community, including through the G7, to extend debt relief initiatives to additional poor countries. This includes encouraging greater participation in these initiatives by international financial institutions such as the World Bank, the International Monetary Fund, and the regional development banks, while at the same time safeguarding their financial viability. There are various proposals currently being considered and Canada is working with others to reach a consensus on the most effective and appropriate approach.

To ensure coherence among aid and other non-aid policies and actions that affect developing countries, the Government will:

- ensure much stronger interaction—in both directions—between development goals and Canada's international agendas in trade, environment, health, justice, and other relevant fields. Health crises, lack of access to education, weak governance and economic stagnation remain root causes of poverty. Poverty cannot be eradicated without addressing each of these problems;
- build much stronger whole-of-Government frameworks for mature cooperation with middle-income countries where development cooperation programs as such are no longer suitable. To ensure continued Canadian engagement in key countries and emerging economies, relevant

Members of the Canadian Forces Disaster Assistance Response Team (DART) provide humanitarian assistance to Hondurans affected by Hurricane Mitch.



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