

- Accordingly, the Sub-Committee recommends that Canada use its position to advocate major changes in the way that the IFIs respond to the debt crisis of developing countries. These reforms should be a central part of the agenda of the global conference on debt and adjustment we recommended earlier in this report. The challenge goes well beyond increasing financial flows to support adjustment. It means changing policy structures so that the poor are helped not harmed by adjustment. Canada's contributions to the IFIs should be predicated on such an initiative for North-South reform. (p. 39-40)
- We believe Canadian policy should be that the IFIs must remain on a constant basis net lenders to, not creditors of, the developing nations. We therefore urge the government and Canada's executive directors at the IMF and World Bank to study ways in which this objective can be maintained without jeopardizing multilateral banks' access to financial markets. (p. 40)
- The Sub-Committee believes that the government should reconsider its decision not to join the IDB-UNICEF "Debt Relief for Child Development" scheme and should encourage the IFIs to seek other innovative ways of linking debt relief means to human development purposes. (p. 42)
- Canada should be using its offices to promote policy reform and dialogue within the multilateral system, as well as by and between donors, creditor institutions and debtor countries. We believe there is scope to bring about positive change. (p. 42)
- The key test of policy for the IFIs will be seeing that debt and adjustment cures do not make things worse for the already poor and vulnerable than the disease itself. (p. 43)
- The agenda before the IFIs is an extremely challenging one. The Sub-Committee believes that Canada should take on the responsibility of working through that agenda with other countries to see that it serves the goals of human-centred, democratic and sustainable development. This means a stronger and different Canadian role rather than pulling back on our participation. It must be clear that Canadian support for multilateral concessional lending and debt relief is linked to a fresh approach to policy-based adjustment and conditionality, such as we have recommended in this report. Canada should be an advocate for reform in the IFIs, including at the highest level. (p. 44)

#### **F. Linking debt, environment and common security**

- We share the view that strong public environmental assessment criteria should be applied to all international assistance programs, including those focused on debt relief and economic adjustment in developing countries. (p. 44)