

**Canada led the international community in supporting this multi-dimensional approach.** For example, we were among the first to argue for, and support, adjustment programs in Ghana which took into account the consequences for the poor. We also provided highly concessional funds to low-income countries in recognition of structural rigidities in their economies. More recently in the governing bodies of the multilateral institutions, we have stressed the need for lending strategies based upon poverty reduction objectives. We have also emphasized that social programs, such as literacy campaigns, basic health care, family planning, etc., can have very high economic rates of return and contribute to the improved efficiency and productivity of an economy.

## **Canada and the Multilateral System**

Canada's approach to debt fits into a broader framework of its commitment to the multilateral system and its financial institutions. **Canada believes in strong multilateral institutions based on universal membership where decisions should be made on economic and financial criteria.** Without an internationally agreed program, the debtor is unlikely to obtain sufficient external assistance to allow the structural adjustment program to work. Bilateral measures on their own would not likely lead to the desired results. Further, the multilateral institutions could become paralysed by conflicting political objectives or economic conditionality introduced by individual governments.

**Our goal is to ensure that conditionality is both economically sound and socially just. Political and social factors should not be ignored.** The World Bank last year produced a key report on Africa which stressed the necessity for "good governance" including a fair and effective public administration and judiciary, and the importance of participation of citizens in decision-making affecting them. Similarly, the Ministers of Development of the Organization for Economic Co-operation and Development issued a statement on development for the 1990s which indicated that "participatory development" will be a major objective. Finally, the Houston Economic Summit accepted a proposal from Canada that economic reform based on enterprise and market signals requires an open, democratic and accountable political system.