

D. Providing relief on official government debt

- The Sub-Committee believes that the time has come to face facts and to get serious about reducing the burden of export debt owed to Canada by poor countries that are simply unable to pay. We, therefore, recommend that Canada take the lead in advocating the adoption by Paris Club members of substantial additional export debt concessions, in particular for the poorest and most seriously-affected countries. In responding to this recommendation, the government should table detailed proposals showing clearly how they will apply to Canada's export loans to indebted developing countries, either in a multilateral or bilateral context. (p. 36)
- The Sub-Committee is convinced that a new approach is needed in determining eligibility for official bilateral debt relief. We, therefore, recommend that Canadian actions to reduce the burden of official debt neither be done across-the-board or necessarily linked to the adoption of orthodox SAPs. Instead, in each case, there should be an independent Canadian assessment of the debtor country's commitment to serious economic reform and to equitable development that is environmentally sustainable. Respect for human rights, including the right of popular participation in policy decisions should also be a factor in determining eligibility. Debt reduction should not end up rewarding corrupt elites, and even less should it be tied to measures that make the poor worse off. (p. 37)
- We are concerned that an incomplete and possibly misleading picture of Canadian sovereign debt exposure could make it more difficult to pursue realistic policies on developing-country debt. (...) The Sub-Committee therefore urges the Office of the Auditor General, the Ministry of Finance and the EDC to make best efforts to reach agreement on acceptable accounting principles for Canada's official loan exposure. We also call on the government annually to table in Parliament for referral to this committee a complete statement of all Canadian official debt exposure in developing countries, including details of any actions taken by the government to reduce the burden of debt during that year. (p. 37-38)

E. Reviewing Canada's role in the IFIs

- It is not just new means of providing funds that are needed, it is a whole new approach to IFI adjustment and conditionality along the lines we earlier recommended as guidelines for Canadian policy. (...)