

Development and Poverty Reduction

Despite progress, 1.2 billion people still do not have their basic human needs met and live on less than a dollar a day. Another three billion exist on less than two dollars a day. The hardships of poverty, including hunger and disease, are frequently accompanied by war, violence, exploitation, corruption, poor government, and environmental degradation.

As a result, the United Nations Millennium Summit can be expected to give considerable attention to poverty reduction and development. The Secretary-General's millennium report, *We the Peoples*, calls for increased official development assistance (ODA), broader debt relief, and improved access to world markets for the products of developing countries.

The Canadian ODA budget is about \$2.5 billion, 0.28 per cent of Canada's gross national product. This is close to Germany's 0.26 per cent and the United Kingdom's 0.23 per cent.

The Heavily Indebted Poor Countries (HIPC) debt relief program, led by the International Monetary Fund, involves a variety of international institutions and individual countries. It calls for faster, deeper and broader debt relief with savings closely tied to greater social spending through a poverty reduction strategy to be developed by HIPC governments in co-operation with civil society and international financial institutions.

At their summit in Okinawa in July 2000, leaders of the group of eight leading industrial and democratic nations, the G-8, recognized the need for timely debt relief under the HIPC initiative and reconfirmed their commitment to accelerate this relief as much as possible, as long as the receiving countries used their savings to reduce poverty and achieve good governance.

Canada has contributed \$150 million to the World Bank's HIPC Trust Fund and \$65 million to the IMF's Poverty Reduction and Growth Facility/HIPC Trust Fund.

In addition, the Canadian debt initiative will forgive 100 per cent of the debt of qualified HIPCs who show they can use these cost savings productively. The objective is to effectively eliminate the debt. Meanwhile, Canada has written off nearly all official development assistance (ODA) debts owed by HIPC countries and has provided all of its ODA in grant form since 1986. The ODA debt writeoff totalled \$900 million. The only HIPC country whose ODA debt remains is Burma.