

purposes at a time when other types of financing are stagnating. However, we are conscious of the risk of trade and aid distorting effects and accordingly, we favour a tightening of discipline and greater transparency in its use. We would hope that we can all agree as a first step, to raise the minimum grant element of associated financing extended to the least developed countries from 20 to 30 per cent.

The multilateral institutions, particularly the IMF and the World Bank, should play an increasingly key role in reconciling short-term adjustment with long-term development. Among other things, we would support an enhanced role for the Bank in structural adjustment and policy dialogue, and a stronger catalytic role for the Bank in the financing of development. In this context, Canada believes that there should be closer cooperation between the Fund and the Bank on appropriate measures for policy reform.

The current case-by-case debt management strategy has succeeded in alleviating the payments problems of the most indebted countries. However, there is perhaps a need to further build on this strategy to respond in particular to the needs of low income and certain resource-dependent developing countries. For the most part with limited access to capital markets and having to adjust their economies to new realities, these countries constitute in our view a particularly vulnerable category. As suggested earlier, we believe that the World Bank could play an enhanced role in supporting these countries as they undertake the necessary structural adjustments. If we are prepared to encourage the World Bank to undertake this task, we should in consequence be willing to discuss the adequate level of resources needed to permit it to play this role effectively.

Canada attaches considerable importance to the special Spring Sessions of the Interim and Development Committees. They represent an important step forward in the continuing dialogue between developed and developing countries on the workings of the international economic and financial system. We believe the Fund and the Bank provide the competent and relevant institutions for a productive discussion of the linkages between trade, investment and financial flows and the related policy implications for both developed and developing countries. Accordingly, we believe that these meetings should bring about a greater convergence of views on the nature and extent of the economic problems facing the international community, and on appropriate policy responses to them.