

Minister announced an increase in support for research in new and renewable energy through the International Development Research Centre. Multi-laterally, Canada continued to be a leading supporter of the proposal to create an energy affiliate of the World Bank, although there seemed to be less prospect at the end of 1981 that there would be early agreement among donor countries to launch this new lending agency.

International monetary and financial issues

The international financial institutions, such as the World Bank and the regional development banks (e.g. Asian Development Bank, the Inter-American Development Bank and the African Development Fund), came under increasing financial pressures in 1981 owing largely to diminishing financial support from the United States. Canada continued to be a leading participant in the work of these institutions, and was active in efforts to maintain their lending capacity in real terms in the face of arrears in some contributions. In the World Bank's International Development Association, which lends to the world's poorest countries, Canada helped to ensure a greater level of lending by obtaining agreement from donors (other than the USA) to release in full their first instalment of scheduled funding ahead of time, by relaxing the pro rata provisions.

As in previous years, Canada participated actively in the work of the International Monetary Fund, and supported consideration within the Fund of ways through which the needs of developing country members which are experiencing profound economic problems could better be met. The Fund enlarged the access to its resources for members making strong adjustment efforts, and extended the scope of its Compensatory Financing Facility, which is designed to deal with the problems raised by shortfalls in export earnings. The Fund also took steps to increase its resources by concluding an agreement with the Saudi Arabian Monetary Agency to borrow approximately SDR* 4 billion in each of the first two years, with a possible additional amount in the third year. In addition, the Fund arranged for short-term financing from certain industrialized countries. Canada was a strong supporter of all these efforts.

During 1981, Canada held the chairmanship of the "Group of 10" which serves as a caucus of the major industrialized countries in the IMF and deals with IMF issues and the general arrangement to borrow. Canada's Minister of Finance was elected chairman of the interim committee of the IMF. This committee of governors advises the full board of governors of the Fund on management questions, on proposals for amendments to the Articles of Agreement, and on sudden disturbances that pose a threat to the international monetary system.

* Special Drawing Rights - currency units devised by the IMF to measure international reserves. The system is based on the five major currencies: the US dollar, British pound, Japanese yen, French franc and the German Deutschmark.