



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

NINETY-THIRD MEETING
WASHINGTON, D.C. – APRIL 16, 2016

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April 16, 2016

Statement by

The Honourable Bill Morneau
Minister of Finance
Canada

**on behalf of Antigua and Barbuda, The Bahamas, Barbados,
Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica,
St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines**

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93rd Meeting of the Development Committee

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On behalf of Canada, Ireland and the Caribbean countries that comprise our constituency, I would like to add our voices to challenge the global community to unite around the World Bank Group's (WBG) twin goals, while ensuring that development financing activities are environmentally sustainable, achieve strong value for money, and catalyze additional resources. The WBG has a crucial role to play in supporting the achievement of the Sustainable Development Goals (SDGs) and the international effort to combat climate change.

2016 is an important year for global development, as we continue to implement our climate financing commitments, work to make the WBG more representative of its members, and bolster our response to the protracted displacement crisis in the Middle East. Today there are more displaced people in the world than any time since the aftermath of the Second World War, and the international community needs to work together to develop new tools to support countries in crises, and prevent further suffering. We also need to maximize the collective impact of our development financing activities, which should aim to crowd in additional funding from other sources, including from the private sector. Our constituency encourages the WBG to pursue three broad objectives over the next year:

1) Supporting Effective Development Programing

Given unprecedented levels of global displacement and the enormous challenges that this creates for developing countries with limited resources, we applaud the WBG's efforts to step up support for forcibly displaced populations and their host communities as well as mitigate the drivers of forced migration, including conflicts and violence, fragility and climate change. These are also the areas where the WBG can have the most impact. These efforts are closely aligned with the priorities of our Irish Aid counterparts, who have focused development efforts towards developing countries that are experiencing greater degrees of hunger, fragility and instability, because of conflict, disaster or the harmful effects of climate change. Our constituency welcomes efforts aimed to crowd in new sources of financing, and to explore innovative financing facilitates to support refugee-hosting countries.

Certain small island states, including those in our constituency, face unique development challenges and require access to concessional support. The Caribbean region faces several acute challenges including heavy debt burdens, high energy costs, and an under-capitalized banking sector. These challenges will be best addressed collaboratively. We call on the International Monetary Fund and WBG to work with other development partners to address the region's growth challenges.

Our constituency welcomes the WBG's support for the Caribbean region, which includes the development of sound tools to support Anti-Money Laundering / Counter Financing of Terrorism national risk assessments.

To enhance the development impact of its operations, the WBG should continue to advance its ambitious reform processes in order to strengthen the quality of operations on the ground. Our constituency continues to actively support the Bank's efforts to update its environmental and social safeguards, and to champion inclusive and accountable governance, human rights, and diversity as integral values which must be reflected in the new safeguards framework. We will continue to advocate for our constituencies' development priorities and values to be reflected in these reform processes. Finally, we emphasize our support for greater employment diversity and gender balance throughout the WBG.

This year will involve significant work on voice and representation at the WBG, as shareholders negotiate a dynamic formula which will inform future decisions around countries' appropriate shareholdings in the institution. Economic weight and contributions to the WBG's development mission will be crucial elements of this dynamic formula, but it is also important to ensure that the voice of the world's smallest and poorest countries is protected from dilution. Our constituency will continue to play a constructive role to ensure that the WBG is representative of its country members, while also maintaining its ability to deliver on its mandate as a global collective devoted to poverty reduction.

The Forward Look exercise also provides us with an opportunity to take stock of the WBG today, and envision what the organization should do to be fit for purpose tomorrow. Going forward, the Bank should aim to support member countries' varying needs, as they progress through different stages of development. It is our constituency's view that the WBG should focus on areas where it has the greatest comparative advantage – its ability to mobilize additional resources for development and poverty reduction. Finally, we are of the view that there are further opportunities for the component institutions to work better together as one WBG, especially in the areas such as infrastructure development, climate financing, and support for fragile states.

2) Making Climate Smart Investments

In December 2015, 195 countries came together to adopt a historic and ambitious new climate change agreement. The Paris Agreement strengthens global efforts to transition to a low-carbon, resilient economy, while recognizing the need to support developing country efforts to reduce greenhouse emissions and adapt to the adverse impacts of climate change. The impacts of climate change risk reversing many of our hard won poverty reduction gains. As the WBG itself notes, climate impacts could push an additional 100 million people into poverty by 2030.

The Caribbean members of our constituency are disproportionately affected by severe weather events, and understand first-hand the impact of climate change. The WBG continues to make meaningful progress in integrating disaster risk assessment tools into its programming, particularly in countries which are vulnerable to the impacts of climate change. Our constituency is also supportive of the continued work to expand catastrophic deferred drawdown instruments for eligible IDA countries. Contingent credit instruments can help to quickly disburse supporting funds in a disaster, potentially reducing the overall impact of the event.

Canada is committed to supporting the most vulnerable countries to adapt to the adverse effects of climate change, and is doing its part to mobilize critical investments that will achieve sustained emissions reductions in developing countries. To this end, Canada has committed \$2.65 billion by 2020 in order to help developing countries tackle climate change. This contribution will be delivered through a variety of channels, and will support both mitigation and adaptation activities.

Canada is also an active participant in the Carbon Pricing and Leadership Coalition, a transformational effort to advance carbon pricing and the development of carbon markets. Canada has also committed to pursuing a national framework for combatting climate change in collaboration with our provinces and territories.

Our constituency welcomes the WBG's commitment to scale up its climate financing by one-third, to 28 per cent of total annual commitments by 2020. In our view, a key element in achieving this objective will be the WBG's ability to systematically integrate climate considerations into the initial stages of all project development. Unlocking private finance is also a critical step in the transition to sustainable, low-carbon growth. We encourage the WBG to continue its efforts to leverage private sector climate finance, particularly through co-financing and blended finance arrangements.

3) Catalyzing New Resources for Development

Accomplishing the WBG's twin goals and implementing the SDGs will require new and innovative sources of development financing. In particular, new partnerships are required to crowd-in support from all sources of development financing. Given its extensive expertise working with the private sector in developing countries, the WBG is well positioned to develop these partnerships and catalyze the resources required to make the SDGs a reality. In order to make the greatest possible development impact with its limited resources, the WBG's involvement should strive to be catalytic, with investments aimed at mobilizing additional resources for development.

Since 2013, G20 Finance Ministers and Leaders have called for Multilateral Development Banks (MDBs) to "optimize their balance sheets to increase lending". This reflects a view that MDBs are critical development partners, and have room to maximize their development impact. The G20 reiterated this message at the Antalya Summit in November 2015 and agreed to an MDB Action Plan on Balance Sheet Optimization which calls on the institutions to report back to Finance Ministers by July 2016 on progress in implementing the Action Plan.

Our constituency welcomes the World Bank's leadership in developing new and innovative ways to optimize its balance sheet. In particular, we would highlight our strong support for the recent MDB exposure exchange operation, and the Bank's work to develop budget anchors to constrain growth in administrative costs. We welcome these efforts and look forward to the WBG's continued work to augment its financial capacity and ability to deliver development results through new approaches. We look forward to the joint MDB report to G20 Finance Ministers, and its potential to unlock additional resources for global development and catalyze private investment in infrastructure.

The International Development Association (IDA) will conclude its 18th replenishment in 2016. This replenishment process will be the first since the establishment of the SDGs, and will create opportunities for meaningful exchange with IDA borrowers, and contributions from new middle-income donors. An expanded donor base has the potential to bring new resources and valuable expertise to the IDA table. This is also why we believe that the WBG should continue to explore options to provide additional flexibility in how donors make contributions to IDA. Our constituency welcomes the ongoing work to develop tools to leverage IDA's accumulated equity and unlock new concessional resources. Finally, we affirm our view that IDA's scarce resources should be used as efficiently as possible, and should be committed where they can have the greatest impact in the world's poorest and most vulnerable countries.

The WBG has been a leader in development and a trusted partner for 70 years, and is well positioned to play a prominent role in implementing both the SDGs and our international climate finance commitments. Our constituency is eager to collaborate with, and support the WBG's important work in ending extreme poverty and boosting shared prosperity in an environmental sustainable and effective way.