Statement by
The Honourable Jim Flaherty
Minister of Finance
Canada
on behalf of Antigua and Barbuda, Bahamas, Barbados, Belize, Canada, Dominica, Grenada,
Guyana, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and
Saint Vincent and the Grenadines
88th Meeting of the Development Committee
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On behalf of our constituency, I want to begin by thanking President Kim for his strong leadership of the World Bank Group over the first year of his presidency.

Last Spring, Governors established ambitious goals of ending extreme poverty by 2030 and boosting shared prosperity. These are challenging and worthy goals. President Kim is now proposing a strategy to position the institution to deliver on these two goals. I am very supportive of the proposed approach, recognizing that it will take time and concerted effort to refine and implement all of the key elements of the strategy.

Canada’s constituency stands ready to work with the World Bank Group on the new strategy, confident that it will enhance the institution’s focus and effectiveness in addressing the development challenges of today and tomorrow, including those of the Caribbean states we represent.

We strongly support the planned move to One World Bank Group in order to increase systematically collaboration efforts across the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). Working as One World Bank Group will allow us to better leverage the strengths of each agency and contribute to breaking down silos within the institution. In order to do so, we call upon the World Bank Group to harmonize and intensify its efforts in several key areas:

First, engaging and leveraging the private sector to reduce poverty and boost prosperity, together with our constituency and other stakeholders. The development architecture has fundamentally changed. Reducing poverty and promoting prosperity require effective partnerships that cut across issues, challenges and sectors—and these partnerships must include the private sector. This means creating the business environment necessary to attract investment and facilitate trade; unleashing the potential of entrepreneurs in developing countries to drive growth and create jobs; and investing in people to take advantage of growth opportunities.

Second, transforming agricultural investments, growth and productivity into greater food security and nutrition, especially for women and children. Canada has taken a global leadership role in the fight against hunger and malnutrition through efforts in sustainable agriculture development, as highlighted at this year’s United Nations General Assembly. A robust One World Bank Group approach in agriculture could have a transformative impact on food security and nutrition.
Third, playing a catalytic role in sustainable extractive sector development globally. The World Bank Group has the potential to play a greater role in mobilizing, in partnership with the G-8, finance and knowledge needed by countries looking to leverage their own natural resources towards poverty reduction.

Fourth, continuing to focus attention on gender perspectives in the implementation of the new strategy. Gender equality and inclusion can and must intersect; all parts of the World Bank Group have a role to play in advancing economic and leadership opportunities for women.

Last, working together to enhance our support to the poorest and most vulnerable in fragile and conflict-affected regions. The World Bank Group, and IFC in particular, supported by Ireland and others, has already garnered some very positive experiences and demonstrated results in supporting the private sector in post-conflict countries in sub-Saharan Africa. We call on the World Bank Group to further support this work and explore the lessons learned for wider application globally. We also encourage others to support MIGA’s new Conflict-Affected and Fragile Economies Facility, which will help leverage private sector investment in riskier environments.

We urge the Bank to continue to support small highly vulnerable economies in its new strategy. Of particular concern are the Caribbean countries in our constituency, which are small island states that are highly vulnerable to natural disasters and external macroeconomic shocks. This heterogeneous group of developing countries continues to struggle with the complexity of financing and implementing development solutions within the context of stagnant or contracting growth, declining competitiveness and unsustainable fiscal and debt positions. Over the past five years, a number of these countries have embarked on fiscal consolidation and structural transformation programs aimed at rebalancing their economies and creating the conditions for growth. However, to be truly effective, these efforts must also be accompanied by programs that allow the private sector to expand and emerge as the primary driver of growth. In this regard, we continue to encourage the World Bank’s work, through the Caribbean Growth Forum, that seeks to assist these countries to develop and ultimately implement pro-growth strategies.

At the end of last month, the United Nations took stock of the current state of the Millennium Development Goals (MDGs) at the Special Event of the General Assembly. The outcome document, co-facilitated by Ireland, expresses the strong commitment of the international community to achieve the MDGs by 2015 and underlines the need to accelerate progress between now and then, targeting in particular those MDGs where results are further behind. The new World Bank Group strategy will have to play a key role in supporting these efforts as well as the design of the post-2015 development framework.

Some of the World Bank’s existing borrowers are moving towards graduation, and there is scope for being more selective and targeted in delivering financial, technical and knowledge-based development solutions to clients. The World Bank Group will need to find ways to be innovative and catalytic in defining its evolving role. The drive to become a “Solutions World Bank Group” represents an opportunity to do this. This will enable the World Bank Group to enhance its support to client countries through customized development solutions by packaging finance and knowledge together with its services, and further developing this through effective evaluation of results.

We strongly support proposals to realign the World Bank’s financial model to strengthen financial sustainability and expand its financial capacity. We look forward to further defining the underlying principles in the coming months, including a discussion at the Spring Meetings around specific measures to grow revenues, optimize the leveraging of available capital, and reduce costs.
Ensuring a Constructive and Progressive IDA Replenishment

The work of IDA has always been strongly supported by our constituency, and we look forward to the completion of the IDA17 replenishment process by December 2013. We note that IDA is poised to graduate several borrowing countries during the IDA17 period and recognize the important gains that the governments of these borrowing countries have achieved in lifting people out of poverty.

We also recognize that sizeable development challenges remain in these countries and encourage the Bank to adopt a long-term and whole-of-bank approach to ensure it continues to support the achievement of the goals of poverty eradication and shared prosperity in all its client countries. Notably, this includes ensuring that IBRD is equipped to address the issues faced by middle-income countries as well as increasing the use of private sector instruments within IFC and MIGA in IDA borrowing countries. We will also urge IDA to maintain a robust focus on integrating gender into its operations, and on meeting the unique needs of fragile and conflict-affected countries eligible for IDA assistance. Finally, we will encourage IDA to continue to ensure that its policies and operations reflect the perspectives of the poor.