Statement by
Mr. James M. Flaherty
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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On behalf of our constituency, I would like to thank the Government of Japan for their exceptional hospitality in hosting this year’s annual meetings of the International Monetary Fund and the World Bank Group.

I would also like to welcome President Jim Yong Kim as the World Bank Group’s President effective July 1, 2012.

Our constituency has re-elected Mme Marie-Lucie Morin for a second term as Executive Director. She has earned respect within the Bank and the capitals that she represents as being a strong leader and constructive problem solver.

Canada and its constituents are focused on three themes of critical importance. First amongst these is leveraging the private sector to create secure and well-paying jobs—the foundation of any strong economy, developed or developing. We are also focused on building resilience and crisis preparedness, an issue of particular importance to many members of this constituency. Looking forward, we will be focusing on ensuring that the World Bank’s fund for the poorest countries has the resources necessary to build upon the momentum of success that has been demonstrated to date.

Creating Secure and Well-Paying Jobs

We are pleased to see the Bank’s continued attention to the importance of jobs. Our collective success in reducing poverty will be measured by the extent to which people can generate their own incomes, provide for their own families, and transform their ideas into the economic ventures of the future. At this time of global economic insecurity, it is critical that the most poor and vulnerable around the world see a basis for hope. We need to invest in people, and especially youth, who need stability, education and opportunities to sustain growth in the future. We cannot forget that women are key drivers of change.

An inclusive approach to sustainable economic growth recognizes the importance of meaningful employment for women, and of creating an environment where female entrepreneurs can flourish. The World Bank Group should continue to identify practical options for tackling unemployment, making coherent use of its various instruments. In particular, the International Finance Corporation and the Multilateral Investment Guarantee Agency should continue to play key roles given the importance of the private sector in generating jobs.

Building Resilience

Our recent experience in the Caribbean reminds us that poverty reduction is even more difficult in societies facing disasters, shocks and crises, whether natural, environmental or economic. Poor families suffer the brunt of catastrophe and face the greatest challenges in recovering and rebuilding. Children are
especially vulnerable. We see an opportunity for the Bank to improve coherence in global efforts to build resilience, and to connect disaster risk management to important work being done on social safety nets and climate change.

Priority must be given to practical approaches to encourage implementation of measures to prevent events from becoming disasters, including incentives for implementing appropriate building codes in urban areas, and to find creative solutions that can also generate economic opportunity, such as creating natural flood barriers through agroforestry. Effective insurance facilities are critical, as we have learned in the Caribbean.

Building resilience also requires effective and coordinated support across the World Bank Group for national economic and fiscal management in countries at risk. We are pleased to be working with the World Bank Group and the International Monetary Fund on new mechanisms to build economic and fiscal management capacity in the Caribbean as well as in the Deauville Partnership countries in the Middle East and North Africa, where sustained economic growth and open, transparent governance will be critical.

Climate vulnerability is another aspect of resilience that is having a serious effect on developing countries, including the small island states in our constituency. Global climate change is putting at risk important gains in the fight against poverty, hunger and disease. Canada has committed to a $1.2-billion contribution towards supporting developing countries with their climate change mitigation and adaptation efforts under the Copenhagen Accord. The scale of the challenge surrounding global climate change requires that we continue to find ways to mobilize private capital, including long-term funding from investors seeking commercial returns.

**Resilience Through Improved Nutrition**

Nutrition is also a key component of resilience. The need for nutrition resilience is evident in the situation in the Sahel and last year in East Africa. As part of the Bank’s broader work on food security, we would like to see increased consideration by the Bank to the link between nutritional resilience and safety nets. As was demonstrated over the past few years, safety net programs can protect the poorest populations from food price spikes and other crises. Linking successful programs further to nutrition can help build the resilience of vulnerable populations. Nutrition, and more broadly nutritional resilience, is a key priority for Canada, Ireland and many others, as demonstrated through our collective work through the SUN, or Scaling Up Nutrition group.

Earlier this year, we partnered with the World Bank Group and other donors to establish AgResults, an innovative public-private development partnership that will offer an incentive for the private sector to pursue new and innovative solutions to food security. Funds will only be spent once the programs have delivered results, such as larger crop yields or more nutritious foods.

Ireland will use its Presidency of the European Union in 2013 to draw further international attention to the importance of addressing malnutrition, and will foster greater understanding of the linkages between hunger, nutrition and climate change.

**Results, Accountability, Transparency**

As the AgResults example demonstrates, Canada is proud to be a leader in the development of innovations that achieve results. We continue to support the World Bank Group’s efforts to better measure sustainable development results, to transform experience and lessons learned into innovative solutions for the future, and to clearly communicate progress and challenges to stakeholders. The World
Bank’s Corporate Scorecard and Results Measurement System are critical to measuring and reporting results. We will look to them as fundamental elements in both upcoming replenishment discussions and the management of trust funds.

We also welcome the Bank’s attention to new partnership models that offer the potential for deeper collaboration within the World Bank Group and with other organizations. Of particular note, we are pleased to see efforts by the World Bank Group and other multilateral partners to support the countries of the Arab Spring, including through the Bank’s new Middle East and North Africa Transition Fund.

Accountability is about more than just results; it is also about how our investments impact people and communities. We will continue to work with the Bank to achieve continual improvement and effective implementation of social and environmental safeguards and risk management measures.

**Ensuring Sufficient Resources for the Poorest Countries**

The World Bank was established to lift countries out of poverty, and there is evidence to suggest that the world is on the cusp of a breakthrough. According to the United Nations Development Programme’s 2012 report on the Millennium Development Goals, success is being achieved: the poverty reduction target has been met, with the number of people living on less than $1.25 per day being cut in half since 1990. Both the number of people living in extreme poverty and poverty rates have fallen in every developing region, including Sub-Saharan Africa. Similarly, the number of people without access to improved sources of drinking water has been halved and parity in primary education between girls and boys has been achieved. These are successes that we should celebrate.

That said, significant challenges remain, particularly in Sub-Saharan Africa and in fragile and conflict-affected states. We will continue to fight to ensure the dignity of individuals in poverty and to ensure the robust economic growth necessary to escape poverty.

The World Bank needs adequate and ongoing resources for long-term and sustainable development in the world’s poorest countries. With these resources, the World Bank provides grants and loans that help low-income countries develop their health and education systems, improve national and local infrastructure, and stimulate economic growth. Over the next year, we will be focused on negotiating the next funding agreement of the International Development Association that will permit the World Bank to continue this critical work. A robust evaluation of the World Bank’s progress against the agreed-upon Results Measurement System will be a key element of this process.