Statement by

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Deputy Prime Minister and Minister of Finance
Canada

on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines
The most pressing threat to the global economy remains Russia’s illegal full-scale invasion of Ukraine. In addition to the direct and deplorable impacts on millions of Ukrainians, Russia’s actions are compounding economic challenges for the world’s most vulnerable, exacerbating longstanding issues of poverty, income inequality, and food insecurity.

This year's Development Committee plenary occurs at a critical moment, both for global development and for the rules-based international order that underpins the mandate of the World Bank. Russia's illegal invasion of Ukraine threatens to reverse hard-won development gains, and the spillover effects of the invasion put at risk progress towards clean, resilient, and inclusive development.

Canada and our constituency partners are firmly committed to supporting the government and people of Ukraine in their fight against Russia’s illegal invasion. Since February 2022, Canada has provided over C$8 billion in direct financial, military, and humanitarian assistance to Ukraine, and imposed strict sanctions on Russia and Belarus. Ireland has contributed bilaterally, via EU support, and through extensive support to refugees.

On behalf of our constituency, we commend the World Bank’s swift and comprehensive response to support Ukraine, mobilizing over US$20 billion to help Ukraine continue to provide essential government services, maintain critical infrastructure, and meet humanitarian needs. Given the scale of Ukraine’s financing needs, we encourage the Bank to demonstrate further ambition to ensure Ukraine can defend its sovereignty and rebuild. The Bank must also play a lead role in mobilizing private capital for Ukraine’s reconstruction, including by mitigating risk and promoting investor confidence.

The effects of Russia's illegal invasion continue to be felt throughout the world, leading to significant shocks to global food and energy systems, and contributing to heightened inflation, elevated debt vulnerabilities, and macroeconomic instability. A record 345 million people, mainly in low-income and vulnerable countries, now face acute food insecurity. We commend the World Bank’s work to respond to these crises with speed, scale, and impact, notably through the Global Crisis Response Framework that is mobilizing up to US$170 billion to support developing countries.

Climate change and biodiversity loss remain pressing threats to humanity and require urgent action. We recognize that the World Bank is now the largest provider of climate finance to developing countries, and we note its progress in aligning financing operations with the Paris Agreement. We encourage the Bank to continue making ambitious investments to support member countries transitioning to clean, resilient, and nature-positive development, and to enhancing and simplifying Small Island Developing States’ access to finance. We encourage the Bank to thoroughly assess the value of embedding Climate Resilient Debt
Clauses in its lending agreements. Furthermore, we call on the Bank to align its funding with the Kunming-Montreal Global Biodiversity Framework and Fund in order to meet our collective goal to mobilize at least US$200 billion in annual international biodiversity funding by 2030.

We welcome the Evolution Agenda, which underscores how addressing global challenges and national development objectives are intrinsically linked. The Bank's twin goals – ending extreme poverty and boosting shared prosperity – cannot be achieved without inclusive approaches to sustainable development that bolster resilience to shocks.

Many global challenges, such as climate change, pandemics, and fragility, have disproportionate effects on women, girls, and those in vulnerable situations. We encourage the Bank to apply an intersectional approach across its development operations and in building responses to global challenges that advance gender equality and prioritize support to the poorest and most vulnerable.

The Evolution Agenda builds on many years of work towards optimizing the World Bank's balance sheet and improving capital efficiency. We welcome the Bank's intention to implement the recommendations of the G20 Capital Adequacy Framework (CAF) review to boost lending capacity while protecting its AAA credit rating. Looking forward, we hope to see progress on proposals to better utilize the Bank's callable capital.

Furthering the Evolution Agenda, as well as implementing the recommendations of the CAF Review, would also help achieve the aims of the Bridgetown Initiative by strengthening support for developing countries as they face overlapping crises. The Bridgetown Initiative is an important call-to-action that has re-energized the conversation on reforming international financial institutions, and is complementary to our collective efforts to evolve the World Bank.

Given the scarcity of official development assistance, the Bank must also bolster its ability to facilitate private capital for development and increase domestic resource mobilization. In doing so, it is essential to address real and perceived barriers to investment in emerging and frontier markets. Canada will continue to advance work to right-size the perception of risk in these markets, and to crowd-in private capital to address development needs. We call on the Bank to demonstrate leadership among the multilateral development banks in transforming the Global Emerging Markets Risk Database Consortium (GEMs), and to make it available to a wider audience, including investors, to help address this barrier to capital mobilization. We support continued progress on the Evolution Agenda and would welcome additional details on the proposed Global Priority Programs.

Developing countries face real and pressing challenges, and there are high expectations for the Bank to develop solutions as it continues to drive progress towards ending extreme poverty and boosting shared prosperity. Canada and our constituency are committed to working with all member countries to support the evolution of the World Bank to meet these challenges.