Department of Finance Canada
Ministère des Finances Canada

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Canada at the IMF and World Bank Group

Report on Operations Under the Bretton Woods and Related Agreements Act

Canada

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Foreword by the Minister of Finance

We live in a fast-paced and interconnected world in which the International Monetary Fund (IMF) and World Bank Group have a crucial role to play in coordinating global efforts to address our shared challenges. These international institutions play a leading role in helping to develop innovative solutions that help reduce poverty, promote economic stability, security and gender equality, and foster opportunities for growth and prosperity that benefit everyone.

It is clear that the challenges we face have people worried: technological change is transforming the nature of work; globalization is increasingly perceived as a cause of inequality; growth across countries has been uneven; and demographic shifts and climate change are putting pressure on countries all over the world. However, these challenges also present tremendous opportunities—opportunities that we must seize together. Through economic integration and multilateral cooperation, we have seen unprecedented improvements in global prosperity, living standards and poverty reduction.

Over the last year, the IMF has helped advance the dialogue on how countries can support the encouraging momentum in global economic growth, provided advice on how to address our mutual challenges, and advocated for policies that ensure the benefits of growth are shared by everyone. Similarly, the World Bank Group has also been a valuable partner in addressing important global challenges. It has provided crucial development financing and knowledge to tackle problems in fragile and conflict-affected states, helped the poorest and most vulnerable people, and contributed towards the empowerment of women and girls.

Canada's priorities and approaches for economic growth are well aligned with those of the Bretton Woods institutions. As Canada's Governor at both institutions, I will ensure that Canada continues to work closely with the IMF and World Bank Group to promote cooperative global solutions to the challenges of our time.

In the coming year, Canada will advocate for continued improvement in IMF surveillance, policy advice and member country support to address evolving economic and financial circumstances. In particular, IMF efforts must help foster growth that is shared more broadly, promote the economic empowerment of women and girls, and raise awareness about the benefits of openness and multilateralism.

Canada will also advocate for the World Bank Group to continue to seek out innovative approaches to augment its financial capacity. This includes prioritization of crowding in private sector capital and maximizing the use of available resources as a means of addressing the infrastructure and climate change mitigation and adaptation needs of developing countries, and supporting the full participation of women and girls in the economy and all aspects of society.

Canada believes that international cooperation is a necessary component of a strong and stable global economy. Our 2018 Group of Seven (G7) Presidency will provide us with the platform to complement the efforts of the IMF and World Bank Group. We will promote cooperative multilateral efforts to adapt to an evolving economic landscape, counter inward-looking and protectionist policies, help turn challenges into opportunities, and ensure that everyone is equipped to share in the prosperity of the global economy of tomorrow.

It is in this spirit that I am pleased to present to Members of Parliament and to all Canadians this annual report, entitled *Canada at the IMF and World Bank Group 2016–2017: Report on Operations Under the Bretton Woods and Related Agreements Act*. This report sets out the key developments at these institutions in 2016–17, and discusses Canada's views and objectives at the IMF and World Bank Group that will guide our engagement at both institutions over the coming year.

The Honourable Bill Morneau,
Minister of Finance

Purpose of This Report

This report summarizes the main developments at the IMF and World Bank Group in 2016–17, and reports on past and present objectives that are of core importance to Canada as a large shareholder in these institutions.

This report serves to inform Canadians about Canada's engagement with the IMF and World Bank Group and meets the requirements for annual reporting laid out in sections 13 and 14 of the *Bretton Woods and Related Agreements Act*:

The Minister of Finance shall cause to be laid before Parliament, on or before September 30 next following the end of each calendar year or, if Parliament is not then sitting, on any of the first thirty days next thereafter that either House of Parliament is sitting, a report containing a general summary of operations under this Act and details of all those operations that directly affect Canada, including the resources and lending of the World Bank Group, the funds subscribed or contributed by Canada, borrowings in Canada and procurement of Canadian goods and services.

The Minister of Finance shall cause to be laid before Parliament the communiqués issued by the Interim Committee of the International Monetary Fund and the Development Committee of the International Bank for Reconstruction and Development and the International Monetary Fund.

Unless otherwise stated, this report covers the period of July 1, 2016 to June 30, 2017.

Overview

The International Monetary Fund ("IMF" or "the Fund") and World Bank Group (collectively the Bretton Woods institutions) were founded in 1944 at the United Nations Monetary Conference in Bretton Woods, New Hampshire to regulate the international monetary and financial order after the conclusion of World War II. Since that time, the global economic landscape has undergone multiple evolutions and is now a very different and significantly more interconnected place. The Bretton Woods institutions have evolved alongside the global economic landscape and continue to play a critical role in today's global financial architecture.

Canada is a member country of the IMF and of the World Bank Group's five institutions: the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

As one of the largest members by financial contribution and voting share at both the IMF and World Bank Group, Canada plays an important role in the governance of both institutions. Each member country is represented by a Governor who serves on the Boards of Governors of each institution: the Minister of Finance represents Canada on the Board of Governors of both. Governors delegate day-to-day decision-making to an Executive Director who represents a constituency of member countries at the Executive Board of each institution. The constituencies to which Canada belongs include Ireland and a number of Caribbean countries.[1] Given Canada's financial contributions and level of engagement, a Canadian has always held the Executive Director position within our constituencies.

This report to Members of Parliament and the Canadian public discusses key developments at both the IMF and World Bank Group in 2016–17, describes Canada's engagement and contributions, and reports on the objectives that are of core importance to Canada.

Canada's objectives for the IMF over the reporting period were:

1) Continued improvement of IMF surveillance and policy advice, with a particular focus on inclusive growth and openness;
2) Application of an effective and appropriate lending toolkit by an adequately resourced IMF;
3) Provision of high quality technical assistance and training; and
4) Continued evolution of the Fund's governance structure to better reflect the growing importance of emerging economies in the global economy.

Canada's objectives at the World Bank Group over the reporting period were:

1) Support the efficient use of the World Bank Group's capital and the development of innovative financial instruments;
2) Contribute to a successful replenishment of IDA;
3) Serve as a constructive force in the implementation of the Bank's shareholding roadmap; and

[1] Canada's constituency includes Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana (World Bank Group only), Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

4) Ensure Canada's international priorities are reflected in the Bank's operations.

This report is prepared by the Department of Finance Canada in consultation with Global Affairs Canada, and with input from our Executive Directors' offices at the IMF and World Bank Group. Within the Government of Canada, the Department of Finance Canada coordinates Canada's engagement with the IMF and World Bank Group, in close consultation with other government departments and agencies.

Links to more detailed and technical information are provided throughout the report. For full details on the end-of-year financial performance of the IMF and the World Bank Group, please refer to the institutions' annual reports.[2] Additional information on Canada's official development assistance activities at these institutions is available in Canada's annual report on the *Official Development Assistance Accountability Act*.

[2] Management's Discussion and Analysis and Consolidated Financial Statements: June 30, 2017 (http://www.ifc.org/wps/wcm/connect/092fd15b-c878-4324-b228-62738342099b/IFC+FY17+MDA+and+FS_Final.pdf?MOD=AJPERES)

The International Monetary Fund

At the outset of the 2016–17 reporting period, the world was confronted with a persistently fragile economic recovery. Economic growth was slow and uneven across countries, and the year had started off with a period of significant financial market volatility. Many commodity-exporting countries were still struggling to respond to lower demand and prices. Deeper forces (e.g. aging populations, mass migration, inequality, technological innovation) were presenting ongoing challenges and opportunities for policy makers trying to promote stronger and more inclusive growth. Countries generally agreed on the need to use all "policy levers"—monetary policy (e.g. interest rates), fiscal policy (e.g. spending and tax policies) and structural reforms (e.g. changing the way government policies work)—to address the slow growth reality, but consensus remained elusive on the right mix and potential impact of these tools.

In this context, it was (and remains) important to have an international monetary system—the set of internationally agreed rules, conventions and supporting institutions that facilitate international trade and investment—that promotes cooperative solutions and facilitates needed economic adjustment. The IMF is charged with leading these efforts, helping to safeguard economic and financial stability, and advising on the appropriate policies to generate stronger and more inclusive growth.

To this end, Canada identified four objectives for its engagement at the IMF in 2016–17 focused on each of the Fund's main business lines as well as corporate governance of the institution. A summary of the actions taken by Canada in 2016–17 to promote these objectives is provided below, followed by an overview of how these objectives have evolved and will continue to be advanced over the 2017–18 reporting period.

Looking Back—Canada's 2016–17 Objectives

1. Surveillance and Advice[3]

2016–17 Objective:

Continued improvement of IMF surveillance and policy advice, with a particular focus on inclusive growth and openness

- Work together with the IMF to enhance the effectiveness of Fund surveillance and policy advice by promoting policies to boost inclusive and sustainable growth, particularly through investment and openness.

The IMF monitors economic, monetary and financial sector developments at the country, regional and global levels—so-called "surveillance" activities—and provides expert advice on policy measures designed to promote financial and economic stability and sustainable growth. Over the past year, the IMF has given tailored advice to its members on the mix of policies needed to foster more inclusive and job-rich growth. At the centre of this advice was the need for a balanced approach that utilizes a mix of policy levers as appropriate to each country's circumstances.

[3] IMF Surveillance (http://www.imf.org/en/About/Factsheets/IMF-Surveillance).

In its public communications, the IMF regularly identified Canada as an example of a country with an appropriate economic policy mix and agenda for the middle class that was well aligned with its circumstances. This shared perspective provided Canada with an important platform to share our experiences and approach with the world—an approach that is projected to help drive Canadian economic growth to the fastest pace within the G7 this year.

Over the course of 2016–17, the Minister of Finance made important contributions to advance the public debate. For example, he participated in several public policy panels and discussions during the IMF's Annual and Spring Meetings. These events[4] covered issues ranging from the role of fiscal policy in addressing our current economic challenges, to avenues for boosting growth prospects and equality through women's economic empowerment, to ways to better ensure the benefits of the rules-based trade and investment system are shared more broadly with the middle class. Showcasing real-world examples of concrete actions that can be taken to strengthen and grow the middle class is an important element in enhancing the traction of IMF analysis and advice in these areas.

In 2016–17, Canada also advocated for a number of other areas where IMF analysis and advice could be further enhanced. Some examples include providing more focused and detailed advice on so-called "global imbalances", doing our part to ensure the IMF has the information it needs to produce rigorous analysis, and lending our voice to our Caribbean partners concerned about being inadvertently cut off from the global financial system.

- **Global Imbalances:** Global imbalances refer to the trade and financial surpluses/deficits among countries. While imbalances are a normal occurrence as a result of international trade and financial flows and country circumstances, "excessive" imbalances are not justified by economic fundamentals and pose a risk to financial and economic stability. For example, excessive global imbalances (in the form of high savings) helped to create undue demand for toxic U.S. financial assets and likely exacerbated the 2008–2009 global financial crisis. One of the founding purposes of the IMF was to prevent the buildup of excessive imbalances. One of the ways it does so is by advising its members on economic adjustment actions needed to bring trade and financial balances back to more appropriate levels. For the last few years, the IMF has been producing an *External Sector Report*[5] (ESR) to bring additional rigour to this area. Canada has advocated for raising the profile of the ESR and better integrating its findings into other Fund surveillance products and outreach. Greater emphasis on the findings of the ESR will be included in future editions of the *World Economic Outlook* and *Global Financial Stability Report* flagship reports.
- **Closing Information Gaps:** A key lesson emerging from the global financial crisis was the identification of certain information gaps that limited the reach of IMF surveillance of the global financial system. A concerted effort has since been made by the IMF, the Financial Stability Board and the G20 to close these so-called "data gaps". At the IMF, a new platinum standard was established for the preparation and sharing of data and statistics known as the Special Data Dissemination Standard Plus (SDDS Plus). The aim is for all countries with systemically important financial sectors to adhere to this standard so that the IMF can better foresee emerging problems before they erupt into full-blown financial crises. Canada was pleased to have formally joined the SDDS Plus on April 11, 2017.

[4] October 5, 2016: Making Infrastructure Rewarding (https://live.worldbank.org/making-infrastructure-rewarding); October 6, 2016: Fiscal Policy in the New Normal (http://www.imf.org/external/POS_Meetings/SeminarDetails.aspx?SeminarId=178); April 20, 2017: Boosting Women's Economic Empowerment (http://live.worldbank.org/boosting-womens-econ-empowerment); April 21,2017: Toronto Centre Executive Panel on Closing the Gender Gap in Finance (https://www.torontocentre.org/News/Toronto-Centre-Executive-Panel-on-Closing-the-Gender-Gap-in-Finance).

[5] IMF External Sector Reports (http://www.imf.org/en/Publications/SPROLLs/External-Sector-Reports).

- **Financial Sector De-risking:** Canada engaged actively with the Fund as it examined the causes and potential impacts of the withdrawal of correspondent banking relationships (CBRs). CBRs enable financial transactions between banks in different jurisdictions (e.g. the United States and the Caribbean). These relationships allow for the transfer of money across borders, such as remittances from one family member to another, or everyday transactions like credit card purchases. Some banks have been withdrawing from CBRs as a result of declining profitability and a more stringent anti-money laundering/combating the financing of terrorism regulatory and enforcement landscape. This is an important issue for many small states that depend on CBRs for inclusion in globally integrated financial systems, and for Canada's constituency in particular. Canada encouraged the IMF to remain steadfast in identifying concrete and timely solutions in partnership with the Financial Stability Board, the Financial Action Task Force, the World Bank Group and national regulators. In addition, Canada's Executive Director has consistently promoted the importance of financial inclusion as a part of achieving inclusive growth, and advocated for appropriate measures to protect the most vulnerable.

2. Tools and Lending Programs[6]

2016–17 Objective: **Application of an effective and appropriate lending toolkit by an adequately resourced IMF**
• Promote effective IMF tools that target the root causes of instability and work to identify and advance potential improvements in the IMF's lending toolkit. • Support an adequately resourced IMF equipped to effectively carry out its mandate.

A core responsibility of the IMF is to help member countries experiencing economic or financial stress or crises. The IMF typically helps by working together with the impacted country to develop an economic adjustment program, and offers repayable financial assistance. The IMF program and associated loans help the country to continue paying for vital imports and undertaking external transactions while correcting the underlying economic problems in order to restore the conditions for strong growth and job creation.

6 IMF Lending (http://www.imf.org/en/About/Factsheets/IMF-Lending).

To be effective in this role, the IMF needs to have access to sufficient resources so that it can respond quickly to both isolated and systemic crisis events. The IMF relies on both permanent and temporary resources. The IMF's permanent resources (quotas paid by member countries) form the basis of the institution's resources and in normal times serve as its primary source of funds. In addition to quotas, the IMF has access to temporary resources in the form of multilateral and bilateral borrowing agreements, which serve as second and third lines of defence, respectively, in the event of major global shocks. To help ensure the IMF remains properly equipped to respond quickly in the event of another major global crisis, Canada joined together with 35[7] other countries to temporarily boost the Fund's available resources by about SDR[8] 300 billion until 2020. In January 2017, Canada finalized an agreement to provide an SDR 8.2 billion bilateral credit line as part of this broader membership effort and, to help ensure that the IMF can support its poorest and most vulnerable members, finalized an SDR 500 million loan to the Poverty Reduction and Growth Trust.[9]

Over the past year, the IMF has also been considering ways to strengthen its lending tools, particularly its so-called "precautionary instruments", which act as a credit line that members with sound policies can call upon if needed. Gaps in the coverage of these tools and the lack of incentives to exit precautionary support have emerged as key challenges. As such, the Fund has proposed the creation of a new short-term liquidity instrument and highlighted options to better incentivize exit from precautionary support. Canada has been pressing to ensure that any changes to precautionary lending tools maintain strong qualification criteria and reasonable access limits, and that options to better facilitate exit be incorporated.

Separately, efforts have also been underway to improve the way the IMF works with other international financial institutions and regional financing arrangements (RFAs). RFAs are formal arrangements amongst regional partners to provide financing to each other in the event of an economic shock. Their increasingly important role has been a key development. To this end, Canada supported the creation of a new Policy Coordination Instrument (PCI), which was approved in July 2017. It will allow all member countries to draw on the IMF's economic adjustment expertise without requiring a traditional financing program. The PCI should help to improve collaboration between the IMF and other international institutions, and help to promote a more efficient allocation of global resources. In addition, in July 2017 the IMF also established clear operational guidelines for its interactions with RFAs. Canada and other like-minded countries that have consistently advocated for the guidelines were pleased with this result as they should help to further safeguard the independence of, and result in greater accountability for, all involved.

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7 As of April 13, 2017: IMF Bilateral Borrowing (http://www.imf.org/en/About/Factsheets/Sheets/2016/10/20/IMF-Bilateral-Borrowing.

8 Special Drawing Right (SDR) (http://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR).

9 Financing the IMF's Concessional Lending to Low-Income Countries (http://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/04/Financing-the-IMFs-Concessional-Lending-to-Low-Income-Countries).

3. Capacity Development[10]

2016–17 Objective: **Provision of high quality technical assistance and training**
• Promote effective capacity development and the application of a results-based management framework to ensure the Fund is effectively utilizing Canada's capacity building assistance to deliver concrete and sustainable outcomes in partner countries and regions.

Strong and capable government institutions employing knowledgeable and skilled individuals are essential ingredients to any country's efforts to foster inclusive growth and stability. As such, IMF work on capacity development is one of its most impactful activities.

Canada has long been a key IMF capacity development partner, ranking among the largest contributors of financing for these activities over the 2011–2017 period. Over the reporting period, Canada disbursed $5.1 million to the IMF for allocation to the Caribbean Regional Technical Assistance Centre (CARTAC), the Central America, Panama and the Dominican Republic Regional Technical Assistance Centre, the Enhancing Public Financial Management in the Caribbean initiative, and toward anti-money laundering initiatives in Panama. Canada also renewed its partnership with CARTAC, committing $15 million over the 2017–2022 period to support initiatives aimed at improving public financial management in the region. For more information on Canada's capacity building contributions, see Annex 1.

While the IMF has a strong reputation for delivering high quality technical assistance, Canada continued to press for the use of best practices to ensure work on capacity development was effective and delivered results. In this regard, the IMF implemented a new results-based management (RBM) framework to increase the accountability of its capacity development activities. In addition, RBM allows the IMF to track the impact that various types of technical assistance are having on development objectives.[11]

4. Governance and Accountability[12]

2016–17 Objective: **Continued evolution of the Fund's governance structure to better reflect the growing importance of emerging economies in the global economy**
• Play a constructive role in strengthening the IMF's governance structure to create a more representative, inclusive and effective institution through the 15th General Review of Quotas[13] and the quota formula review.

To remain credible and effective, it is important that the Fund continues to evolve alongside changes in the global economy. Canada has consistently pushed for reforms to the IMF's governance structure to ensure members' voting shares and Executive Board representation are better aligned with their relative weight in the global economy. For this reason, active engagement to strengthen the IMF's governance structure to better reflect the realities of the modern era has been an important objective for Canada for more than a decade.

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10 IMF Capacity Development (http://www.imf.org/en/About/Factsheets/Capacity-Development-Technical-Assistance-and-Training).

11 The IMF's capacity development contributes to the 2030 Agenda for Sustainable Development (http://www.un.org/sustainabledevelopment/development-agenda/) and as such the IMF is a key multilateral development partner for Canada.

12 How the IMF Makes Decisions (http://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/24/How-the-IMF-Makes-Decisions).

13 IMF Quotas (http://www.imf.org/en/About/Factsheets/Sheets/2016/07/14/12/21/IMF-Quotas).

Over the last year, however, progress has been slow on the latest round of governance reforms, known within the institution as the 15th General Review of Quotas. In light of significant divergence of views among IMF members, it was judged that more time was needed to build the necessary broad consensus. As a result, the IMF Board of Governors set in place a detailed work program and a new ambitious but more realistic timetable that aims to reach agreement on further governance reforms by April 2019 and no later than October 2019.[14]

Over the last year, Canada has also continued to advocate for a stronger approach to fostering a culture of inclusion and diversity. While progress has been achieved, more can be done. Following the best-practices of corporate leaders and other institutions, Canada has advocated that the Fund consider the merits of developing a diversity charter. It would set out a vision of a diverse, open and inclusive work environment that goes beyond hiring benchmarks and, importantly, communicates expectations and accountabilities for fostering this environment.

Looking Forward

Canada's Medium-Term Goals at the IMF

Currently, global growth is picking up with evidence of a recovery in investment, manufacturing and trade. Nonetheless, economic growth remains uneven across countries, productivity growth lags pre-crisis levels and more inclusive growth outcomes need to be achieved. Risks to sustaining the recovery include high stock market valuations and increased policy uncertainty in some large advanced economies, raising the likelihood of a market correction; increased risk of a slowdown over the medium term in China; high levels of both corporate and personal debt; demographics shifts; and a faster-than-anticipated tightening of global financial conditions stemming from planned monetary policy normalization (e.g. rising interest rates) in some advanced economies.[15]

Indications that global economic growth is gaining momentum are encouraging. Nonetheless, there is a continuing need to find actionable solutions to ensure the stability of the international trade and financial system and to ensure that Canadian citizens and those of all IMF member countries share the benefits of growth and global integration more fully.

Achieving this ambition requires a strong IMF that can proactively identify and respond to economic stability risks while also fostering coordinated efforts to help ensure the "rules of the game" are fair, enforceable and universal. In this regard, the upcoming priorities for the Fund that are set out in the institution's Global Policy Agenda[16] are well aligned with Canada's own priorities.

Over the coming years, Canada will work together with the IMF to further our common priorities. In this context, Canada's medium-term goals remain to ensure:

- Continued improvement of IMF surveillance and policy advice, with a particular focus on inclusive growth, openness and gender empowerment;

[14] The Annual and Spring Meetings (http://www.imf.org/en/About/Factsheets/Annual-Spring-Meetings).

[15] World Economic Outlook (http://www.imf.org/en/publications/weo).

[16] The Managing Director's Global Policy Agenda, Spring 2017 (http://www.imf.org/~/media/Files/Publications/PP/GPA/2017/pdf/spring2017-gpa-042017.ashx).

- An adequately resourced IMF that applies an effective, efficient and appropriate lending toolkit to facilitate macroeconomic adjustment and financial stability as needed;
- Provision of high quality technical assistance and training that is appropriately integrated with the Fund's core business lines; and
- Continued evolution of members' voice and representation to better reflect the growing importance of dynamic emerging economies in the global economy and the modernization of the Fund's corporate governance and accountability structures.

Canada's 2017–18 Objectives at the IMF

Achievement of Canada's medium-term goals requires a multi-year effort with clear objectives. In the next year (2017–18), Canada will pursue five such targeted objectives, which are set out below.

Canada's 2017–18 Objectives at the IMF
• Work with the IMF to raise awareness about the benefits of openness and multilateralism, and promote more inclusive and sustainable economic growth through policy advice.
• Support IMF efforts to identify vulnerabilities and imbalances, and bring greater transparency to distortive policies, exchange rates and capital flow measures through surveillance.
• Support IMF efforts to strengthen member country policies that promote gender equality and the economic empowerment of women and girls.
• Support efforts to strengthen the effectiveness of the IMF's lending tools and enhance coordination between the Fund and other parts of the system that safeguard global economic and financial stability.
• Play a constructive role in efforts to strengthen the IMF's governance and accountability structures in order to foster a more representative, inclusive and effective institution.

1. Surveillance and Advice

Canada will continue to work with the IMF to raise awareness about the benefits of openness and multilateralism, and promote the policies needed for more inclusive and sustainable economic growth. In this context, the IMF will be encouraged to play an even more vocal role in:

- Advocating for the benefits of fair and rules-based international trade and investment systems;
- Assessing the distributional impacts of global integration and technological innovation, including ways to ensure the gains from openness and new economic opportunities are more broadly shared by the middle class;
- Developing analysis and policy advice that address the structural barriers to women's economic participation, including ways to break down barriers in education, employment and entrepreneurship; and
- Deepening economic analysis and offering candid advice in other areas critical to inclusive and sustainable growth that have not typically been a core focus of the IMF, such as climate change and anti-corruption.

Moreover, the impact of the global financial crisis has demonstrated the need to be vigilant in seeking out and responding proactively to sources of risk within the global economic and financial system. Important progress has been made over the last decade to improve economic monitoring and risk identification, particularly in the financial sector. But the process of further strengthening IMF surveillance must be a continuous one. For these reasons, the IMF's upcoming five-yearly Comprehensive Surveillance Review (CSR) that will be completed in 2019 will be particularly important.

In 2017–18, an Interim CSR will be undertaken. It will assess the status of past reforms and identify new areas in need of closer scrutiny in 2018–19.[17] In this context, Canada will advocate for more forceful surveillance of global economic imbalances, exchange rates and capital flows in recognition that distortions in these areas can present important stability risks and can aggravate protectionism. We will also encourage the Fund to use this process to identify avenues through which it might take a more direct role in facilitating multilateral coordination efforts with a view to unwinding excessive imbalances.

2. Tools and Lending Programs

Canada will continue to work with the IMF to ensure it remains a nimble and effective institution and is equipped with the necessary tools to best serve members.

In 2017–18, Canada will support efforts to further strengthen the effectiveness of the IMF's lending operations, including by contributing to the completion of the ongoing lending toolkit review. Canada will continue to work to ensure that the toolkit is designed to meet members' needs, the root causes of instability are dealt with and IMF resources are used effectively. To prevent the prolonged use of precautionary tools, we will insist on better strategies and incentives to help members transition from IMF assistance as risks abate.

Ensuring the Fund works better with other partners seeking to safeguard global stability and promote inclusive growth is another priority. In 2017–18, Canada will insist on the prompt implementation of the Fund's newly established guidelines for collaborating with regional financing partners. Canada will also seek action by the IMF and its multilateral development bank (MDB) partners to further strengthen coordination in line with the recently agreed G20 Principles for effective coordination between the IMF and MDBs.

3. Capacity Development

In June 2017, Canada launched a new Feminist International Assistance Policy. Over the coming year, Canada will pursue opportunities to step up its work with the IMF in identifying key policy areas (such as gender budgeting) that advance gender equality and the empowerment of women and girls, with a view to supporting more inclusive and equitable growth.

Canada will also encourage further efforts to enhance the impact of IMF capacity building. This will include encouraging stronger local ownership through a closer alignment of assistance with local priorities, needs and capacity to absorb support, which will ultimately strengthen the sustainability of IMF capacity development over the long term. Canada will also support ongoing efforts to further strengthen the capacity development evaluation framework to boost accountability and effectiveness in delivering improved economic growth outcomes. As part of this effort, Canada will also press for broader use of gender disaggregated data.

[17] 2014 Triennial Surveillance Review (http://www.imf.org/external/np/spr/triennial/2014/).

4. Governance and Accountability

Canada will continue to take a constructive approach to ongoing IMF governance reform deliberations. Canada's objective remains the achievement of a broad consensus that results in an appropriately resourced IMF in which members' ownership shares and representation on decision-making bodies are more closely aligned with their relative weight in the global economy.

In 2017–18, Canada also intends to promote ways to further strengthen the IMF's corporate governance and accountability structures, many of which have remained largely unchanged since the inception of the Fund and may now be lagging generally accepted best practice. As part of this effort and in line with the Government's standard approach across international organizations, Canada will continue to advocate for women to have equal rights and representation, and fair access to all leadership positions and opportunities.

The World Bank Group

As a member of one of the world's leading development institutions, Canada has a strong interest in the World Bank Group's continued effectiveness. To advance our interests in fiscal year 2016–17,[18] the Government of Canada identified four main objectives for engagement with the World Bank Group: support the efficient use of the World Bank Group's capital and the development of innovative financial instruments; contribute to a successful replenishment of the International Development Association (IDA); serve as a constructive force in the implementation of the Bank's shareholding roadmap; and ensure Canada's international priorities are reflected in the Bank's operations. A discussion of these objectives and actions taken by Canada to advance them are highlighted below.

Looking Back—Canada's 2016–17 Objectives

1. Financial Instruments and Partnerships

Canada's first objective in 2016–17 was focused on supporting the efficient use of capital and financial instruments used by the World Bank Group. To advance these efforts, Canada worked closely with like-minded countries to encourage the optimization of the World Bank Group's balance sheets, and to promote private investments and partnerships with the potential to catalyze additional development financing. In 2016–17, the institution committed US$66 billion to development financing globally, including in the form of loans, grants, equity investments and the provision of risk management tools.

2016–17 Objective:

Support the efficient use of capital, the development of innovative financial instruments and the leveraging of private capital to enhance the World Bank Group's capacity to deliver development results.

- Continue to support the World Bank Group's efforts to better leverage its balance sheet and augment its financing capacity to unlock additional headroom for global development financing and ensure budget sustainability.
- Work with the World Bank Group to continue the development of new and innovative financial instruments to catalyze funds from the private sector and other non-traditional development partners.

[18] 2016–17 refers to the World Bank Group's fiscal year from July 1, 2016 to June 30, 2017.

Supporting the Efficient Use of Capital and Augmenting Financing Capacity

Canada has been a strong advocate for the World Bank Group and the other multilateral development banks (MDBs) to make more efficient use of their existing capital, in order to unlock additional resources for international development financing. In November 2015, this work culminated in the MDB Action Plan to Optimize Balance Sheets, which was agreed to by G20 Leaders.[19] Most recently, in 2016, the World Bank Group and other MDBs issued the "Statement by Multilateral Development Banks: Delivering on the 2030 Agenda", which committed the institutions to collectively implement several measures to optimize balance sheets, from exposure exchange agreements to diversifying portfolio concentration, to leveraging the financial concessional windows with accumulated equity and increased liquidity.[20] In addition, the joint statement stated that the institutions would redouble their efforts to scale up development finance and capacity by leveraging, mobilizing and catalyzing resources at all levels.

The World Bank Group's capacity to grow its balance sheet through retained earnings is a central component of financial sustainability. In addition to growing retained earnings, a portion of annual net income at IBRD and IFC is also allocated to a range of development priorities, including financial support to IDA. In 2016–17, Canada supported the decision to establish a rules-based allocation for IBRD's net income to determine the amount that can be transferred from IBRD to IDA, and supported the changes made to IFC's rules-based approach. These changes allow IBRD and IFC to continue supporting IDA's mandate to help the world's poorest countries, while ensuring that IBRD and IFC can retain sufficient income to increase their financial capacity.

In recent years, the World Bank Group worked towards covering net administrative expenses with its revenues from loan spreads. IBRD has been monitoring its net administrative expenses as a percentage of its loan spread revenue, using a measure referred to as the "budget anchor". In 2016–17, IBRD's budget anchor was 107 per cent, a significant improvement compared to 135 per cent in 2015–16. IBRD is on track to meet its budget anchor in 2017–18, which represents the first time in at least 20 years that administrative expenses will be fully covered by lending charges. The Board of Directors, including Canada, has supported the establishment of budget anchors to improve discipline in administrative spending and to ensure that earnings from equity are used to grow the institution's financial capacity.

Similarly, Canada has been supportive of the Bank's commitment to implement a robust expenditure review, which will result in savings of US$400 million in administrative expenditures by 2017–18 across the Bank. Further to the expenditure review, Canada has encouraged management to remain committed to ongoing budget discipline and cost efficiency through business reviews and redeployment of resources toward the front line.

[19] Multilateral Development Banks Action Plan to Optimize Balance Sheets (http://www.g20.utoronto.ca/2015/Multilateral-Development-Banks-Action-Plan-to-Optimize-Balance-Sheets.pdf).

[20] Statement by Multilateral Development Banks: Delivering on the 2030 Agenda (http://www.worldbank.org/en/news/press-release/2016/10/09/delivering-on-the-2030-agenda-statement).

Engaging to Promote and Catalyze Private Investment and Partnerships

Canada continued to support the Bank in its role of crowding in the private sector, through the scaling up of risk mitigation instruments and credit enhancements. The institution's Cascade approach, which prioritizes cost-effective commercial financing whenever possible, has the potential to increasingly transform the World Bank Group and the other MDBs from providers of capital, to an additional role as catalysts of private capital. This approach takes further steps by addressing market failures through reforms to strengthen country and sector policies, regulations and institutions, or by deploying concessional and public resources in risk-sharing instruments. This will ensure that scarce public resources are deployed only when all other options have been exhausted.

In addition to providing financing to its borrower clients, the World Bank Group is also a knowledge-based institution. Knowledge is a key component of the Bank's value proposition for developing countries, allowing it to identify, share and apply economic, social and environmental policies that promote sustainable development. The Bank's expertise and global knowledge are also useful to its broader membership, including Canada, as the Government launches its own domestic infrastructure bank and Development Finance Institution (DFI). This past year, the Government consulted World Bank Group staff on the Government's plans to create the Canada Infrastructure Bank. Discussions with the World Bank Group provided an opportunity for Government officials to learn from the Bank's experience in helping to establish new infrastructure banks in middle-income countries. Canada's DFI will continue to work closely with IFC and other established development institutions to draw from their best practices and development know-how.

Innovations in Risk Mitigation Instruments

The World Bank's Multilateral Insurance Guarantee Agency (MIGA) is the industry standard for political risk insurance. In a prime example of effective MDB coordination, MIGA partnered with the European Bank for Reconstruction and Development (EBRD) to develop a joint risk mitigation solution that crowded in close to €300 million of private capital into project bonds for a greenfield hospital in Turkey in 2016. MIGA provided coverage against risks of breach of contract, expropriations and currency transfer restrictions, while the EBRD provided a liquidity facility designed to bridge debt service payments until the end of the arbitration process in the event the MIGA insurance is called. The EBRD also provided a standby line of credit to increase liquidity in the construction phase. With this risk mitigation instrument, the resulting project bonds were rated by Moody's as investment grade (Baa2), which is two notches above Turkey's sovereign rating. This new product addressed a gap in risk coverage and gained traction in the market, in part because it was built on the MIGA standard that investors know and understand.

Canada sees value in partnerships such as the MIGA-EBRD risk mitigation project. If enough MDBs deploy this structure, there could be a critical mass of harmonized project bonds that could feasibly allow for the emergence of a new asset class for emerging markets infrastructure.

2. Institutional Effectiveness

Canada's medium-term goal in 2016–17 has been to work with World Bank Group management and like-minded shareholders to improve the Bank's institutional effectiveness, through reforms to its governance and accountability mechanisms. Since a large share of Canadian international development assistance is delivered through the World Bank Group, Canada has a vested interest in ensuring that the institution generates clear results in accomplishing our global development and poverty reduction mandate. Further information on the Bank's results can be found on its Results webpage.[21]

In 2016–17, Canada engaged in the 18th donor replenishment of IDA, the World Bank Group's concessional lending window, and played a crucial role in developing innovations to increase financial support available for clients by better leveraging existing capital. Canada also played a constructive role in encouraging cooperation and compromise through the ongoing voice and shareholding review process.

2016–17 Objective:

Contribute to a successful replenishment of the International Development Association, including reforms that will enable a scaling up of concessional financing to the world's poorest and most vulnerable countries.

- Make a meaningful financial contribution to the IDA replenishment, and be actively engaged in negotiations until their conclusion in December 2016.
- Continue to encourage the development and implementation of policy proposals with the potential to make IDA more responsive to the needs of its low-income country clients and more efficient as a financial institution.

A Historical Milestone for the 18th IDA Replenishment

In December 2016, IDA completed its most successful and innovative replenishment to date, announcing an overall replenishment size of US$75 billion over the next three years. This 18th replenishment (IDA18) was 44 per cent higher in nominal terms than the previous round of negotiations for IDA17. Canada, as IDA's sixth largest contributor, pledged $1.3 billion over three years (US$1.04 billion).

This achievement was made possible through important innovations in the IDA funding model. For the first time in its history, IDA will seek to leverage its equity by blending donor contributions and repayments from previous loans with funds raised through debt markets. This additional source of financing will allow IDA to achieve this record-breaking replenishment size without requiring donors to increase their financial contributions. Increased funding will enable IDA to dramatically scale up development interventions to tackle conflict, fragility and violence, forced displacement, climate change, and gender inequality; and promote governance and institution building, as well as jobs and economic transformation over the next three years. This increased funding—combined with revisions to IDA's resource allocation framework—will enable a doubling of concessional support to fragile and conflict-affected states compared to the previous replenishment.

[21] World Bank Group Results webpage (http://www.worldbank.org/en/results/).

Canadian officials were closely engaged in the negotiations which led to the adoption of this innovative financing framework. Canada's contribution was widely recognized by Bank management and other participants as decisive in shaping the outcome of the negotiations, with certain features of the IDA18 framework based on Canadian proposals for MDB balance sheet optimization. Throughout the replenishment negotiations, Canada also expressed support for a strong focus on the poorest and most vulnerable countries and on promoting gender equality.

2016–17 Objective:

Serve as a constructive force in the ongoing implementation of the World Bank Group's shareholding roadmap, while ensuring that Canadian interests are reflected in those discussions.

- Play an active role in the continued negotiations around the development of a dynamic formula and the planned realignment of IBRD shareholding.
- Support the ongoing implementation of the Forward Look exercise, with the objective of making the World Bank Group more responsive to client demand.

Implementation of the 2015 Shareholding Review Roadmap

In 2010, Governors agreed to a set of reforms that enhanced the voice and participation of developing and transition countries in the World Bank Group and realigned shareholding in line with economic weight in the global economy. Building on the steps taken in 2010, the 2015 Shareholding Review then outlined a roadmap of work to prepare the ground for decisions on potential selective and general capital increases for both IBRD and IFC. Canada has played a constructive role since the beginning of these discussions, taking a balanced view of different shareholder interests. During 2016–17, significant progress was made toward the implementation of the roadmap. As part of its efforts to consider realignment of IBRD and IFC shareholding, the Committee on Governance and Executive Directors' Administrative Matters of the Board of Directors, under a Canadian chair, successfully developed a "dynamic formula" that is currently used as the main starting point for negotiations around the realignment of IBRD shareholding.

Discussions around realignment of both IBRD and IFC shareholding are ongoing. Issues currently under discussion include the number of new shares that should be issued, the extent to which the shares should be allocated according to the dynamic formula, and how to protect the smallest member countries against dilution. So far, through these discussions, Canada has expressed an interest for a final share allocation scheme that remains as closely aligned as possible with the results produced by the dynamic formula. Overall, Canada has emphasized the need for compromise between competing interests, favouring options that ensure a balanced outcome between a smooth transition for countries that will have less representation, including small states, and increased representation for emerging economies.

In parallel, in the fall of 2016, Governors of the World Bank Group endorsed the Bank's Forward Look agenda, which provides a comprehensive vision for the role of the World Bank Group over the 2030 horizon and outlines a wide range of strategic initiatives to enhance the Bank's ability to support the United Nations' Agenda for Sustainable Development. This includes proposed actions to better serve its members by assisting all client segments, scaling up private sector mobilization, leading on emerging global issues, improving its business model, and ensuring adequate financial capacity to meet clients' needs. Through the Forward Look discussion, Canada has emphasized the importance of private sector mobilization and highlighted the need to ensure that the World Bank Group uses its existing resources as efficiently as possible.

The Bank reported back to Governors at the 2017 Spring Meetings on the progress and challenges faced in the implementation of the 2015 Shareholding Review Roadmap, including the Forward Look.[22] During these Meetings, Canada signalled its support for the ongoing discussions of potential options for strengthening the Bank's financial capacity, including by optimizing further the Bank's balance sheets. Canada also expressed strong support for the institution to further crowd in the private sector and encouraged the Bank to establish well-defined mobilization targets.

2016–17 Objective:

Ensure that Canada's international priorities are reflected in World Bank Group operations, including in fragile and conflict-affected states, and in the areas of gender, climate finance and infrastructure development.

- Encourage the World Bank Group to fund projects which are aligned with Canadian priorities, including in the areas of sustainable economic growth, private sector development, gender, climate financing and infrastructure development.
- Encourage the World Bank Group and other international financial institutions to collectively respond to the economic and financial challenges facing the Caribbean region.

3. Canadian Priorities

As one of Canada's largest international development partners, the World Bank Group plays an essential role in the achievement of Canada's international assistance priorities. The World Bank Group's breadth of expertise and global reach make it a powerful vehicle to address some of Canada's priority areas. These include addressing challenges in fragile and conflict-affected states, aiding the poorest and most vulnerable, and empowering women and girls.

[22] Forward Look—A Vision for the World Bank Group in 2030: Progress and Challenges; A Stronger World Bank Group for All (http://siteresources.worldbank.org/DEVCOMMINT/Documentation/23745171/DC2017-0005.pdf).

Delivering on Gender Equality

Over the last year, Canada has made considerable efforts to promote and raise the importance of gender equality in the World Bank Group's operations. In addition, Canada pushed for a broader and more ambitious framework for gender equality in IDA18. From a bilateral standpoint, Canada encouraged better integration of gender considerations in the operations of Bank trust funds. For example, Canada asked that rigorous gender-based analysis be undertaken before the approval of operations of the recently launched Global Concessional Financing Facility (GCFF) in Jordan and Lebanon. In addition, through Canada's generous support and continued leadership in the Global Financing Facility in support of Every Woman Every Child, financing has increased for sexual and reproductive health and rights, particularly in fragile states, and in support of innovative financing and private sector engagement to leverage other sources of development assistance for women and girls.

Given their considerable expertise, in January 2017, at the request of Canadian officials, the World Bank Group Senior Director for Gender and the Head of IFC's Gender Secretariat engaged in a series of meetings in Ottawa with stakeholders in the federal government, private sector, civil society, research institutions and academia. This visit highlighted the World Bank Group's leading knowledge, evidence-based policy and programming in the area of women's economic empowerment and gender equality, and provided valuable insights to Canada's international assistance policy review.

The 2016 Annual Meetings and 2017 Spring Meetings also provided opportunities for Canada to raise the issue of gender equality at the Ministerial level. Canada's Minister of Finance participated in events hosted by the Bank Gender Equality Community of Practice for Finance Ministers while Canada's Minister of International Development took part in events focusing on the promotion of investments in adolescents, especially girls' health.[23]

At the institutional level, the Bank demonstrated a credible commitment to gender as the first international financial institution with EDGE (Economic Dividends for Gender Equality) certification. In addition, in 2016–17 the Bank set out internal targets to enhance gender diversity both at the technical and senior management levels. Canada has also been a vocal supporter by championing the issue of gender diversity at the Board of Executive Directors.

Support for Fragile and Conflict-Affected States

Over the next 15 years, global stability will be threatened by increasing risks such as economic shocks, pandemics, conflicts, climate change and natural disasters. In response to shareholder requests to increase efforts to assist client countries with anticipating and mitigating risks that can lead to crises, and increasing their coping mechanisms, the World Bank Group established the Global Crisis Response Platform (GCRP). The GCRP will strengthen complementarities of initiatives and tools used across the institution to address risk mitigation and crisis management.

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[23] Minister of Finance Bill Morneau at Boosting Women's Economic Empowerment (http://live.worldbank.org/boosting-womens-econ-empowerment); Minister of International Development Marie-Claude Bibeau at Generation Now: How Investing in Adolescents Today Can Change the World of Tomorrow (http://live.worldbank.org/investing-in-adolescents).

The Bank also expanded the Middle East and North Africa Concessional Financing Facility to the global level through the launch of the GCFF, which channels concessional financing to middle-income countries experiencing conditions of conflict and economic uncertainty. Canada's support to the GCFF will help middle-income countries address refugee crises. The GCFF is currently operational in Jordan and Lebanon, which host large numbers of refugees from Syria, and experience severe impacts on trade and transport due to bordering a war zone.

Canada has also fostered innovative approaches to address fragility, conflict and violence through our commitments to IDA and the establishment of its Private Sector Window and Crisis Response Window, which will effectively crowd in private sector involvement, and facilitate more agile responses to global and regional disasters. As well, MIGA's Conflict-Affected and Fragile Economies Facility provides risk insurance coverage to businesses and investors in fragile economies. Canada also continues its leadership role in the World Bank's Afghanistan Reconstruction Trust Fund (ARTF). Since its inception in 2002, 34 donors have contributed over US$9 billion to the fund, making it the largest source of external financing to Afghanistan. Canada's total contribution of US$715 million has contributed to the achievements of the ARTF, which include improving maternal health and educational outcomes.

World Bank Budget Support for Iraq

In 2016, the World Bank provided a US$1.2 billion budget support loan to the Republic of Iraq in order to support fiscal stabilization and improve the efficiency of the country's energy sector. This financing also helped to counter the effects of a drop in world oil prices and rising security costs in the fight against the so-called Islamic State. The World Bank's loan was provided as part of a major multilateral support package by like-minded countries, and coordinated by the International Monetary Fund.

With the World Bank's risk management framework constraining additional lending to Iraq, Canada partnered with the World Bank to provide a US$118 million guarantee on a portion of the Bank's budget support loan to unlock significant additional financing for Iraq.

Addressing Climate Change

In 2015, in support of the Paris Agreement, Canada and partners such as the World Bank Group made substantial commitments to support developing countries to adapt to, and mitigate, the impacts of climate change, and to transition to low-carbon, sustainable and resilient economies. The World Bank Group committed to increase climate financing to 28 per cent of its portfolio by 2020, in response to client demand. Thanks to the World Bank Group Climate Change Action Plan, the World Bank Group has increased its climate-related share of lending from 15 per cent in 2014–15 to 22 per cent in 2016–17. Canada has encouraged the World Bank Group to accelerate its pace and build client demand to ensure the Bank meets the 28 per cent target by 2020.

Both Canada and the World Bank Group recognize that the global private sector plays a crucial role in scaling up climate finance and accelerating the transition to low-carbon growth. The Bank is particularly well placed to catalyze this funding through innovative mechanisms like blended co-financing and risk management tools. IFC has been an important partner for Canada's support for blended climate financing, an approach which mixes low-interest or long-maturity loans from donors like Canada with commercial financing from IFC. As one example, the IFC-Canada Climate Change Program (CCCP), a US$274 million trust fund, provides resources for blended finance to climate change mitigation and adaptation related projects in developing countries. In 2016–17, the CCCP committed US$39 million in blended funds to one investment project, while the program has committed US$193 million across the developing world since its inception in 2011.

Responding to Challenges Facing the Caribbean Region

Given the extreme levels of climate and macroeconomic vulnerabilities concentrated in the Caribbean region, Canada welcomes initiatives that focus on the unique challenges of this region. This includes the renewed focus on the Small States Agenda within the Bank, particularly the establishment of a Small States Secretariat, and delivery of the Small States Roadmap at the 2017 Spring Meetings.[24] The roadmap outlines innovative ways for the Bank to assist countries to attain sustainable inclusive growth.

Public financial management and public debt remain critical issues for long-term stability in the region. To support improvements in macroeconomic management, Canada has been a partner in the Bank initiative, Supporting Economic Management in the Caribbean (SEMCAR), launched in April 2011. Through targeted training and technical assistance given through SEMCAR, public finances have been strengthened in 12 countries through revenue generation as well as the implementation of medium-term fiscal and budgetary policies and information technology systems. SEMCAR has also introduced gender-responsive budgeting, enabling Ministries of Finance to plan and execute budgets with an approach better targeted to the needs of women and girls.

Looking Forward

Canada's Medium-Term Goals at the World Bank Group

Looking forward, Canada will aim to ensure that the World Bank Group is both effective and efficient in meeting its development financing mandate, and that it continues to undertake institutional reforms to adapt to a changing international landscape. More specifically, Canada will advance the following goals over the medium term:

- The development of financial instruments and partnerships that strengthen the World Bank Group's capacity to deliver development results; and
- Improvements in the institutional effectiveness of the World Bank Group through ongoing reforms, accountability mechanisms and governance structures.

[24] Small States Engagement: A Roadmap (http://www.worldbank.org/en/news/feature/2017/05/09/a-roadmap-for-world-bank-group-engagement).

Accomplishing these high-level goals will take time and will require a collaborative process involving work with other countries in the development of statements and policy papers and the coordination of positions for votes. Canada will also advance these goals in bilateral discussions and through participation by the Minister of Finance, Canada's Executive Director and Canadian officials at forums such as the Development Committee and the Bank Board of Directors.

Canada's 2017–18 Objectives at the World Bank Group

Achievement of Canada's medium-term goals requires a multi-year effort with clear objectives. In the next year (2017–18), Canada will have targeted objectives aimed at moving us closer to our medium-term goals.

Canada's 2017–18 Objectives at the World Bank Group

- Play a constructive role in the ongoing discussions on the World Bank Group's financial capacity, in order to ensure a more efficient use of the Bank's existing capital and unlock additional resources to eradicate poverty and promote shared prosperity.
- Support the development of innovative financial instruments and the leveraging of private capital to enhance the World Bank Group's capacity to prioritize private sector solutions.
- Promote gender equality and the empowerment of women and girls by encouraging the application of Canada's Feminist International Assistance Policy across Bank operations, especially in interventions in fragile and conflict-affected states and in the areas of climate finance, health, infrastructure development and governance.

As part of meeting the first objective, Canada will advocate for existing resources to be used as efficiently as possible and urge management to consider innovative approaches that could improve the World Bank Group's financial capacity. Overall, Canada will continue to encourage the Bank to offer shareholders a full suite of feasible options to augment financial capacity.

To meet the second objective, Canada will promote the scaling up and implementation of the new IDA Private Sector Window and the Cascade approach, which prioritize private sector solutions whenever possible. As the Bank moves forward to implement the Cascade approach, Canada will continue to advocate for the development of well-defined mobilization targets at the core of this approach, with clear standards on the use of concessional resources and blended finance structures, to avoid the creation of distortionary subsidies. In addition, Canada also intends to further leverage the Bank's experience and expertise by identifying linkages with Canada's newly established Development Finance Institution.

To meet the third objective, we will advocate for gender equality and the empowerment of women and girls by promoting Canada's Feminist International Assistance Policy (FIAP) within Bank operations. Recognizing that these interventions need to be supported by a strong enabling environment, we will assist the Bank in identifying opportunities which can advance the social and economic rights and improve the economic prospects of women and girls. Canada's launch of the FIAP in June 2017 underscored the vision that advancing gender equality and promoting equal rights for women and girls are crucial to poverty reduction and the achievement of the United Nations Sustainable Development Goals. Going forward, the focus on outcomes to achieve gender equality will be a strong consideration as Canada advances the FIAP across Bank operations.

In working toward these three objectives, Canada will encourage the Bank to consider further ways to engage other MDBs to achieve more as a collective, recognizing that as a foremost knowledge institution, the Bank is well placed to lead on MDB collaboration.

Annex 1
Background on Canada's Engagement in IMF Operations

The IMF works to safeguard the stability of the international financial and monetary system in order to facilitate international trade, promote sustainable economic growth and raise global living standards. Canada has been a central and influential member of the IMF since 1945, being one of the 29 countries that signed the original IMF Articles of Agreement. Since then, the IMF has grown to include a near-global membership of 189 member countries. Canada plays an important collaborative role with international partners to ensure that the IMF is effectively fulfilling its mandate. A healthy and stable global economy creates more jobs for Canadians, promotes stable prices for goods and services, and improves our standard of living. Canada's participation at the IMF encourages international cooperation, sustainable economic growth, and better living standards for Canadian citizens and others across the globe. Canada is engaged in all aspects of the IMF's governance and activities.

Additional details on IMF operations, including IMF surveillance, lending, capacity building and institutional governance, are available on the IMF's website.[25]

Governance and Representation

Canada's Voting Share

As a result of the relatively large size of the Canadian economy and its openness to international trade, Canada's Governor holds a sizeable voting share at the IMF of 2.22 per cent, making Canada the 11th largest member during the reporting period.

Table 1
IMF Voting Shares of Top 20 members
per cent of total votes

Rank	Country	Share (per cent)	Rank	Country	Share (per cent)
1	United States	16.5	11	Canada	2.2
2	Japan	6.2	12	Saudi Arabia	2.0
3	China	6.1	13	Spain	1.9
4	Germany	5.3	14	Mexico	1.8
5	France	4.0	15	Netherlands	1.8
6	United Kingdom	4.0	16	Korea	1.7
7	Italy	3.0	17	Australia	1.3
8	India	2.6	18	Belgium	1.3
9	Russian Federation	2.6	19	Switzerland	1.2
10	Brazil	2.2	20	Turkey	1.0

[25] IMF (http://www.imf.org/).

Canada at the Board of Governors

The IMF is accountable to the governments of its member countries through a number of mechanisms. First and foremost is the Board of Governors, which is the highest decision-making body of the IMF. While the Board of Governors has delegated most of its powers to the IMF's Executive Board, it is tasked with taking the most important institutional decisions required by the Articles of Agreement (e.g. approving quota increases, admitting new members) and voting on amendments to the Articles of Agreement and By-Laws of the Fund. Canada's Governor to the IMF is the Minister of Finance, the Honourable William Francis Morneau, and the Alternate IMF Governor is Bank of Canada Governor Stephen Poloz.

Canada at the Executive Board

The IMF's 24-member Executive Board takes care of the daily business of the Fund and is chaired by the Managing Director of the IMF. The constituency system allows the 24 board members to represent all 189 member countries, making it easier to conduct day-to-day business. Canada holds one of the 24 seats on the Executive Board and represents a constituency of 12 countries.[26] With all constituency members combined, the Executive Director for Canada holds a voting power of 3.38 per cent—making our constituency the 13th largest by voting share.

The Executive Board usually operates on the basis of consensus, so formal votes are rare. Canada attempts to contribute to the development of policy proposals before they are brought to the Board through informal discussions with staff and management, or through consultation with other members of the Executive Board.

Canada's current Executive Director is Nancy Horsman. Ms. Horsman succeeded James Haley in October 2016. The Executive Director representing Canada, Ireland and a number of Caribbean countries is supported by a small staff of seconded individuals from these constituent countries.

To learn more about the governance, representation and accountability structures of the IMF, please visit the IMF's Governance webpage.[27]

Canada at the International Monetary and Financial Committee (IMFC)

Canada's standing within the Fund ensures the participation on behalf of our constituency of the Minister of Finance in the IMFC, an important advisory body to the IMF. The IMFC is composed of 24 member countries and reports to the Board of Governors. The IMFC usually meets twice a year, during the IMF-World Bank Annual and Spring Meetings, and produces communiqués providing direction and guidance to the IMF Managing Director and Executive Board.

The Minister of Finance also tables written statements during the Annual and Spring Meetings that outline Canada's and our constituency's views on the specific governance, surveillance and lending activities of the Fund. On October 8, 2016 and April 22, 2017, the Minister of Finance tabled IMFC statements on behalf of our 12-country constituency.[28] These statements are available on the IMF's website.

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[26] Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

[27] Governance Structure (http://www.imf.org/external/about/govstruct.htm).

[28] IMFC Statement by Mr. Morneau, Canada, October 8, 2016 (http://www.imf.org/External/AM/2016/imfc/statement/eng/can.pdf), IMFC Statement by William Morneau, Minister of Finance, Canada, April 22, 2017 (http://www.imf.org/External/spring/2017/imfc/statement/eng/can.pdf).

IMF Resources and Lending

IMF Financial Resources

The IMF's total financial resources are composed of both permanent and temporary resources. Member permanent quota[29] subscriptions form the primary source of financial resources for the IMF. Quota resources are supplemented by two standing multilateral borrowing arrangements that are renewable every five years:[30] the New Arrangements to Borrow (NAB) and General Agreements to Borrow (GAB). Canada is a participant in both the NAB and GAB. These multilateral borrowing arrangements form a second line of defence for the Fund. The IMF also currently maintains temporary bilateral borrowing arrangements[31] with 35 members (including Canada), which serve as a third line of defence. These lines of credit can be drawn in the event of another major global economic crisis after all other resources have been effectively depleted.

While the resources outlined above can be used to support adjustment needs in any member country, the IMF also maintains a special trust fund to enable concessional lending to the poorest and most vulnerable members.[32] The Poverty Reduction and Growth Trust (PRGT) is financed through loan and grant contributions from members such as Canada, as well as through the transfer of IMF net-income resources.

Table 2 summarizes the IMF's resource base and Canada's commitments and financial position at the Fund as of April 30, 2017.[33]

Table 2
Summary of Canada's Financial Position at the IMF
IMF-Related Finances, as of April 30, 2017
SDR billions[1]

	Total	Canada's Contribution	Amount Drawn From Canada's Contribution
General Resources Account			
Quota	475.5	11.0	1.0
New Arrangements to Borrow	182.4	3.9	0.6
General Agreements to Borrow	18.5	0.9	0
2016 Note Purchase Agreement	300[2]	8.2	0
Poverty Reduction and Growth Trust (PRGT)			
Active loan commitments		1.0	0.2[3]

Source: IMF.
1 The IMF's financial operations are conducted in Special Drawing Rights (SDRs). The SDR is the international reserve asset created by the IMF to supplement the existing official reserves of member countries. It can be exchanged for the freely useable currencies of IMF members. The SDR serves as the unit of account of the IMF, and its value is based on a basket of currencies comprising the US dollar, euro, pound sterling and Japanese yen. On April 28, 2017, 1 SDR equalled 1.87 Canadian dollars.
2 As of July 2017, 36 member countries have committed a total of about SDR 300 billion in bilateral borrowed resources.
3 Amount reflects total PRGT drawings since August 1, 2009 as credit is non-revolving. As of April 30, 2017, SDR 0.14 billion was outstanding.

29 IMF Quotas (http://www.imf.org/en/About/Factsheets/Sheets/2016/07/14/12/21/IMF-Quotas).

30 IMF Standing Borrowing Arrangements (http://www.imf.org/en/About/Factsheets/Sheets/2016/08/05/17/55/IMF-Standing-Borrowing-Arrangements).

31 IMF Bilateral Borrowing (http://www.imf.org/en/About/Factsheets/Sheets/2016/10/20/IMF-Bilateral-Borrowing).

32 Financing the IMF's Concessional Lending to Low-Income Countries (https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/16/04/Financing-the-IMFs-Concessional-Lending-to-Low-Income-Countries).

33 Canada: Financial Position in the Fund as of April 30, 2017 (https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberKey1=130&date1key=2017-04-30).

For more information on the IMF's balance sheet, see the IMF's 2017 Annual Report, which contains an in-depth examination of the IMF's finances. For up-to-date information on the state of the IMF's finances, the IMF prepares a weekly summary of its financial assistance to member countries, available IMF resources, arrears, key IMF rates and lending capacity.

IMF Lending Programs[34]

The IMF makes its resources available to help members finance temporary balance of payments problems while economic adjustments are underway. To provide this assistance, the IMF utilizes two types of lending arrangements: (1) non-concessional lending, and (2) concessional lending for low-income members. Non-concessional lending is financed out of the Fund's normal resources grouped under the General Resources Account, whereas concessional lending is financed out of the PRGT. Details on the IMF lending process and instruments are available on the IMF website.

Lending Arrangements

During its 2016–17 fiscal year—running from May 1, 2016 to April 30, 2017—the IMF approved 15 new non-concessional lending arrangements totalling SDR 96.9 billion (approximately $181.2 billion). The value of new arrangements is up considerably from the 2015–16 fiscal year, when new non-concessional lending arrangements totalled only SDR 4.7 billion. The swing in new non-concessional lending is due to the biennial renewal of large precautionary programs (i.e. arrangements that will only be used in the event of an economic shock) with Mexico (SDR 62.4 billion), Colombia (SDR 8.2 billion) and Poland (SDR 6.5 billion). Overall, there are currently 21 active non-concessional arrangements with the Fund, totalling SDR 113.0 billion (approximately $211.3 billion).

The IMF also committed to 9 new concessional arrangements under the PRGT to its low-income members, with new concessional loans amounting to SDR 1.2 billion (approximately $2.2 billion). Overall, there are currently 19 active concessional arrangements with the Fund, totalling SDR 3.4 billion (approximately $6.4 billion).

Table 3 provides a summary of new IMF lending arrangements approved in 2016–17 and Chart 1 provides an overview of current active IMF lending arrangements.

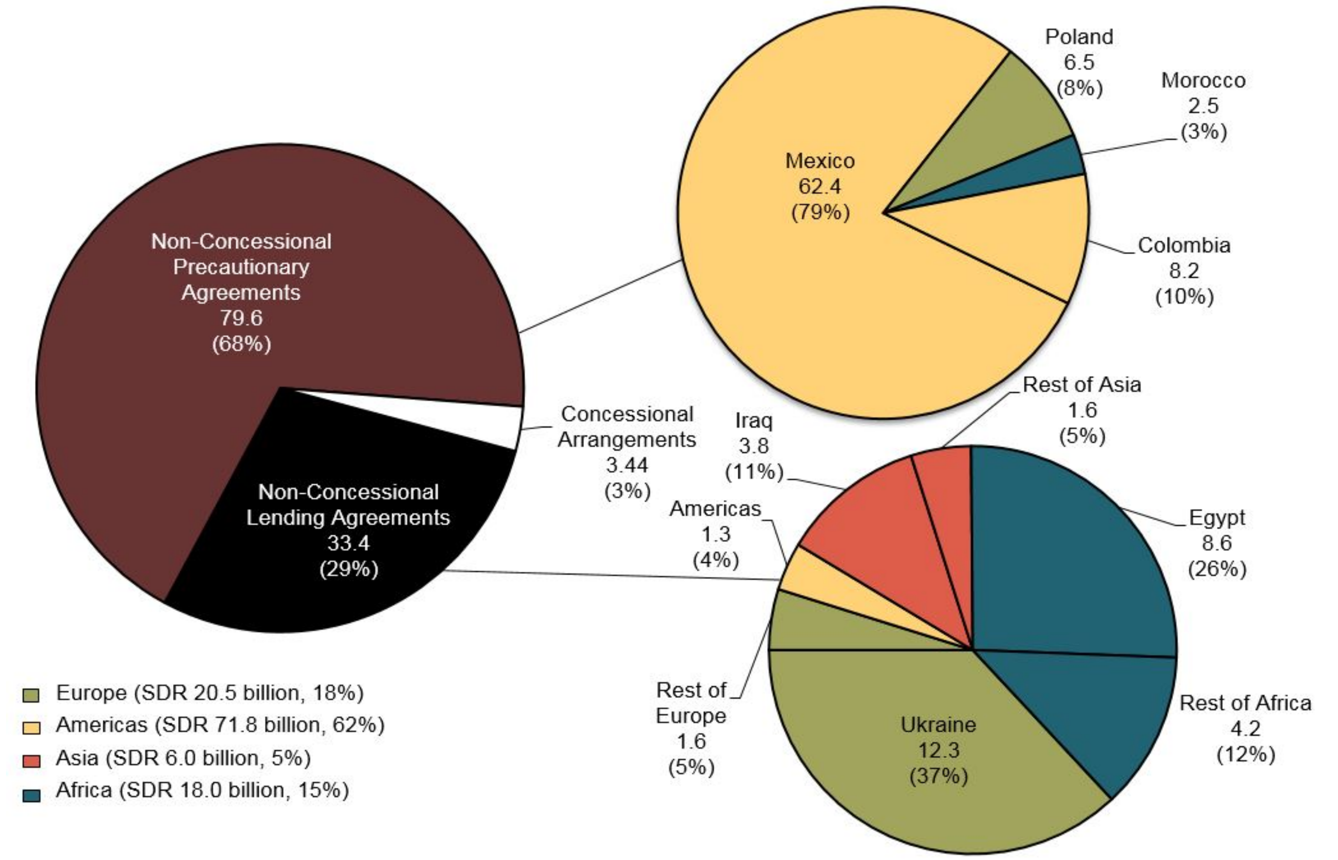
Table 3
Summary of New Lending Arrangements Approved During 2016–17

	Number of New Arrangements	Size (SDR Billions)	Size (C$ Billions)
Non-concessional lending	15	96.9	181.2
Adjustment/program lending	9	17.4	32.5
Precautionary lending	3	79.6	148.8
Concessional lending (PRGT)	9	1.2	2.2
Total Lending	**24**	**99.3**	**186.0**

Notes: C$/SDR = 1. 873090 (as of April 28, 2017). Totals may not equal sum of components due to rounding.
Sources: IMF; Department of Finance Canada calculations.

[34] IMF Lending (http://www.imf.org/en/About/Factsheets/IMF-Lending).

Chart 1
Current IMF Lending Arrangements
SDR Billions



Sources: IMF, Department of Finance Canada calculations.

A complete list of the IMF's active lending arrangements is available on the IMF's website.[35] For more information on IMF lending and the facilities it uses, please visit its website and consult its Annual Report.[36]

Capacity Development

Canada's Contributions to Capacity Development

IMF capacity development activities are both externally and internally financed at about equal proportions and constituted 28 per cent of the IMF's internal budget in 2016–17. Total direct spending on capacity development activities (externally and IMF financed) was US$267 million, with the externally funded component amounting to US$134 million. Through these partnerships, the IMF is able to scale up its capacity building efforts.

[35] IMF Lending Arrangements as of July 31, 2017 (http://www.imf.org/external/np/fin/tad/extarr11.aspx?memberKey1=ZZZZ&date1key=2020-02-28).

[36] Annual Report of the Executive Board (http://www.imf.org/en/publications/areb).

Canada was among the largest contributors of financing to IMF capacity development activities over the 2011–2017 period, having provided approximately US$92 million (see Table 4 for details). This support has helped low-income and lower-middle-income countries build their capacity in areas such as central bank functions, public financial management, and financial sector development and oversight. Canadian financing for IMF technical assistance has been delivered in three distinct ways:

1. **Regional Technical Assistance Centres:**[37] The IMF has developed a regional approach to the delivery of technical assistance and training with support from donors such as Canada. In addition to the training offered at the IMF Institute for Capacity Development in Washington, D.C., there are seven regional training institutes and nine Regional Technical Assistance Centres (RTACs) in Africa, the Caribbean, Central America, the Pacific and the Middle East. Each centre helps deliver more accessible and regionally tailored programming to member countries across the globe.

   Canada is most involved in the Caribbean Regional Technical Assistance Centre (CARTAC) and the Central America, Panama and the Dominican Republic Regional Technical Assistance Centre. In 2016, Canada renewed its support to the fifth phase of CARTAC with a commitment of $15 million over the 2017–2022 period. Canada's support for CARTAC is intended to promote an enabling and predictable environment for economic growth through strengthened public financial and economic management. Since its inception, Canadian short- and long-term experts have formed the majority of international experts providing technical assistance to the region through CARTAC.

2. **Country-Directed Initiatives:** The IMF maintains individual country "subaccounts" for targeted technical assistance initiatives of particular importance to the donor country and the IMF. Canada maintains such a subaccount and has utilized it to support targeted capacity development activities in the Caribbean, Ukraine and the Middle East and North Africa. For example, Canada's bilateral support helped Ukrainian institutions access targeted technical assistance, allowing them to meet some key requirements of their IMF-supported adjustment program. Examples of the types of Canadian-directed initiatives that have been pursued are presented in the box below, entitled "Selected Applications of Canadian Technical Assistance Funding".

3. **Multi-Donor Trust Funds:**[38] The IMF manages several thematic funds. Examples include the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Fund, along with others that focus on improving data availability, public debt management and other public financial capacity issues. In addition, there are two Fragile State Funds that are specifically focused on supporting South Sudan and Somalia.

   Canada has previously supported multi-donor trust funds including the AML/CFT Fund and IMF-Somalia Trust Fund for Capacity Development. Moreover, in 2016–17 Canada was an important contributor to the joint World Bank Group–IMF initiative Supporting Economic Management in the Caribbean, a development assistance program that was designed to address economic challenges in the Caribbean by strengthening public sector institutions, policies, processes and information systems. The program is financed by the Government of Canada, managed by the World Bank and implemented with complementary support from the IMF. More information is available in the World Bank Group section of this report.

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[37] IMF Regional Capacity Development Initiatives (http://www.imf.org/en/About/Factsheets/Sheets/2017/06/14/Regional-Training-Centers-and-Programs).

[38] Funds for Capacity Development (CD) (http://www.imf.org/en/About/Factsheets/Sheets/2017/04/19/Funds-for-Capacity-Development).

Table 4
Canadian Technical Assistance
US$ millions

	Amount Disbursed FY2010–11 to FY2015–16	Amount Disbursed FY2016–17
Regional Technical Assistance Centres		
Caribbean Regional Technical Assistance Centre	20.1	0.7
Central America, Panama and the Dominican Republic Regional Technical Assistance Centre	6.1	1.5
Africa Regional Technical Assistance Centres (AFRITACS)		
AFRITAC West	2.1	–
AFRITAC West II	2.1	–
AFRITAC Central	2.1	–
AFRITAC South	3.1	–
AFRITAC East	1.0	–
Country-Directed Initiatives		
Caribbean & Middle East and North Africa (MENA)	24.7	1.5
Ukraine	20.0	–
Afghanistan (AML/CFT)	1.0	–
MENA (CFT)	0.9	–
Panama (AML)	0.1	0.1
Other Africa (Tanzania Aid Effectiveness Project)	0.3	–
Multi-Donor Trust Funds		
Somalia	2.5	–
Anti-Money Laundering/Combating the Financing of Terrorism	2.0	–
Total Amount	**88.1**	**3.9**

Notes: Table only includes initiatives to which Canada has contributed. FY = fiscal year.
Source: IMF.

For more information on capacity development and technical assistance at the IMF, please visit its website.

Selected Applications of Canadian Technical Assistance Funding

Canada's support of IMF technical assistance has contributed to the following results over the past year:

- **National Bank of Ukraine (NBU) Modernization and Strategic Planning:** NBU organizational reforms involved changing the focus, structure and staffing of the institution. For example, NBU has streamlined staffing from over 11,000 to around 5,400 as of May 2017. NBU has been completely restructured with the focus on strengthening core functions, while non-core functions have been overhauled. NBU has been reorganized along functional lines with a new management in place and the establishment of committees to coordinate the bank's main activities.
- **Anti-Money Laundering to Support Anti-Corruption Efforts in Ukraine:** Between 2015 and 2017, Ukrainian authorities significantly reformed the banking sector, decreasing the number of banks from 120 to 60 and nationalizing the country's largest lender in 2016. This reform included the revocation of licences of banks with significant violations of regulatory requirements (including with respect to AML/CFT) and the exit of banks with non-viable or non-transparent business models. IMF technical assistance supported the development of offsite surveillance and onsite inspection tools for AML/CFT supervision for NBU, as well as guidance to improve information exchange between relevant AML/CFT stakeholders, both of which contributed to the banking sector's reform.
- **Central Bank Modernization in Suriname:** IMF technical assistance worked closely with previous and current central bank Governors to help put in place the Central Bank of Suriname (CBvS) Strategic Plan for 2015–2017, which established internal plans and accountability to keep the focus on targeted results, and is also being updated for the next three years. The first Financial Stability Report of the CBvS was published in 2015, and the draft 2016 report is also completed.
- **Junior Debt Managers Programme (JDMP):** Working with local governments to increase impact and sustainability by building local institutional capacity is fundamental to long-term development outcomes. The IMF's JDMP, supported by Canada, was rolled out in November 2016 and saw its inaugural class graduate in March 2017. The JDMP was designed to build a roster of future debt management officers from the Eastern Caribbean Currency Union (ECCU) beneficiary countries. Within the Ministries of Finance in ECCU countries, debt management units are severely understaffed and there are currently very few candidates with debt management expertise; with targeted training efforts like the JDMP, beneficiary countries can develop sufficient expertise to address growing debt levels, which affect sustainable growth.

Annex 2
Background on Canada's Engagement in World Bank Group Operations

The twin goals of the World Bank Group are to end extreme poverty by 2030 and boost shared prosperity by fostering the income growth of the bottom 40 per cent for every country. The World Bank Group concentrates on fostering a climate conducive to investment, job creation and sustainable growth. It also seeks to empower the less fortunate, through the provision of health services, education and other social services, to enable them to participate in development. The World Bank Group is a vital source of financial and technical assistance to developing countries around the world.

The World Bank Group is made up of five complementary but distinct entities: the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a unique role in promoting global poverty reduction. Further information on the mandate of each of these entities can be found on the World Bank Group's website.[39]

Information on the World Bank Group's 2016–17 fiscal year (July 1, 2016 to June 30, 2017) is provided in the financial statements of each entity.[40] Further information on the World Bank Group's performance can be found on its Results webpage.[41]

Governance and Representation

Canada's Capital Subscriptions and Shareholding

The World Bank Group is governed by member countries, each of which owns shares of the agencies that make up the World Bank Group. Decision-making power is primarily exercised by countries through their representatives on the Board of Governors and their Executive Directors.

Canada is among the 10 largest shareholders at the World Bank Group, having contributed a total of US$7.2 billion in capital subscriptions to IBRD, IFC and MIGA, and US$11.1 billion in contributions to IDA (see Table 5).

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39 World Bank—Who We Are (http://www.worldbank.org/en/who-we-are).

40 World Bank Financial Statements (http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,contentMDK:22669594~menuPK:8336873~pagePK:51123644~piPK:329829~theSitePK:29708,00.html); IFC Financial Statements (http://www.ifc.org/wps/wcm/connect/092fd15b-c878-4324-b228-62738342099b/IFC+FY17+MDA+and+FS_Final.pdf?MOD=AJPERES); MIGA, Management's Discussion & Analysis and Financial Statements, June 30, 2017 (https://www.miga.org/Documents/miga_documents/MIGA%20MDA%20and%20Financial%20Statements%20June%2030%202017.pdf).

41 World Bank Group Results webpage (http://www.worldbank.org/en/results/).

Canada's voting power ranges from 2.5 per cent to 3.0 per cent within the Bank's different institutions. Voting power at the Bank is a function of the shareholdings held by a country. A small share of a member's voting power is also determined by basic votes, which are distributed equally among all members. At the end of 2010, new shareholding and voting reforms were agreed for IBRD, which will result in a shift in voting shares in favour of developing countries and emerging economies as member states subscribe to the general and selective capital increases. As both capital increases are fully implemented,[42] Canada is expected to shift from the 7th largest to the 11th largest shareholder, allowing greater voice for and recognition of certain major emerging market countries.

Table 5
Canada's Capital Subscriptions, 2016–17
US$ millions, unless otherwise indicated

	IBRD	IDA	IFC	MIGA
Capital subscriptions and contributions	7,039.5	11,079.3[1]	81.3	56.5
Amount paid in	433.1	11,073[2]	81.3	10.7
Amount not paid in but contingent on future capital requirements	6,606.4	–	–	45.8
Subscription or contributions share (%)	2.62	4.50	3.17	2.95
Voting power (%)	2.50	2.67	3.02	2.50

Note: Figures are from the 2017 financial statements and annual reports for the World Bank, IFC and MIGA.
1 Represents Canada's cumulative contributions to IDA and commitments made until January 2017 as part of our commitment to the 17th replenishment of IDA.
2 Represents Canada's cumulative contributions to IDA and the first three actual payments of a series made as part of the 17th replenishment of IDA.

Canada at the Board of Governors

Each member appoints a Governor to represent it on the Board of Governors, the highest authority governing the World Bank Group. Governors are responsible for core institutional decisions, such as admitting or suspending members, increasing or decreasing the Bank's authorized capital stock, determining the distribution of net income, and reviewing financial statements and budgets. Canada's Governor at the World Bank Group is the Minister of Finance, the Honourable William Francis Morneau, and as of August 2017, the Alternate Governor for Canada at the World Bank Group is Diane Jacovella, Canada's Deputy Minister of International Development.

Canada at the Executive Board

Governors delegate responsibility for the day-to-day running of the organization to 25 full-time Executive Directors, located at the Bank's headquarters in Washington, D.C. Executive Directors are appointed for two years. They each represent a constituency, which can include more than one country. Canada holds one of the 25 seats on the Executive Board and represents a constituency of Ireland and 11 Caribbean countries. Representatives of the governments within the constituency provide advice to the Executive Director on issues discussed at the Executive Board. The Executive Director considers this advice in formulating her positions and applies her own judgment as an officer of the World Bank Group.

[42] The deadline for subscribing to shares allocated during the 2010 *selective* capital increase was March 16, 2017, while the deadline for subscribing to shares allocated under the 2010 *general* capital increase is March 16, 2018.

The Executive Board usually makes decisions by consensus. In the event of a formal vote, however, the relative voting power of individual Executive Directors is based on the shares held by the constituencies they represent. Given the preference for decisions by consensus, shareholders typically raise concerns about specific Bank operations before they are brought forward to the Executive Board. In addition, Executive Directors may abstain or vote against projects or policies in consultation with their constituencies.

The Canadian Executive Director is Christine Hogan. Ms. Hogan succeeded Alister Smith in November 2016. Further information on Canada's Executive Director's office can be found online.[43]

To learn more about the governance of the Executive Board, please visit the World Bank Group's Boards of Directors webpage.[44]

Canada at the Development Committee

By virtue of its significant shareholding, Canada's Governor is also accorded a seat at the Development Committee of the Boards of Governors of the World Bank and IMF, which meets twice a year, at the Spring Meetings and the Annual (Fall) Meetings. The Development Committee is a ministerial-level forum of the World Bank Group and the IMF for intergovernmental consensus-building on development issues and the financial resources required to promote economic development in developing countries.

In 2016–17, the Governor tabled two Development Committee statements on behalf of Canada's constituency, comprising 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, on October 8, 2016 and on April 22, 2017 in Washington, D.C.[45] These statements are available on the Development Committee's website.

Compliance With the Official Development Assistance Accountability Act

The Official Development Assistance Accountability Act (ODAAA) came into force on June 28, 2008. The Act lays out three conditions that must be satisfied for international assistance to be considered as official development assistance under the Act. These conditions are that the assistance:

- Contributes to poverty reduction;
- Takes into account the perspectives of the poor; and
- Is consistent with international human rights standards.

The Act applies to all federal departments providing official development assistance, including funds channelled through the World Bank Group.

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43 Office of the Executive Director (http://www.worldbank.org/en/about/leadership/directors/eds07).

44 Boards of Directors (http://www.worldbank.org/en/about/leadership/directors).

45 Devlopment Committee Statement by H.E. Bill Morneau, Minister of Finance, Canada, October 8, 2016; Development Committee Statement by the Honourable Bill Morneau, Minister of Finance, Canada, April 22, 2017 (http://siteresources.worldbank.org/DEVCOMMINT/Statements/23733092/DCS2016-0046-Canada.pdf).

Ministers must be of the opinion that these conditions have been met in order to report expenditures or investments as Canadian official development assistance. To facilitate transparency in reporting on official development assistance, the Act requires Ministers to report on official development assistance through an annual report to Parliament. These reports can be found online.[46]

Responsible Ministers have determined that the World Bank Group institutions to which the Government of Canada provides funding meet these three tests. In particular:

- IDA is the single largest source of donor funds for basic social services in the world's 75 poorest countries. IDA loans ("credits") and grants are allocated based on Country Partnership Frameworks, which take into account the perspectives of civil society and potential beneficiaries of IDA funds. IDA is a recognized leader in supporting development programs aimed at reducing poverty by boosting economic growth, reducing inequalities and improving people's living conditions. IDA also provides significant debt relief—crucial for poverty reduction—through the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative.
- IBRD is owned by and operated for the benefit of its 189 member countries, with a development focus on poverty reduction in middle-income countries and in lower-income countries that are creditworthy. The cooperative structure, which treats certain countries simultaneously as clients and shareholders, ensures that those who benefit from its low-cost financing, development and technical expertise, and strategic advice also have a voice in the institution.
- IFC is the largest public global development institution focused on the private sector in developing countries. As most of the funds invested through IFC are provided on market terms, not all Canadian funding to IFC is reported as official development assistance. Nonetheless, IFC's poverty reduction mission and environmental and social safeguards respect the spirit of the ODAAA. Additionally, IFC is owned by 184 member countries that are represented on the Board of Governors and Board of Directors.

As Canada continues its engagement with these institutions, we will monitor and assess the effectiveness of our contributions to ensure that development outcomes are met.

Canada's Financial Contributions to the World Bank Group in 2016–17

Canada is an important provider of funding for the World Bank Group. In 2016–17, Canada made the following contributions, which are reported as Canadian official development assistance:

IDA Contribution: $441,610,000

IDA is the World Bank Group's principal financing tool for the world's poorest countries, providing them with low-interest loans, interest-free loans and grants. IDA allocates its resources primarily through a performance-based allocation mechanism, which includes measures of a country's social inclusion (e.g. social protection or gender equality) and governance. The higher countries rate on these indicators, the more IDA resources they can receive.

[46] The Official Development Assistance Accountability Act (http://www.international.gc.ca/development-developpement/partners-partenaires/bt-oa/odaaa-lrmado.aspx?lang=eng.).

During the reporting period of July 1, 2016 to June 30, 2017, Canada provided $441.61 million as agreed under the IDA17 replenishment. This contribution supports IDA's efforts to enhance aid effectiveness, finance large regional projects such as infrastructure projects, and provide special assistance for fragile states such as Afghanistan and Haiti, while ensuring countries do not take on unsustainable levels of debt.

Based on donor contributions from Canada and others, IDA has delivered the following results in the first two years of IDA17 (fiscal years 2014–15 and 2015–16):

- 5.5 million teachers were recruited and/or trained;
- 33 million people received access to better water sources;
- 12 million people received access to better sanitation facilities;
- 136 million children were immunized;
- 339 million people received essential health, nutrition and population services;
- 12 million female beneficiaries were covered by social safety net programs;
- 8 million microfinance loan accounts were created;
- 88,263 kilometres of roads were constructed or fixed;
- 19 million people received access to electricity;
- 790 megawatts of renewable energy generation capacity were developed or upgraded; and
- $1.1 billion of private capital was mobilized by the World Bank Group in IDA countries.

Multilateral Debt Relief Through the World Bank: $51,200,000

Under the Multilateral Debt Relief Initiative (MDRI), the World Bank, IMF and African Development Fund (ADF) agreed to cancel 100 per cent of eligible debts owed by heavily indebted poor countries. At the G8 Summit in Gleneagles in 2005, Canada and other donor countries agreed to fully compensate the World Bank, IMF and ADF s for the debts they cancelled on behalf of poor countries, so as not to undermine the ability of these institutions to provide new financial support to low-income countries. Canada's total commitment over the 50-year lifespan of the MDRI is $2.5 billion and payments are made annually. Debt relief under the Heavily Indebted Poor Countries Initiative and the MDRI has substantially reduced debt burdens in recipient countries and enabled them to increase their poverty-reducing expenditures by over one and a half percentage points of gross domestic product (GDP) between 2001 and 2015.

During the reporting period of July 1, 2016 to June 30, 2017, Canada provided $51.2 million to the World Bank Group for the MDRI.

World Bank Group Trust Funds: $348,390,000

World Bank Group trust funds are an effective instrument for channelling donor funding to address key strategic development issues at the country, regional or global level. In particular, trust funds leverage bank funding for development programs, particularly in post-disaster and post-conflict situations; enable donor and private sector financiers of development activities to partner with the Bank, consistent with harmonization objectives; build capacity to work in innovative areas; and work with civil society organizations. Trust funds can either be single-donor or multi-donor; Canada contributes to both types, with the majority of its contributions going to multi-donor trust funds.

Canada's engagement with the World Bank Group reflects a strong focus on:

- The poorest countries and countries in conditions of fragility and conflict through both IDA and the IDA/IBRD trust fund portfolio;
- Health, including maternal and child health, and climate change (IBRD/IDA trust funds and Financial Intermediary Funds (FIFs);
- Private sector development, reflected in the funding of IFC advisory services and investments and FIFs (such as the Global Infrastructure Facility); and
- Country operations, with the majority of IBRD/IDA trust fund agreements either country- or region-specific, and a high share of overall IBRD/IDA trust funds recipient-executed (85 per cent).

Global Affairs Canada manages Canada's trust fund relationship at the World Bank Group. The following table provides a list of Global Affairs Canada trust fund disbursements in 2016–17.

Trust Funds	Disbursements Between July 1, 2016 and June 30, 2017 ($ millions)
Americas	
Central America, Panama and the Dominican Republic Regional Technical Assistance Centre	2.0
Caribbean Regional Technical Assistance Centre—Phase V	1.0
Enhancing Public Financial Management in Caribbean	2.0
Asia	
Indonesia Agribusiness Development (Indonesia)	2.0
Agribusiness Development (Philippines)	2.0
Public Private Infrastructure (Accelerating Sustainable Private Investments in Renewable Energy) (Indonesia)	4.0
Private Sector Engagement for Agricultural Development (Vietnam)	1.3
Natural Resources for Development Program (Indonesia)	4.2
Support to the Afghanistan Reconstruction Trust Fund—Operational Budget	14.1

Trust Funds	Disbursements Between July 1, 2016 and June 30, 2017 ($ millions)
Africa	
Support to Phase II of the Agricultural Growth Program (Ethiopia)	2.5
Agricultural Growth Program—Technical Assistance (Ethiopia)	0.05
Investment Climate Improvements Program (Ethiopia)	0.9
Women Entrepreneurship Development Program—Technical Assistance (Ethiopia)	0.01
Enhancing Farmers' Access to Markets in East and West Africa (Pan-Africa)	2.5
Energy Sector Capacity Building Project Grant (Tanzania)	2.6
Strengthening West African Regional Disease Surveillance	3.5
Business Enabling Environment Support (Tanzania)	3.6
Kenya Petroleum Technical Assistance Project	1.8
Enhancing Extractive Sector Benefit Sharing	3.6
Middle East and North Africa Concessional Financing Facility	19.5
Global Initiatives and Strategic Policy	
Global Fund to Fight AIDS, Tuberculosis and Malaria—2014–2016	150.0
Global Fund to Fight AIDS, Tuberculosis and Malaria (Muskoka)	66.6
Canada-IFC Partnership Fund II	7.0
Global Financing Facility	40.0
Strengthen Financial Market Integrity	2.6
E-Market Initiative	9.0
Total[1]	**348.39**

[1] Total may not add due to rounding.
Sources: Global Affairs Canada; CFO - Statistics.

Selected Results of Canada's World Bank Group Trust Funds

As Canada continues to engage with the World Bank Group through trust fund arrangements, the effectiveness of these partnerships is assessed to ensure that development outcomes are being achieved. Key areas of progress include:

- **Global Financing Facility in Support of Every Woman Every Child (GFF)**
  - Canada is a founding member and top donor to the GFF, contributing $240 million to this initiative. Canada also sits on the Facility's governance bodies to provide strategic and operational direction.
  - The 16 countries that receive support from the GFF represent 46 per cent of the US$33.3 billion global health financing gap. In 9 countries, the GFF has mobilized US$1.2 billion in concessional financing using US$292 million in grant resources from the GFF Trust Fund.
  - Sexual and reproductive health and rights (SRHR) are a focus of 30 per cent of its financing. Recognizing the multi-dimensional nature of SRHR, many countries are using multi-sector approaches to address women's, children's and adolescents' health.
  - Initiatives linking education outcomes and providing life skills coaching tackle two "secondary" determinants of health at once: education to reduce the incidence of adolescent pregnancy, and ensuring girls have assets and social support networks to mitigate against child and early forced marriage.
  - Canada's contribution to the GFF also prioritizes funding to register vital events such as births and deaths, through the civil registration and vital statistics (CRVS) system. A well-functioning CRVS system supports better service delivery and increases economic and other opportunities for vulnerable groups, especially women and children.
- **Conflict-Affected and Fragile Economies Facility (CAFEF)**
  - CAFEF is a multi-donor World Bank trust fund that was launched in July 2013 to enable MIGA to assume higher risk and insure more projects in fragile states than otherwise could take place.
  - Canada is one of three founding donors to CAFEF, having provided a US$19 million first loss grant. MIGA complements this "initial loss" layer by providing first loss coverage of US$20 million and excess loss guarantees.
  - In 2016–17, CAFEF supported several projects: MIGA issued four guarantees totalling US$299.2 million in fragile states and received World Bank Board approval for two guarantees totalling US$239.0 million.
  - Underwriting has started for two projects—a solar project in West Bank and Gaza and an agribusiness project in Afghanistan. To date, total capacity mobilized in fragile states using CAFEF is expected to approach US$1,048 million, and total proposed reinsurance US$617 million.
- **Afghanistan Reconstruction Trust Fund (ARTF)**
  - Canada's total contribution to date is US$715 million which, along with contributions from other donors, has provided support to the Afghanistan government's civilian operating budget and finances specific government programs.
  - Through the System Enhancement for Health Action in Transition program of the ARTF, since 2014, more than 730,000 birth deliveries have been attended by skilled health personnel, with over 900,000 pregnant women receiving antenatal care
  - Since 2006, more than 212,000 Afghan teachers, principals and school administrators have received training, and more than 11,000 scholarships have been awarded to women enrolled in Teacher Training Colleges.
- **Canada-IFC Partnership Fund II (CIPF II)**
  - Established in December 2015, CIPF II targets improvements to the performance and growth of small and medium-sized enterprises; low-carbon development; and improving women's economic empowerment.
  - Significant progress has been made: technical assistance and advisory services are being delivered to improve the business environment in several countries throughout the Caribbean and Latin American region.
  - For instance, CIPF II supported the drafting of legislative reforms in areas such as secured transactions, insolvency and companies law provided in St. Lucia, Dominica, Haiti and El Salvador.
  - Also, IFC completed a pilot gender component in St. Lucia and Dominica on Gender and Entrepreneurship, in which it used both quantitative and qualitative data to identify gender-specific barriers related to business entry and access to finance.

Annex 3
World Bank Procurement From Canada

Disbursements by IBRD and IDA Borrowers: Goods and Services From Canada

US$ millions

By World Bank Fiscal Year (July 1 – June 30)	Amount
2006–07	52.2
2007–08	61.4
2008–09	51.6
2009–10	80.0
2010–11	49.8
2011–12	31.2
2012–13	177.6
2013–14	105.5
2014–15	47.1
2015–16	27.1
2016–17	19.6

Notes: Based on World Bank Group figures as of August 24, 2017.

Disbursements by IBRD and IDA Borrowers: Suppliers of Goods and Services From Canada, 2016–17

US$

Supplier	Sector	Category	Amount
Individual Consultant	Agriculture, Fishing and Forestry	Consultant Services	$100,835
Groupement WSP/Lr/Ende	Agriculture, Fishing and Forestry	Consultant Services	$302,487
Individual Consultant	Agriculture, Fishing and Forestry	Consultant Services	$84,250
Golder Associates Limited	Agriculture, Fishing and Forestry	Consultant Services	$1,019,095
Individual Consultant	Education	Consultant Services	$72,047
Individual Consultant	Education	Consultant Services	$158,800
The Learning Bar	Education	Consultant Services	$120,000
Hatch Ltd.	Energy and Extractives	Consultant Services	$359,628
Individual Consultant	Energy and Extractives	Consultant Services	$449,088
CIDE Inc.	Energy and Extractives	Consultant Services	$186,500
Groupe De Gouvernance Stratégique Inc.	Energy and Extractives	Consultant Services	$440,969
WSP Canada Inc.	Energy and Extractives	Civil Works	$1,540,690
FreeBalance Inc.	Financial Sector	Non-Consulting Services	$2,823,275
Atem Geu	Health	Consultant Services	$128,264
Groupement Udem/CSDS	Health and Other Social Services	Consultant Services	$146,264
IDEA Internacional	Health and Other Social Services	Consultant Services	$199,971
Cowater International	Public Administration	Consultant Services	$1,592,204
Individual Consultant	Public Administration	Not Assigned	$186,000
Individual Consultant	Public Administration	Consultant Services	$41,751
MicroSurvey Software Inc.	Public Administration	Goods	$2,790
Basel Al Bishtawi	Public Administration	Not Assigned	$147,608
IDEA International	Public Administration	Consultant Services	$2,155,906
Cowater International	Public Administration	Non-Consulting Services	$735,000
Individual Consultant	Transportation	Consultant Services	$71,200
Canarail	Transportation	Consultant Services	$2,837,380
CIMA International	Transportation	Consultant Services	$579,777
JV of M/s. LEA International Ltd., Canada and M/s. LEA Assoc.	Transportation	Consultant Services	$584,707
LEA International Ltd.	Transportation	Consultant Services	$2,404,833
Individual Consultant	Transportation	Not Assigned	$51,900
Econoler	Water, Sanitation and Waste Management	Consultant Services	$58,376

Note: Based on World Bank Group figures as of August 24, 2017.

Annex 4
Communiqués of the International Monetary and Financial Committee of the Board of Governors of the IMF

Communiqué of the Thirty-Fourth Meeting of the International Monetary and Financial Committee (IMFC)

October 8, 2016

Chaired by Mr. Agustín Carstens, Governor of the Bank of Mexico

Global economy

The global economic recovery continues slowly and unevenly, and growth is expected to pick up only slightly next year, mostly on account of emerging market economies. Economic performance and resilience have improved in some economies and near-term risks in financial markets have largely abated. Still, the outlook remains subdued against the backdrop of modest global demand growth and remaining output gaps; a slowdown in global trade, investment, and productivity; and rising geopolitical uncertainty and medium-term financial risks. The persistently low growth has exposed underlying structural weaknesses, and risks further dampening potential growth and prospects for inclusiveness. Lower productivity growth and remaining crisis legacies in advanced economies, challenges from ongoing adjustments and vulnerabilities in some large emerging market economies, and the effects of lower commodity prices on exporting countries continue to weigh down the outlook. Overall, uncertainty and downside risks are elevated, while longstanding headwinds persist.

The global economy has benefited tremendously from globalization and technological change. However, the outlook is increasingly threatened by inward-looking policies, including protectionism, and stalled reforms. We commit to design and implement policies to address the concerns of those who have been left behind and to ensure that everyone has the opportunity to benefit from globalization and technological change.

Policy response

We reinforce our commitment to strong, sustainable, inclusive, job-rich, and more balanced growth. We will use all policy tools—structural reforms, fiscal and monetary policies—both individually and collectively. We are strengthening policies to bolster confidence and resilience, safeguard financial stability, and ensure that all members of society have the opportunity to benefit from globalization and technological change. We encourage countries hit hard by a persistent decline in their terms of trade to proceed with their policy adjustment. We recognize that excessive volatility and disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will refrain from competitive devaluations and will not target our exchange rates for competitive purposes. We reaffirm our commitment to communicate policy stances clearly and resist all forms of protectionism. We will also redouble our commitment to maintain economic openness and reinvigorate global trade as a critical means to boost global growth. Our priorities include:

Growth-friendly fiscal policy. All countries should use fiscal policy flexibly and make tax policy and public expenditure more growth-friendly, including by prioritizing high-quality investment, while enhancing resilience and ensuring public debt as a share of GDP is on a sustainable path. Appropriate and credible fiscal policies along these lines will support growth, job creation, and confidence. Well-designed tax structures, as well as income policies where appropriate, can promote stronger growth, protect the vulnerable, and reduce inequality.

Continued supportive monetary policy. In advanced economies where inflation is still below target and output gaps remain negative, monetary policy should remain accommodative, consistent with central banks' mandates, mindful of financial stability risks, and underpinned by credible policy frameworks. Monetary policy by itself cannot achieve sustainable and balanced growth, and hence must be accompanied by other supportive policies.

Prioritized structural reforms. Structural reforms are key to raising potential growth and would benefit from synergies with other policies to support demand. Tailored to country-specific circumstances, reforms must be reinvigorated, carefully chosen, and appropriately sequenced to yield the maximum growth benefits, raise productivity, and create opportunities for all, while assisting those who bear the burden of adjustment to globalization and technological change.

Effective financial sector policies. To help ensure that the financial sector is robust enough to support growth and development, we will intensify efforts to address remaining crisis legacy issues in some advanced economies and vulnerabilities in some emerging market economies, while monitoring potential financial stability risks associated with prolonged low or negative interest rates, systemic market liquidity risks, and nonbank intermediation. Timely, full, and consistent implementation of the agreed financial sector reform agenda remains an important priority, as well as finalizing remaining elements of the regulatory framework as soon as possible.

Stronger global cooperation. Concerted effort at the international level is key to boost global trade; sustain progress on global rebalancing; manage spillovers from economic and non-economic shocks; ensure a fair, efficient, and transparent international tax environment; tackle the sources and channels of terrorist financing, corruption, and illicit financial flows; and address the decline in correspondent banking relationships. Comprehensive, coordinated, and time-consistent policy actions that exploit synergies would amplify positive cross-border spillover effects of individual policy actions. We will continue strengthening the international financial architecture, including the global financial safety net.

IMF operations

The IMF has a key role to play in supporting the membership at this challenging time.

Policy advice and surveillance. To improve the policy mix for strong, sustainable, inclusive, job-rich, and more balanced growth, we support the work to: further enhance the consistency of the IMF's fiscal policy advice, including on medium-term fiscal frameworks and by finalizing the work on assessing fiscal space, consistent with debt sustainability, and integrating it into country consultations; analyze how tax systems could have an effect on macroeconomic stability risks; and examine the implications of very low or negative interest rates, including their side effects. We support efforts to identify high-priority structural reforms in line with country-specific macroeconomic circumstances and structural factors, and encourage the IMF to continue to explore synergies and tradeoffs of different domestic policies in Article IV discussions. In this context, we take note of the ongoing work on developing a toolkit to support the formulation and implementation of structural reform recommendations in surveillance, and on expanding the infrastructure policy support initiative to more pilot countries. We support the IMF's examination of the drivers of the global productivity slowdown and the intention to provide policy recommendations. We look forward to the review of countries' experience with the IMF's institutional view on the liberalization and management of capital flows, with a view to identifying emerging issues, as well as the future work on macroprudential policies, which taken together will help provide tailored and consistent policy advice in addressing macroeconomic and financial stability risks. We support the analysis of macrofinancial linkages in bilateral surveillance, drawing on the recent pilot cases.

The International Monetary System (IMS) and the support of multilateralism: We reiterate that strong domestic policies and effective IMF surveillance remain the keystone of crisis prevention. We welcome the recent work on further strengthening the global financial safety net, and call on the IMF to intensify cooperation with regional financing arrangements, including through the joint test run between the IMF and the Chiang Mai Initiative Multilateralization. We look forward to work by the IMF and other institutions on state-contingent debt instruments. We look forward to finalizing the ongoing review of the IMF's lending toolkit to further enhance its effectiveness. We welcome the recent inclusion of the renminbi into the SDR basket, and look forward to the forthcoming examination of the possible broader use of the SDR. We call on the IMF to work toward enhancing international economic cooperation, including to facilitate the global adjustment process. We look forward to the IMF's analysis of the drivers and policy implications of the global trade slowdown and the economic benefits of trade.

Opportunities for all: We look forward to further work on the impacts of globalization, emerging technologies, and digitalization. We welcome further work identifying the reasons behind rising inequality in some countries, including analyzing the causes behind the declining share of labor in output and understanding the impact of policies on inequality in both advanced and developing economies.

Low-income countries (LICs): We call on the IMF to continue efforts, in cooperation with other relevant international organizations, to help countries meet the 2030 Sustainable Development Goals and to integrate deliverables under the post-2015 development agenda into the IMF's work. Work on LICs should focus on continued efforts to support growth and boost resilience in fragile states, and on helping those countries hardest-hit by commodity price shocks, including by designing a consistent set of policies that support growth. We call on the IMF to support LICs in their efforts to address investment needs, and provide advice on striking the appropriate balance between financing development needs and preserving debt sustainability. In this context, we support the work in progress to review the debt sustainability framework for LICs. We look forward to discussions on how to enhance countries' access to precautionary financial support and reviewing current practices in regard to blending resources between the General Resources Account and the Poverty Reduction and Growth Trust (PRGT) under IMF programs. We look forward to the findings of the forthcoming review of social objectives in PRGT-supported programs. We welcome the extension of zero interest rates on all IMF concessional lending facilities for at least the next two years, through end-2018. We welcome the support received so far, including by new contributors, to mobilize additional loan resources for the PRGT, and call on members' further support to the successful conclusion of these efforts.

Capacity building: We welcome the IMF's focus on providing technical assistance and training to complement policy analysis, especially supporting LICs as well as fragile states and small states to boost their policy formulation and implementation capacities and strengthen economic institutions. Priorities for capacity building include: enhancing domestic revenue mobilization; building fiscal capacity in small and fragile states;

broadening work on international taxation, including through the Platform for Collaboration on Tax; expanding capacity to strengthen monetary and financial stability; and supporting financial sector deepening.

Addressing other challenges facing members: We support the IMF's work with other international organizations to address the decline in correspondent banking relationships and preserve access to financial services. This would include intensifying AML/CFT and supervisory capacity development support in respondent banks' jurisdictions, clarifying regulatory expectations, and promoting industry solutions; promoting greater financial inclusion; and helping countries strengthen their institutions to tackle illicit financial flows. We also support work by the IMF to continue integrating inequality, gender analysis, and climate change in surveillance, when macro critical; help commodity exporters and LICs promote economic diversification; help building resilience to natural disasters and climate change; and strengthen analysis and support for countries managing spillovers from non-economic sources, such as large refugee flows and global epidemics. We welcome the entry into force of the Paris Agreement on climate change. We look forward to the forthcoming review of the Guidance Note on the *Role of the Fund in Governance Issues.*

We extend our sympathy to the governments and people of the Caribbean, especially Haiti, as the region grapples with the impact of Hurricane Matthew. We welcome the IMF's readiness to help countries deal with the aftermath of this catastrophe.

IMF resources and governance

To help maintain the current lending capacity of the Fund, we welcome the pledges of SDR260 billion (US$360 billion) received from 26 members to ensure the IMF's continued access to bilateral borrowing under the strengthened governance framework approved by the Executive Board; support the need for continued access to multilateral borrowing agreements; and call for broad participation of the IMF membership including through new agreements.

Looking ahead, we reaffirm our commitment to a strong, quota-based, and adequately resourced IMF to preserve its role at the center of the global financial safety net. We are committed to concluding the 15th General Review of Quotas and agreeing on a new quota formula as a basis for a realignment of quota shares to result in increased shares for dynamic economies in line with their relative positions in the world economy and hence likely in the share of emerging market and developing countries as a whole, while protecting the voice and representation of the poorest members. To provide adequate time to build the necessary broad consensus, we support the Managing Director's proposal to reset the timetable for completing the 15th Review in line with the above goals by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019, subject to adoption by the Board of Governors. We call on the Executive Board to establish a concrete work agenda to achieve this goal.

We support the efforts of the IMF to harness new technologies—including by improving knowledge management—to increase its agility and effectiveness. We reiterate the importance of maintaining the high quality and improving the diversity of the IMF's staff. We also support promoting gender diversity in the Executive Board.

Our next meeting will be held in Washington, D.C., on April 22, 2017.

Communiqué of the Thirty-Fifth Meeting of the International Monetary and Financial Committee (IMFC)

April 22, 2017

Chaired by Mr. Agustín Carstens, Governor of the Bank of Mexico

Global economy

The global economic recovery is gaining momentum, commodity prices have firmed up, and deflation risks are receding. While the outlook is improving, growth is still modest and subject to heightened political and policy uncertainties. Crisis legacies, high debt levels, weak productivity growth, and demographic trends remain challenging headwinds in advanced economies; while domestic imbalances, sharper-than-expected financial tightening, and negative spillovers from global uncertainty pose challenges for some emerging market and developing countries.

Trade, financial integration, and technological innovation have brought significant benefits, improving living standards, and lifting hundreds of millions out of poverty. However, the prolonged period of low growth has brought to the fore the concerns of those who have been left behind. It is important to ensure that everyone has the opportunity to benefit from global economic integration and technological progress.

We reinforce our commitment to achieve strong, sustainable, balanced, inclusive, and job-rich growth. To this end, we will use all policy tools—monetary and fiscal policies, and structural reforms—both individually and collectively. We reaffirm our commitment to communicate policy stances clearly, avoid inward-looking policies, and preserve global financial stability. We recognize that excessive volatility and disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will refrain from competitive devaluations, and will not target our exchange rates for competitive purposes. We will also work together to reduce excessive global imbalances by pursuing appropriate policies. We are working to strengthen the contribution of trade to our economies. Our priorities include:

Accommodative monetary policy: In economies where inflation is still below target and output gaps remain negative, monetary policy should remain accommodative, consistent with central banks' mandates, mindful of financial stability risks, and underpinned by credible policy frameworks. Monetary policy by itself cannot achieve sustainable and balanced growth, and hence must be accompanied by other supportive policies. Monetary policy normalization, where warranted, should continue to be well-communicated, also to mitigate potential cross-border spillover effects.

Growth-friendly fiscal policy: Fiscal policy should be used flexibly and be growth-friendly, prioritize high-quality investment, and support reforms that boost productivity, provide opportunities for all, and promote inclusiveness, while enhancing resilience and ensuring that public debt as a share of GDP is on a sustainable path.

Tailored, prioritized, and sequenced structural reforms: We will advance structural reforms to lift growth and productivity and enhance resilience, while assisting those bearing the cost of adjustment. The design, prioritization, and sequencing of reforms should reflect country circumstances; aim to boost investments in infrastructure, human capital development, and innovation; promote competition and market entry; and raise employment rates.

Safeguarding financial stability: We will further strengthen the resilience of the financial sector to continue to support growth and development. This requires sustained efforts to address remaining crisis legacies in some advanced economies and vulnerabilities in some emerging market economies, as well as monitoring potential financial risks associated with prolonged low or negative interest rates and with systemic market liquidity shifts. We stress the importance of timely, full, and consistent implementation of the agreed financial sector reform agenda, as well as finalizing remaining elements of the regulatory framework as soon as possible.

A more inclusive global economy: We will implement policies that promote opportunities for all within our countries, sustainability over time, and cooperation across countries. We will implement domestic policies that develop an adaptable and skilled workforce, assist those adversely affected by technological progress and economic integration, and work together to ensure that future generations are not left to pay for the actions of the current one. Recognizing that every country benefits from cooperation through a collaborative framework that evolves to meet the changing needs of the global economy, we will work to tackle common challenges, support efforts toward the 2030 Sustainable Development Goals (SDGs), and ensure the orderly functioning of the international monetary system (IMS). We will support countries dealing with the consequences of conflicts, refugee and humanitarian crises, or natural disasters. We will work to promote a level playing field in international trade and taxation; tackle the sources and channels of terrorist financing, corruption, and other illicit financial flows; and address correspondent banking relationship withdrawal.

IMF operations

We welcome the Managing Director's *Global Policy Agenda*. The IMF has a key role in supporting the membership at this challenging time to:

Sustain the recovery: Based on the three-pronged approach—with monetary, fiscal, and structural policies—we welcome the IMF providing country-specific advice on the policy mix to sustain the ongoing recovery and address excessive global imbalances. We support the work on fiscal rules and medium-term frameworks and the application of the fiscal space framework in bilateral surveillance. We support work to review the Public Investment Management Assessment framework, expand the Infrastructure Policy Support Initiative, and explore reforms toward growth-friendly, sustainable, and equitable fiscal policy. We also support further work on how fiscal policy could better mitigate short-term costs and enhance long-term benefits of structural reforms.

Lift productivity and tackle vulnerabilities: We welcome the recent work on the causes behind weak productivity growth and the new toolkit to identify structural policy gaps, and look forward to the IMF's further work and specific recommendations for high-priority structural reforms to boost productivity, investment, and resilience to economic shocks. We look forward to further work on tackling debt overhangs and reducing financial sector vulnerabilities, and on the measurement challenges of the digital economy. We support a continued active role for the IMF to help countries address the decline in correspondent banking relationships.

We call on the IMF to promote policies that will:

Expand opportunities: We support the work to sharpen the understanding of macroeconomic and distributional effects of technological progress, trade, and capital flows. We welcome the work of the IMF, along with other international organizations, to help improve governance, fight corruption, upgrade the business environment, and promote competition. We look forward to the forthcoming review of the Guidance Note on the *Role of the Fund in Governance Issues*.

Facilitate multilateral solutions to meet global challenges: We support the IMF's increased efforts to provide a rigorous and candid assessment of excessive global imbalances and their causes, and of exchange rates in both Article IV consultations and the *External Sector Report*. We reiterate the importance of ensuring effective and consistent implementation of the Institutional View on capital flows, paying greater attention to capital flow management measures and taking a clear position based on country circumstances on whether they are warranted, while exploring the role of macroprudential policies to increase resilience to large and volatile capital flows. We support the strengthened analysis of spillovers from domestic policies to the global economy. We welcome the IMF's analysis of macrofinancial linkages in bilateral surveillance. We also welcome the IMF's collaboration with other multilateral institutions in pursuit of shared objectives. We welcome the IMF's work with international standard setters to support the global financial regulatory reform agenda and to address data gaps. We also support the IMF's role in addressing international taxation issues, including through the Platform for Collaboration on Tax; assisting jurisdictions to enhance financial sector integrity and AML/CFT regimes; and helping countries strengthen their institutions to tackle illicit financial flows. We call on the IMF to continue to assist countries in dealing with macroeconomic problems arising from shocks, including those shouldering the burden of conflicts, refugee crises, or natural disasters.

Strengthen the IMS: Strong domestic policies, supported by effective IMF surveillance, are the keystone of crisis prevention. We will explore options for further strengthening the global financial safety net (GFSN), including by collaborating with regional financing arrangements, and examine the possible broader use of the SDR. To further enhance the effectiveness of the IMF's lending toolkit, we support the scheduled review of precautionary instruments and the ongoing work to develop proposals for a possible new short-term liquidity facility and a non-financial policy instrument to provide monitoring and signaling of member policies. We welcome the ongoing work to examine the current debtor-creditor engagement framework in sovereign debt restructurings and the recent study of state-contingent debt instruments.

Assist low-income countries (LICs), commodity exporters, and small and fragile states: We welcome the IMF's continued support, in cooperation with other relevant international organizations, of the 2030 SDGs, including the Financing for Development agenda, by helping fragile states and supporting LICs and small states to strengthen domestic revenue mobilization and public financial management systems and to deepen financial markets. We also welcome the IMF's help, including through financial support and technical assistance, strengthening policy frameworks, and supporting economic diversification and adjustment strategies in LICs and commodity exporters. We welcome the IMF's recent clarification of access to the resources of the General Resources Account for those members also eligible for the Poverty Reduction and Growth Trust (PRGT). We look forward to the review of the LIC debt sustainability framework, and welcome the IMF's support of the G-20 Compact with Africa initiative to foster private sector investment. We look forward to the forthcoming discussions on social safeguards and program design in PRGT- and PSI-supported programs. We welcome the pledges totaling SDR 11.8 billion received from 16 members, including by new contributors, to mobilize additional loan resources for the PRGT, and call for broad participation of the membership to support these efforts.

Promote sustainable policies over time: We look forward to the review of experiences with debt management strategies, and encourage the IMF to continue its work on the sustainability of pension systems. We continue to support integrating in surveillance the analysis of other challenges facing members, where macro-critical.

Integrate capacity development with surveillance: We welcome the IMF's focus on providing technical assistance and training to complement policy analysis, especially supporting LICs as well as fragile and small states.

We reaffirm our commitment to a strong, quota-based, and adequately resourced IMF to preserve its role at the center of the GFSN. We are committed to concluding the 15th General Review of Quotas and agreeing on a new quota formula as a basis for a realignment of quota shares to result in increased shares for dynamic economies in line with their relative positions in the world economy and hence likely in the share of emerging market and developing countries as a whole, while protecting the voice and representation of the poorest members. We call on the Executive Board to work expeditiously toward the completion of the 15th General Review of Quotas in line with the above goals by the Spring Meetings of 2019 and no later than the Annual Meetings of 2019. We look forward to a report on progress toward this goal by the time of our next meeting. We call for full implementation of the 2010 reforms.

We welcome the bilateral agreements and commitments of about SDR 300 billion (US$ 400 billion) received from 35 members to ensure the IMF's continued access to bilateral borrowing under the strengthened governance framework approved by the Executive Board and call for broad participation of the IMF membership including through new agreements. We also welcome the renewal of the decision on the New Arrangements to Borrow.

We reiterate the importance of maintaining the high quality and improving the diversity of the IMF's staff. We also support promoting gender diversity in the Executive Board.

Our next meeting will be held in Washington, D.C., on October 14, 2017.

Annex 5
Communiqués of the Development Committee of the Boards of Governors of the World Bank and IMF

World Bank-IMF Annual Meetings 2016: Development Committee Communiqué

October 8, 2016

1. The Development Committee met today, October 8, in Washington, D.C.

2. Global economic growth remains sluggish in 2016, with only a modest pick-up expected in 2017. Demand has remained soft despite highly stimulative monetary policies, foreign direct investment to developing countries has decreased, commodity exporters are adjusting to declines in exports, and wider geopolitical and economic uncertainties are weighing on confidence. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly with countries to enhance synergy among monetary, fiscal and structural reform policies, stimulate growth, create jobs, and strengthen the gains from multilateralism for all.

3. We share a vision of the WBG as a premier development institution: it plays a key role in advancing policies essential for sustainable growth, poverty reduction, and economic transformation; leads on global agendas; and helps ensure that the benefits of globalization are widely shared. During the next 15 years, the development landscape will face critical shifts, including climate change; natural disasters; pandemics; fragility, conflict and violence; migration and forced displacement; urbanization; and demographic changes. Meeting these challenges, and rising to the ambition of the Twin Goals, the Sustainable Development Goals (SDGs) and the COP21 Agreement, will require a better, stronger, and more agile WBG. This task will also require deeper engagement and collaboration with international financial institutions and global partners, additional private funds, the ability to harness technological change and increased country capacity to raise domestic resources. In this regard, we welcome the report to Governors on the Forward Look: A Vision for the WBG in 2030.

4. We value the commitment to a more efficient and agile WBG that follows a risk-based approach, upholds standards, exploits synergies across its institutions, and has a culture that supports these shifts. Resources should be strategically deployed to meet global and client needs and targeted to areas of the world that most need funding and have least access to capital, with a tailored value proposition to the full range of clients. The WBG should strengthen the knowledge agenda, including through enhanced monitoring, learning and evaluation frameworks and South-South flows and help enhance countries' crisis preparedness, prevention and response frameworks. We expect a progress update on the Forward Look with clear results indicators at the 2017 Spring Meetings.

5. The private sector is essential to creating jobs and delivering higher living standards. Public policies that improve governance and regulation, make markets more competitive, and increase openness and predictability are prerequisites to higher investment and better development outcomes. We urge the WBG to take a Group-wide approach to help create markets, particularly in the most challenging environments, and to mobilize private resources, including through guarantees, especially for quality infrastructure, and for small and medium enterprises. Bringing together the joint capabilities of all WBG institutions is crucial to mobilizing finance for development and delivering global public goods. We encourage the WBG to expand its strong collaboration with other multilateral development banks (MDBs), in line with their recent declaration on infrastructure. We welcome the Global Infrastructure Connectivity Alliance, announced in September 2016.

6. Mobilizing domestic resources and addressing illicit financial activities will be vital to unlocking finance for development: we urge the WBG and IMF to foster policies and transparent institutions that advance these efforts and improve public expenditure management. We applaud the WBG support to the Stolen Asset Recovery Initiative. We welcome the progress that the IMF and WBG have made in reviewing the Debt Sustainability Framework for Low-Income Countries. We stress the important role that technology and the private sector can play in achieving the Universal Financial Access 2020 goal.

7. An ambitious IDA18 replenishment is key for delivering the 2030 agenda. We advocate for a strong IDA18 replenishment, with a broadened donor base. We welcome the innovative financing and policy package, including the proposal to enable IDA, which has recently received milestone triple-A ratings, to tap into capital markets to complement its resources. We urge the WBG to ensure a smooth transition as countries graduate from IDA. We also welcome the enhanced Crisis Response Window and the proposal to scale up private sector activities, including an IFC and MIGA Private Sector Window.

8. Large movements of people constitute a shared, long-term challenge for countries at all levels of development. More than half the world's poor live in countries affected by fragility, conflict, and violence (FCV), where IDA support is particularly important. We welcome proposals to double financial resources in these countries and to support, through tailored efforts to their specific needs, refugees and the communities that host them. The WBG and the IMF should help tackle drivers of fragility, by improving investment climates, strengthening local governance, rebuilding state institutions, broadening access to finance, and fostering conflict prevention and resilience. The WBG should increase resources allocated to these efforts, enhance its capacity to work in these environments, expand its work on forced displacement and migration and work closely with humanitarian partners.

9. We welcome the Global Crisis Response Platform, announced at the Leaders' Summit on Refugees in September 2016, and urge its rapid implementation. We expect it to provide scaled up, systematic, and better coordinated support to address crises, including those arising from forced displacement, natural disasters and pandemics. The Global Concessional Financing Facility, the IDA Crisis Response Window, and the proposed sub-regional window for refugees in IDA18 will be important for this effort. As part of the Platform, we also welcome the launch of the Pandemic Emergency Financing Facility and look forward to its early start-up. It will, together with upgraded efforts towards universal health coverage, fill a critical gap in health financing architecture.

10. We look forward to implementation of the WBG Climate Change Action Plan and support countries' nationally determined contributions under the COP21 agreement. We urge the WBG to continue to focus on building resilience while expanding insurance schemes and increasing investments in climate-smart land use, green infrastructure, and sustainable cities. Small states are disproportionately affected by natural disasters, including rising sea levels and extreme weather events. We ask the WBG and IMF to continue supporting efforts to facilitate these countries' access to climate finance for adaptation, mitigation and improved disaster risk management.

11. Women still lag behind in most measures of economic opportunity, undermining national and global growth prospects. The ambitions enshrined in the Twin Goals and the SDGs cannot be realized unless countries make significant progress in closing gender gaps in key sectors. We strongly support the continued implementation of the WBG 2015 Gender Strategy and the progress in diversifying WBG staff.

12. We welcome the approval of the Bank's new Environmental and Social Framework, which reflects the most extensive consultations ever conducted by the WBG. The standards expand protections for people and the environment in Bank-financed investment projects and are part of a far-reaching effort by the WBG to improve development outcomes. We now ask the Bank to focus on effective implementation, ensure appropriate financial and human resources to build staff and client capacity, establish a robust accountability framework, and provide hands-on support where needed.

13. As part of the Voice reform, we remain committed to the Roadmap for implementation of the Shareholding Review that was agreed at the 2015 Annual Meetings. We thank Executive Directors for completing their work on a dynamic formula that reflects the evolution of the global economy and contributions to the WBG's mission. We look forward to the next stage of discussions, based on agreed shareholding principles, formula guidance, and the package of commitments in the Report to Governors on the Dynamic Formula.

14. We also look forward to considering options to strengthen the financial position of the WBG institutions. We aim to conclude these discussions no later than the 2017 Annual Meetings in line with the Roadmap endorsed in Lima.

15. We thank Mr. Bambang Brodjonegoro for his valuable leadership as Chairman of the Development Committee, and welcome his successor, Ms. Sri Mulyani Indrawati, Minister of Finance of Indonesia, as its first female Chair. We congratulate Dr. Kim for his reappointment as President of the World Bank Group for a second term.

16. The next meeting of the Development Committee is scheduled for April 22, 2017.

World Bank-IMF Spring Meetings 2017: Development Committee Communiqué

April 22, 2017

1. The Development Committee met today, April 22, in Washington, D.C.

2. The global economy is gaining momentum, but risks remain tilted to the downside. Further improvements in the global outlook will require policies that foster inclusive and sustainable growth, address financial vulnerabilities, and create jobs and economic opportunities for all. Actions to tackle the adverse impact of the decline in correspondent banking relations are an important priority for many countries. World Bank Group (WBG) and International Monetary Fund (IMF) advice and support are important to advance such policies, deliver the 2030 agenda, and protect the most vulnerable.

3. Reducing inequality is necessary to ensure long-term and sustainable growth. Technological change, trade, financial flows, and economic integration have helped boost incomes and have narrowed the economic gaps between countries. But these gains have not always been shared evenly within countries. We urge the WBG and IMF to redouble efforts to eradicate poverty and ensure that the benefits of international economic integration are shared widely.

4. We welcome the implementation update on the WBG Forward Look. In October, we endorsed a vision for a better, stronger, and more agile WBG and identified areas for improvement. We recognize the progress so far in becoming a better WBG. We encourage continuing efforts, in coordination with development partners, to implement and report on the Forward Look commitments and associated policies to (i) prioritize private sector solutions when deploying scarce public resources, including for infrastructure; (ii) strengthen domestic resource mobilization; (iii) support global public goods; (iv) assist all WBG client segments; (v) be more agile, responsive, and results-focused in working across the public and private sectors; and (vi) pay special attention to stabilizing the economy and supporting growth in situations of fragility, conflict, and violence, as well as to the development needs of small states.

5. We support the WBG's scaled-up activities in the area of crisis preparedness, prevention, and response, through investments to address the root causes and drivers of fragility by helping countries build institutional and social resilience. We encourage further efforts to mobilize and rapidly disburse support for countries, communities, and refugees that are affected by famine or forced displacement, in close coordination with the UN and other partners. We acknowledge the various initiatives by the WBG to strengthen the Humanitarian-Development-Peace nexus.

6. We are encouraged by the WBG's efforts to become more efficient through reforms of its operational and administrative policies and its People Strategy. We welcome the budget discipline introduced by the Expenditure Review, acknowledge WBG efforts to ensure transparency and accountability in tracking and reporting how it uses its scarce resources, and urge continued commitment on these fronts.

7. We also welcome progress and discussions to strengthen the WBG's financial capacity. We are greatly encouraged by the successful IDA replenishment negotiations. IDA18 delivered a record $75 billion thanks to the generosity of partners and the plans to leverage IDA's equity. Innovative measures introduced, such as the Private Sector Window, will help catalyze additional resources for IDA countries. We look forward to successful implementation that maximizes development impact.

8. We take note of the ongoing discussions to enhance the WBG's financial capacity and enable it to deliver on the ambition of the Forward Look. We ask the Board and Management to develop a set of options by the Annual Meetings in October 2017.

9. We welcome the progress made in the Shareholding Review and recall our commitment to the principles we endorsed in Lima toward a WBG that reflects the evolution of the global economy and contributions to the WBG's mission. We are encouraged by progress on diversity and inclusion in WBG staff and management, and we support similar progress on gender diversity in the Executive Board.

10. The next meeting of the Development Committee is scheduled for October 14, 2017.