



CANADA AT THE IMF AND WORLD BANK GROUP

2011

REPORT ON OPERATIONS UNDER THE BRETTON WOODS
AND RELATED AGREEMENTS ACT

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FOREWORD BY THE MINISTER OF FINANCE

I am pleased to present to Members of Parliament and the Canadian public this annual report, entitled *Canada at the IMF and World Bank Group 2011: Report on Operations Under the Bretton Woods and Related Agreements Act*.

The global community faces unprecedented challenges arising from the financial crisis that are slowing the pace of the global recovery. The euro area sovereign debt crisis and its current and potential impacts on Canada and the rest of the world are of particular concern. There is also a compelling need to tackle development challenges in low-income and emerging economies, and contribute to their long-term economic growth.

In this extended period of uncertainty, one constant that must be acknowledged is the leadership that has been demonstrated by the International Monetary Fund (IMF) and World Bank Group in pursuing a constructive course of global action. As a Governor of these institutions, I am pleased by the work that has been accomplished, and the role Canada has played to advance these efforts.

The IMF responded to a number of important challenges over the course of a turbulent year. These include the Fund's significant role in responding to the euro area crisis with large-scale lending programs and providing improved surveillance and advice. During this time, the IMF underwent a change of leadership, and I congratulate Christine Lagarde on her appointment as Managing Director. I would also like to express my appreciation for the IMF's support of the G-20 Working Group on the Framework for Strong, Sustainable and Balanced Growth, which Canada co-chairs with India. The IMF's strong, independent analysis played a critical role in the development of the Cannes Action Plan for Growth and Jobs.

The World Bank Group has taken on some of the most difficult global development challenges, particularly in the area of conflict and fragility. In the context of the Arab Awakening in the Middle East and North Africa region, the Bank became an active member of the Deauville Partnership and is investing in a long-term strategy to support the changes underway in the region. The Bank is also contributing new ideas, through the 2011 *World Development Report* on conflict, security and development, and implementing new solutions, such as the International Development Association's Crisis Response Window, in order to further improve upon its ability to respond to crisis situations in poor countries.

This report summarizes the main developments at the IMF and World Bank Group in 2011, and reports on the priorities that Canada has adopted as a member of these institutions. The results achieved provide a clear rationale for Canada's continuing support. Canada has played an integral role in the formation, growth and modernization of the Bretton Woods Institutions for over 60 years, and we are committed to continuing to play this role in future years.

The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance



OVERVIEW

This report to Parliament and the Canadian public provides an overview of the operations of the IMF and World Bank Group, discusses key developments at both institutions in 2011, describes Canada's engagement and contributions, and reports on the progress made on Canada's priorities.

The IMF and World Bank Group (known as the Bretton Woods Institutions) were founded at the United Nations Monetary Conference in Bretton Woods, New Hampshire, in 1944 to promote reconstruction and economic recovery after World War II. Since then, the mandates of these institutions have evolved to focus on promoting global economic stability and poverty reduction.

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

As a significant shareholder, Canada has an important governance role at both the IMF and World Bank Group. Canada is the ninth largest shareholder at the IMF with 2.56 per cent of voting shares. Canada's contribution to the IMF's overall quota is SDR 6.37 billion¹ (about US\$9.8 billion). Canada is among the top 10 shareholders at the World Bank Group, having contributed a total of US\$5.5 billion in capital subscriptions to the IBRD, IFC and MIGA and US\$8.9 billion in donor contributions to IDA. Canada's voting power ranges from 2.51 per cent to 3.38 per cent within the institutions of the World Bank Group.

The Minister of Finance is Canada's Governor on the Board of Governors of both the IMF and the World Bank Group. Governors delegate day-to-day decisions to an Executive Director at both institutions. Given Canada's shareholding and engagement at the IMF and World Bank Group, the Executive Directors representing our constituency at both institutions have traditionally been Canadian.²

This report is divided into two parts. The first part focuses on the IMF, outlining key developments over the year, reporting on Canada's priorities and providing background on the work of the institution. The second part provides a similar report on the World Bank Group.

This report responds to the requirements for annual reporting laid out in section 13 of the Bretton Woods and Related Agreements Act, which states:

The Minister of Finance shall cause to be laid before Parliament, on or before March 31 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.

¹ The SDR, or Special Drawing Right, 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.

² Canada's constituency includes Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana (World Bank Group only), Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.



This report is prepared by the Department of Finance in consultation with other government departments and agencies, with input from the Canadian Executive Director's Office at the IMF and World Bank Group, as well as input from Canadian citizens and civil society through consultations, stakeholder meetings and correspondence. Within the Government of Canada, the Department of Finance coordinates Canada's policy advice at the IMF and World Bank Group, consulting closely with other government departments and agencies, including the Bank of Canada, the Canadian International Development Agency (CIDA), and Foreign Affairs and International Trade Canada.

Additional information on Canada's official development assistance activities at the Bretton Woods Institutions is available in CIDA's annual report on the Official Development Assistance Accountability Act.

This report provides an overview of the activities of the IMF and World Bank Group that are the most relevant to Canada. For more information on the financial performance and operations of these institutions, please refer to their respective annual reports (<http://www.imf.org/external/pubind.htm> and <http://publications.worldbank.org>).



THE INTERNATIONAL MONETARY FUND

Key Developments at the IMF in 2011

Meeting the Continuing Challenges to the Global Economy

The IMF continued to play its critical role of providing advice and responding to the challenges and threats facing the global economy over the course of the year. The IMF also turned to new leadership with the appointment of Ms. Christine Lagarde as the IMF's new Managing Director, David Lipton as the new First Deputy Managing Director, and Min Zhu and Nemat Shafik as new Deputy Managing Directors. Canada extends its warmest congratulations to this new management team.

Responding in Europe

The continuing crisis in the euro area³ posed the greatest risk to the global recovery in 2011. In 2010, the economic difficulties faced by Ireland and Greece caused the IMF to redefine its role in Europe with the establishment of the two largest lending programs as a per cent of quota⁴ in the history of the IMF. Not since the 1970s had the IMF established a lending program in an advanced country. This trend continued in 2011 with the establishment of the third largest program as a per cent of quota in Portugal. To face the euro area challenge, and in the spirit of global economic cooperation, the IMF is collaborating with the European Union and European Central Bank in financing, overseeing and providing valuable technical advice on the economic adjustment programs aimed at resolving the root difficulties in all three countries. The IMF is thus playing a valuable role in Europe by setting appropriate conditions and overseeing needed reforms. In the context of lending programs, the preferred creditor status of the IMF protects Canadian taxpayers.

Outside the euro area, the IMF has been further engaged in Europe and has established Stand-By Arrangements in Serbia and Romania, a Precautionary Credit Line in the Former Yugoslav Republic of Macedonia (FYR Macedonia) and a Flexible Credit Line in Poland. The IMF does more than just lend; it has significant expertise in advising its members on their policy frameworks and in identifying and spurring members to respond to risks and deficiencies. The request from Italy for enhanced surveillance of its economic reform program is a further example of the IMF's policy advice function in Europe. Table 1, Chart 1 and Chart 2 below highlight the IMF's lending activity.

Identifying Risks

The IMF is a leader in providing candid, independent surveillance of its members' policies and the global monetary system. Detailed analysis and early warning of vulnerabilities help prepare countries like Canada to meet the risks posed by turbulence in the global economy. One of the lessons of the global financial crisis was the need to modernize IMF surveillance to ensure that spillovers from economic developments and policies are adequately captured in surveillance assessments.

³ The euro area is defined as the grouping of 17 countries within the European Union that share the euro as their common currency

⁴ Each member country of the IMF is assigned a quota, based broadly on its relative position in the world economy. A member country's quota determines its maximum financial commitment to the IMF and its voting power, and has a bearing on its access to IMF financing. For more details, see the section "Background on the IMF."



In 2011, the IMF made significant progress in this area with the publication of spillover reports for five of the world's largest economies: China, the euro area, Japan, the United Kingdom and the United States. These reports enhance global knowledge of interconnections between the world's economies by outlining the impacts policies in the larger economies have on each other and the rest of the world. The overarching lessons, outlined in the *Consolidated Multilateral Surveillance Report (CMSR)*, were discussed by Finance Ministers and Central Bank Governors at the Fall 2011 Meetings of the International Monetary and Financial Committee (IMFC) in Washington, DC. The CMSR adds significant value to discussions of global risks by Finance Ministers and Central Bank Governors and will continue to be a feature of the bi-annual IMFC Meetings.

To further improve its core surveillance mandate, the IMF completed a comprehensive review of its surveillance activities in 2011. This review included external assessments by leading economists such as Joseph Stiglitz and Martin Wolf. Overall, it was found that the IMF has made important progress in surveillance since the global financial crisis through an increased focus on identifying risks to monetary and financial stability. The review recommended that IMF surveillance be as interconnected as the global economy itself. The review confirms the recent direction taken by the leadership of the IMF to focus on the multilateral aspects of surveillance, including better integration with bilateral surveillance activities.

Focus of Global Leaders

By contributing to international economic and financial stability, the IMF plays a key role in a number of international processes, including the G-20 Framework for Strong, Sustainable and Balanced Growth. The Framework is co-chaired by Canada and India and is the G-20's signature initiative.

The G-20 Framework's Mutual Assessment Process (MAP) identifies the reforms required to promote a strong and healthy global economy. In 2011, considerable progress was made towards this goal with the support of the IMF and other international organizations. In particular, the IMF advanced the MAP by helping the G-20 develop "indicative guidelines" to identify imbalances. The IMF also prepared Sustainability Reports to provide policy recommendations for the seven members identified as having large and persistent imbalances based on the indicative guidelines. Combined with input from other international organizations, the G-20 developed the Cannes Action Plan for Growth and Jobs. This Action Plan commits G-20 countries to a range of policy actions to mitigate near-term risks and vulnerabilities and sets the stage for robust growth and job creation over the medium term.

Global economic and financial stability supports growth and job creation. To support this goal, G-20 Leaders pledged to ensure the IMF continues to have adequate resources to play its systemic role, and endorsed the direction being taken by the IMF in improving its lending and surveillance functions. Of particular importance to international stability, the IMF was asked to continue to improve and publish its assessments of exchange rates in order to ensure that G-20 members are meeting their pledge to avoid persistent exchange rate misalignments.



Enhanced Toolkit

Building on its crisis responder role during the global financial crisis, the IMF further improved its lending toolkit in 2011. In November, it replaced the Precautionary Credit Line, which provided precautionary access to members with no balance of payments need, with the Precautionary and Liquidity Line (PLL). The new PLL provides financing to meet actual or potential balance of payments needs of members with sound economic fundamentals and institutional policy frameworks, but with some remaining vulnerabilities that preclude them from using the Flexible Credit Line (FCL). It is intended to provide liquidity to countries affected by regional or global economic and financial stress. The PLL continues the process of modernizing IMF lending to provide more front-loaded crisis prevention and resolution financing.

The IMF also created the Rapid Financing Instrument (RFI) in 2011 to consolidate and replace two previous emergency assistance policies. The RFI is available to all members and provides small-scale, rapid support for a full range of urgent needs including natural disasters, commodity price shocks and post-conflict situations. The RFI enhances the ability of members to turn to the IMF in times of emergency.

Table 1
Highlights of IMF Lending Activity in 2011

Lending Facility	Total Amount Agreed (SDR)	Countries Entering Arrangements in 2011
Stand-By Arrangement	4.1 billion	Romania, Serbia, and Saint Kitts and Nevis
Standby Credit Facility	5 million	Solomon Islands
Extended Credit Facility	1.1 billion	Afghanistan, Côte d'Ivoire, Kenya, Kyrgyz Republic, and Mali
Flexible Credit Line	70.3 billion	Colombia, Mexico, and Poland
Precautionary and Liquidity Line ¹	413 million	FYR Macedonia
Extended Fund Facility	23.7 billion	Portugal

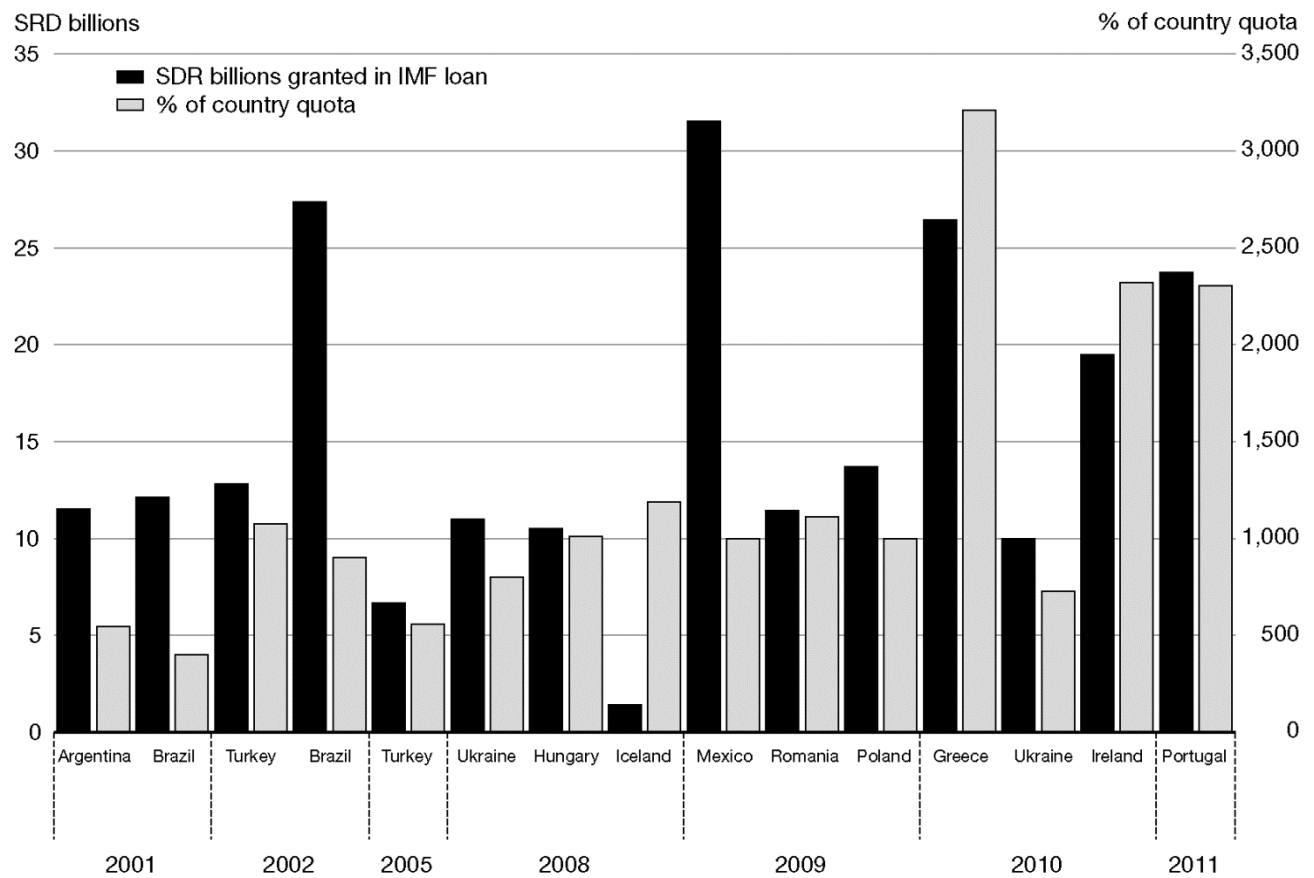
¹ Formerly Precautionary Credit Line.

Source: IMF Lending Arrangements as of January 31, 2012 (<http://www.imf.org/external/np/fin/tad/extarr11.aspx?memberKey1=ZZZZ&date1key=2020-02-28>).



Chart 1

Large Approved IMF Lending Amounts: 2001–2011¹

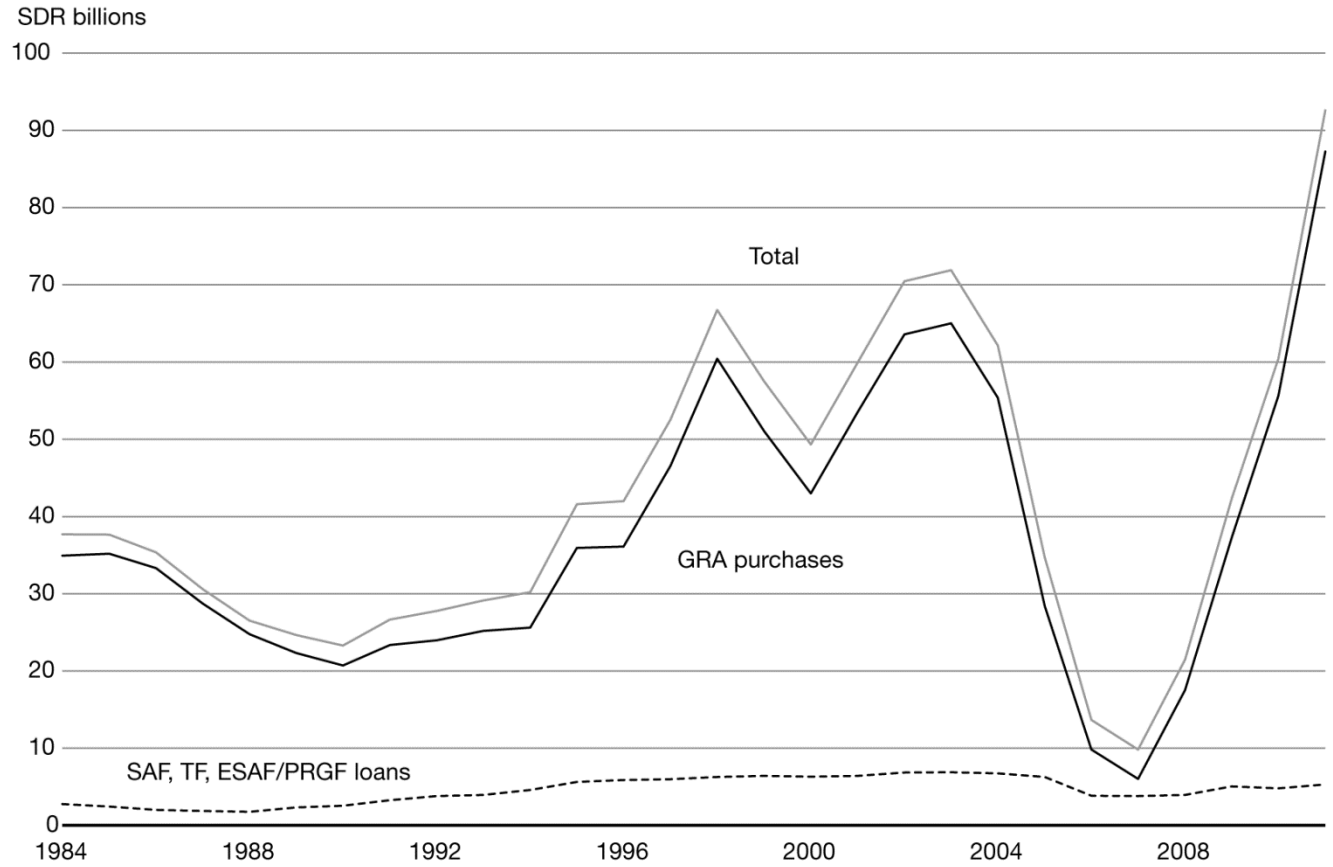


¹ These lending arrangements include total lending amounts made available and including cases where lending arrangements were extended beyond initial stand-by facility timelines. The amounts above show the total amounts of lending made available; not all of these funds were fully drawn upon. For instance, Poland and Mexico have yet to draw on their FCL arrangements.



Chart 2

IMF Credit Outstanding for All Members, 1984–2011



Notes: GRA = General Resources Account; SAF = Structural Adjustment Facility; TF = Transfer Fund; ESAF = Enhanced Structural Adjustment Facility; PRGF = Poverty Reduction and Growth Facility. The PRGF has been replaced by the Extended Credit Facility.

Source: IMF Finances (<http://www.imf.org/external/fin.htm>).



Canada's Priorities at the IMF

Assessment of Progress Made on Canada's Priorities at the IMF in 2011

In last year's report, a series of Canadian priorities for the IMF, under three overarching themes, were identified. The following section assesses progress made on these priorities using the rating system below:

Colour code:

Good progress  Some progress  Little progress 

1) Governance and Accountability

The Government of Canada is committed to promoting good governance and accountability both at home and in its relations and operations in the international community. The governance structure of the Bretton Woods Institutions (BWIs) should be representative of their members and their operations should reflect the priorities agreed by those members. Further, the BWIs must be financially sustainable and transparent.

Priority 1.1: Governance Reforms

The IMF should continue to be a legitimate, credible and accountable institution.

2011–2013 Action: The IMF should implement the 2010 quota and governance reform agreement.

 Good Progress

In July 2009 Canada ratified amendments to the IMF Articles of Agreement to reflect the 2008 IMF quota and voice agreement. The amendments entered into force in March 2011. The current focus of the IMF's membership is to implement the follow-up quota and governance reform, approved by an overwhelming majority of IMF Governors in 2010. As of December 31, 2011, good progress had been made towards ratification of the 2010 quota and governance reforms: 75 members constituting 44.77 per cent of total voting power had consented to the quota increase while 50 members constituting 35.15 per cent of total voting power had accepted the proposed governance amendment. The 2010 reforms will become effective when members representing 70 per cent of voting power have ratified the quota increase and when three-fifths of members representing 85 per cent of voting power have ratified the governance amendment. It is anticipated that most of the remaining countries will ratify the quota increase and governance amendment in the first half of 2012 to meet the October 2012 implementation target. In 2012, the Government of Canada will table in Parliament legislation that seeks to ratify the quota and governance reform agreement in order to meet the implementation target.



Taken together with the 2008 reform, implementation of the 2010 reform will result in a significant increase in the voice and representation of emerging market and developing countries (EMDCs) at the Fund. As part of the agreement, there will be a shift in IMF quota shares of over 6 per cent to under-represented dynamic EMDCs, aggregate quota levels will double, and the current quota formula will be reassessed ahead of the next quota review in 2013. In addition, the composition of the IMF Executive Board will be reformed using a number of measures designed to increase the representation of EMDCs. Canada is firmly behind the new quota and governance reform agreement, which constitutes a significant deliverable for the IMF and the G-20.

2011–2013 Action: IMF leadership positions should be staffed through open, transparent and merit-based selection processes, regardless of candidate nationality.

Some Progress

Since the establishment of the BWIs, the IMF Managing Director has been staffed by a European while the World Bank President has been from the United States. Following the resignation of Dominique Strauss-Kahn in May 2011, the IMF began a selection process for a new Managing Director. Canada has long advocated that the leadership positions at the IMF and World Bank should be staffed through an open, transparent and merit-based selection process, regardless of candidate nationality. At their Pittsburgh Summit in 2009 the Leaders of the G-20, which constitute the largest shareholders at the IMF, also supported the call for a merit-based process at the IMF.

The 2011 selection was between two highly credible candidates who were assessed against criteria established by the Executive Board. Canada expressed its support for the candidacy of Agustín Carstens of Mexico. The selection of Christine Lagarde of France reflected the Executive Board's criteria. The IMF should continue to build on this progress and ensure that the staffing of all leadership positions is based on an open, transparent and merit-based selection process.

2011–2013 Action: The IMF should have strong Ministerial oversight, a strategic role for the Executive Board, and a robust independence-accountability framework for senior management who are hired on merit.

Some Progress

The IMF must be able to make decisions quickly and transparently, member governments must be ready to act to address threats identified by Fund surveillance, and IMF management and staff must be held more accountable for the quality of their work. In the 2010 report, Canada noted its intention to seek improvements in IMF corporate governance, including the role of the Executive Board and the International Monetary and Financial Committee, the performance and accountability of IMF management, and ways to promote member engagement with the institution.

Some progress was made in 2010 as the IMF increased Ministerial engagement by streamlining the format of the Fall and Spring IMF Meetings, allowing Ministers to attend all Meetings and sessions. In 2011, improvements to the Early Warning Exercise and the introduction of the *Consolidated Multilateral Surveillance Report* helped to improve the traction of IMF advice through its targeted delivery to Ministers at the Spring and Fall Meetings.



Further progress was made in focusing the priorities of the institution in 2011. The Managing Director prioritized key items in the IMF work program presented to the Executive Board and Ministers, and there is an effort underway to focus on pressing issues by freeing up Executive Board time through greater use of “lapse of time” decisions for items that do not require formal discussion. This is a welcome step that allows the Board to focus more attention on issues of importance. Canada continues to believe that further corporate governance reforms are necessary, such as increased accountability of the Managing Director and the Executive Board.

2) Institutional Effectiveness

A second major Canadian objective identified in last year’s report is to ensure that the IMF is effective in carrying out its operations. This means focusing services on core competencies, responding to member country demands, coordinating with other international partners, and exploring innovative ways to reach the institution’s goals.

Priority 2.1: IMF Mandate

Supported by the Articles of Agreement, the IMF’s basic role is to promote international monetary cooperation and global economic and financial stability. It does this primarily through bilateral and multilateral surveillance and dialogue with members, as well as through the provision of balance of payments financing and technical assistance to member countries in need. Canada has consistently stressed that the main focus of IMF reform should be to enhance these core functions without unnecessarily broadening the scope of IMF operations.

2011–2013 Action: The Fund should remain focused on strengthening its core surveillance and crisis lending/conditionality functions, and not expanding into non-core areas.

 Good Progress

By improving its lending toolkit, and initializing a thorough review of its surveillance framework, the Fund remained focused in 2011 on its core lending and surveillance functions.

The IMF looked to expand its core surveillance function by building its role in providing advice on cross-border capital flows. In contrast to trade and services, there are no widely accepted global rules regarding cross-border capital flows. Despite being responsible for overseeing the operation of the international monetary system, the IMF has been unable to forge consensus on such rules, given ambiguities regarding capital flows in the IMF Articles of Agreement and divergent views among members. While no formal rules or decisions were made in 2011, the Fund did publish a paper, entitled “Recent Experiences in Managing Capital Inflows—Cross-Cutting Themes and Possible Policy Framework,” which discusses a possible framework for managing capital inflows that members may choose to follow if they wish. This framework presents important progress in clarifying the IMF’s view on capital flows and providing members with a tool for managing disruptive capital inflows.



The IMF also discussed the possibility of enhancing the role of the Special Drawing Right⁵ (SDR) in the global economy, including the potential benefits of expanding the basket of currencies that form the SDR. Canada and others stressed the importance of safeguarding the SDR as a reserve currency, and therefore not lowering the requirements for including other currencies in the SDR basket. While the current criteria will be maintained for the foreseeable future, the IMF will continue to examine this issue. It will be important for the IMF to make the case that enhancing the role of the SDR globally will improve the effectiveness of the IMF and the operation of the international monetary system.

Priority 2.2: IMF Surveillance and Crisis Prevention

Canada has an ongoing interest in effective IMF surveillance of members' economic and financial policies in order to reduce the risk of global economic, financial and monetary instability. IMF members also have a role by increasing their willingness to heed Fund advice, publishing all surveillance reports, and identifying solutions to common economic and financial threats.

2011 Action: New and updated surveillance initiatives should enhance the efficiency and effectiveness of Fund analysis, fill in gaps in the current surveillance framework, and remain grounded in the core mandate of the Fund.



Good Progress

As noted in Priority 2.1 above, the IMF is focusing on its core surveillance mandate by suggesting, implementing and reviewing surveillance initiatives to enhance the efficiency and effectiveness of its bilateral and multilateral surveillance. New and updated surveillance initiatives in 2011 include:

- Introduction of spillover reports for China, the euro area, Japan, the United Kingdom and the United States.
- Introduction of the *Consolidated Multilateral Surveillance Report*.
- Improvements to risk assessments in both Article IV and multilateral *World Economic Outlook and Global Financial Stability Report* surveillance publications.
- Launch of a vulnerability exercise for low-income countries.

These are in addition to previous improvements in IMF surveillance which include the introduction of the Early Warning Exercise, a vulnerability exercise for advanced countries and emerging markets, the *Fiscal Monitor*, and mandatory Financial Sector Assessments Programs for systemically important countries every five years.

The IMF undertook a comprehensive triennial review of its surveillance activities in 2011. Overall, it was found that the IMF has made important progress in core surveillance activities through an increased focus on identifying risks to monetary and financial stability and interconnections between economies. This has been accomplished both through improvements to existing vehicles such as Article IV consultations, and new activities such as vulnerability exercises. The review recommended that five areas of surveillance be prioritized: risk assessments, financial stability, external stability, legal framework, and traction of advice.

⁵ The SDR is the international reserve asset created by the IMF to supplement the existing official reserves of member countries. See the section "Background on the IMF" for further information on the SDR.



2011 Action: The IMF should work effectively with the G-20 to provide analysis in the G-20 Mutual Assessment Process

 Good Progress

The G-20 created the Mutual Assessment Process (MAP) in 2009 to identify the reforms required to promote stability and a strong and healthy global economy. In 2011, considerable progress was made towards this goal. In particular, under the direction of the Working Group on the G-20 Framework for Strong, Sustainable and Balanced Growth (co-chaired by Canada and India), the IMF advanced the MAP by helping the G-20 develop “indicative guidelines” to identify imbalances. The IMF also prepared Sustainability Reports to provide policy recommendations for the seven members identified as having large and persistent imbalances. The Working Group combined the IMF’s input with that from other international organizations to develop the Cannes Action Plan for Growth and Jobs. This Action Plan commits G-20 countries to a range of fiscal, financial, structural and exchange rate policies designed to mitigate near-term risks and vulnerabilities and set the stage for robust growth and job creation over the medium term. It is essential that G-20 members make further progress towards the implementation of these reforms in 2012, and develop a robust framework to enhance reporting and monitoring of their progress in 2012 and beyond.

2011–2013 Action: IMF members should be engaged and transparent with IMF surveillance, and the Fund should be effective in identifying, communicating and spurring member responses to stability threats.

 Some Progress

The IMF has made progress in identifying and communicating stability threats, particularly through improved surveillance and increased dialogue with member countries. During the triennial surveillance review, a survey of country authorities found that in the aftermath of the financial crisis, the IMF’s policy advice was timely and responsive, and took into account changing global and domestic economic conditions. The same survey found that among non-G-20 members, the IMF’s advice helped foster appropriate policy changes. Advice to its largest members, however, did not receive the same level of traction. The IMF’s more limited progress in this area is partially due to more widespread access to a variety of analyses in G-20 countries. However, given that the global financial and European sovereign debt crises emanated in the larger advanced members of the IMF, the need for the IMF to more effectively influence policy making among the entire membership is clear. Further, it is crucial that IMF advice remain candid and impartial when the Fund is engaged in a regional partnership. The current European Union/European Central Bank/IMF troika is an example where Fund independence is a crucial element to the credibility of the response.

The IMF has identified the continued improvement of traction as a key priority. It aims to accomplish this through better coverage of issues including unemployment, inequality and inclusive growth; better attention to members’ needs by discussing key issues prior to Article IV consultations; and more reporting on the implementation of past advice.



Members have an equally important responsibility in following through on IMF policy advice. Ireland and Greece are two important examples. Ireland has maintained strong program implementation and has completed important financial sector reforms and a sizeable fiscal adjustment. In the first half of 2011, Ireland's GDP growth turned positive. In Greece, large fiscal deficit reductions have taken place; however, the pace of structural reforms, fiscal consolidation and privatization plans have proceeded slowly. In 2011, Greece's economic outlook was revised substantially downward by the IMF. Going forward, the IMF must continue to ensure its advice is impartial and encourage follow-through. The credibility of the IMF and confidence in program countries are enhanced when surveillance is independent and transparent.

Priority 2.3: Resources and Lending Facilities

The IMF should have adequate resources and appropriate instruments to fulfill its lending mandate.

2011 Action: The IMF's expanded New Arrangements to Borrow should come into effect, and the IMF should secure adequate resources for the transition to this new borrowing framework.



Good Progress

The expanded New Arrangements to Borrow (NAB) came into effect on March 11, 2011. It now consists of 40 members with commitments totalling nearly SDR 370 billion. The expanded NAB was activated for a six-month period on April 1, 2011 and renewed for another six-month period on October 1, 2011 for a maximum of SDR 189 billion. The activation of the expanded NAB supported the ability of the IMF to supplement its quota-based resources over the course of a turbulent year.

A key element of the quota increase agreed to as part of the 2010 quota and governance reform is a rebalancing of the Fund's financial resources through a "rollback" of the NAB to take account of the doubling of IMF quotas. In order to manage this transition in the IMF's resource base, the NAB rollback will only take effect once the 2010 agreement is implemented and countries have increased their quota share. This is expected to take place in late 2012.

The IMF has mobilized substantial resources since 2009. However, its engagement in the euro area, combined with continued vulnerabilities in the global economy, led to a renewed discussion of the adequacy of IMF resources in 2011. At the G-20 Cannes Summit in November 2011, Leaders committed to ensuring the IMF continues to have adequate resources to play its systemically important role to the benefit of its entire membership. The adequacy of Fund resources will be examined in greater detail in 2012. Canada will actively engage in assessments of IMF resources and promote the safeguarding of resources against excessive financial risks.

2011–2013 Action: IMF programs should be based on sound economic principles and workable solutions, with targeted conditionality.



Some Progress

The IMF established a number of new lending programs in 2011, including a new Extended Fund Facility for Portugal; the first ever Precautionary and Liquidity Line (PLL) for FYR Macedonia; and the renewal of three Flexible Credit Lines (FCLs) for Mexico, Poland and Colombia.



Though no FCLs have been drawn on to date, countries with FCL arrangements note they are useful complements to their foreign exchange reserves and provide positive signalling effects that come with an IMF credit line reserved for strong performing members. The strong *ex ante* conditionality associated with the FCL is the catalyzing factor for this effect. The PLL for FYR Macedonia also appears to be fulfilling its intended purpose of providing both financial assistance and a positive signalling effect due to stronger qualification criteria than traditional Stand-By Arrangements.

While the IMF lending program for Portugal is broadly on track, the IMF has noted that 2012 will be a challenging year for Portugal due to the continuing sovereign debt crisis in Europe. Whether this translates into missed targets for the program is yet to be determined. With the program in Greece struggling to gain traction throughout 2011, the IMF needs to better identify the threats to program sustainability and to ensure that program targets and conditionality are credible and appropriately suited to address countries' core difficulties. This will help safeguard the credibility of the IMF to effectively bring about economic adjustment through financing programs.

2011–2013 Action: New and reformed lending instruments should be consistent with the role of the Fund and designed to protect against moral hazard implications.



Good Progress

As part of the major reform to its lending toolkit in 2009–10, which included the introduction of the FCL and the Precautionary Credit Line (PCL), the IMF committed to reviewing the effectiveness of its two new instruments in 2011. The review found that despite their limited use, the instruments provided valuable insurance and helped boost market confidence during a period of heightened risk. In order to make the PCL more flexible and useful for members, the IMF converted the instrument into the PLL. The PLL differs from the PCL in that it provides liquidity access to members who have an actual or potential balance of payments need, whereas the PCL was intended to boost market confidence for members at risk but not facing a specific balance of payments need. The strong conditionality associated with the PLL, coupled with relatively low caps on levels of access, constitutes adequate safeguards under the facility.

3) Sustainable Poverty Reduction and Growth

The IMF and World Bank Group should provide financial resources to developing countries in a manner that promotes development and does not jeopardize the sustainability of their debt.

Priority 3.1: Debt Sustainability

2011–2013 Action: The IMF and World Bank should continue to work collaboratively with other organizations, such as United Nations Conference on Trade and Development and the Organisation for Economic Co-operation and Development, to ensure that their responsible lending guidelines are consistent with the Debt Sustainability Framework.



Good Progress

Canada and other debt management stakeholders have submitted comments to the IMF and World Bank to help guide their upcoming review of the Debt Sustainability Frameworks for market access and low-income countries. As the reviews continue through 2012, Canada will work with other stakeholders to ensure the Debt Sustainability Framework remains a useful tool for potential sovereign lenders.



2011–2013 Action: The IMF should ensure that programs supported by the Poverty Reduction and Growth Trust (PRGT) always include a comprehensive debt sustainability analysis and, where appropriate, explicit lending (concessional and non-concessional) limits that are consistent with the institution’s new non-concessional borrowing policy.



Good Progress

The IMF prepares debt sustainability analyses for all PRGT programs and often provides both concessional and non-concessional borrowing limits for countries with PRGT programs, depending on their debt dynamics. These limits are an integral part of securing long-term debt sustainability for many PRGT-eligible countries, particularly those that have already benefitted from substantial debt relief through the Multilateral Debt Relief Initiative and Heavily Indebted Poor Countries Initiative.



Canada's Objectives at the IMF in 2012

The Government of Canada's has three objectives for 2012 which focus on core issues of importance to Canada. Further, the Government is identifying actions which the Minister of Finance, the Canadian Executive Director, senior officials and other Canadian officials will engage in to further these objectives.

The first objective is to ensure the Fund continues to have the appropriate tools and governance structure to promote global economic and financial stability. In keeping with the Cannes Summit commitment, the G-20 is examining the adequacy of IMF resources in 2012. The Fund needs to credibly demonstrate that potential financing needs are supported by robust analysis to justify any requests for additional resources. Further, Canada has an ongoing interest in the governance of the IMF's activities, particularly regarding oversight and accountability.

The second is to increase the traction of IMF surveillance and policy advice to bolster crisis prevention. Recent crises have demonstrated that IMF policy advice and surveillance activities are important to both advanced economies, and emerging market and low-income countries.

The third is to promote effective IMF lending programs and conditionality to address the root causes of instability. An important feature of the IMF's lending programs is the design of the conditions that must be met to access loan instalments. These conditions are essential to ensuring the credibility of reform plans and returning countries to strong and stable growth.

1. Ensure the IMF has the appropriate tools and governance structure to promote global economic and financial stability.

- Promote the importance of IMF quotas as the resource base of the institution.
- Actively engage in assessments of IMF resources and promote safeguarding of resources against excessive financial risks.
- Encourage continued enhancements to internal governance and Ministerial oversight, thereby increasing the effectiveness and accountability of the Executive Board.

2. Increase the traction of IMF surveillance and policy advice to bolster crisis prevention.

- Promote enhanced analysis of exchange rates and cross-border spillovers in IMF surveillance.
- Advocate for IMF advice that is impartial, candid and transparent, including when the Fund is engaged in a regional partnership, to promote confidence in its surveillance activities.
- Leverage the IMF's surveillance role in supporting the G-20 Framework for Strong, Sustainable and Balanced Growth to ensure members fulfill their commitments to implement sound policy frameworks.

3. Promote effective IMF lending programs and conditionality to address the root causes of instability.

- Encourage programs that are robust, have credible conditionality and address core balance of payments difficulties facing program countries.
- Ensure high standards for accessing new precautionary lending instruments are rigorously upheld, fostering sound and sustainable economic policies.
- Engage in a review of the Poverty Reduction and Growth Trust facilities to ensure they meet the needs of low-income countries.



Background on the IMF

The IMF works to safeguard the stability of the international monetary system while promoting sustainable economic growth and raising global living standards.

The IMF:

- Promotes international monetary cooperation.
- Facilitates the expansion and balanced growth of international trade.
- Promotes exchange rate stability.
- Assists in maintaining a multilateral system of payments.
- Provides resources to members experiencing balance of payments difficulties.

A Brief History of the IMF

1945—Canada and 28 other countries sign the IMF Articles of Agreement.

1947—IMF begins operations; first loan drawn by France.

1971—United States informs IMF that it will no longer freely buy and sell gold to settle international transactions; the established US dollar-gold fixed exchange rate system (Bretton Woods System) collapses.

1974—IMF adopts “Guidelines for the Management of Floating Exchange Rates.”

1976—IMF establishes trust fund to provide balance of payments assistance to developing country members with profits from the sale of gold.

1977—To adapt to the new era of largely floating exchange rates, IMF Executive Board adopts the “1977 Decision” to guide IMF surveillance of member economies and exchange rate policies.

1986—IMF establishes Structural Adjustment Facility, later replaced by the Enhanced Structural Adjustment Facility (1987) and the Poverty Reduction and Growth Facility (1999), to provide balance of payments assistance on concessional terms to low-income developing countries.

1993—Systematic Transformation Facility established to assist countries of the former U.S.S.R. that face balance of payments difficulties arising from the transition from a planned to a market economy.

1996—IMF endorses joint debt relief initiative for heavily indebted poor countries (HIPC Initiative).

2005—IMF begins to implement the Multilateral Debt Relief Initiative to relieve debt owed to the IMF by countries with per capita income below \$380 a year, along with other HIPCs.

2008–2009—In response to the global financial crisis, IMF mobilizes new resources from its members and revamps its lending facilities, creating the Flexible Credit Line and a new set of lending facilities for low-income countries.

2010—IMF continues to reform its lending toolkit by creating the Precautionary Credit Line (later becoming the Precautionary and Liquidity Line). Following the earthquake in Haiti, IMF establishes the Post-Catastrophe Debt Relief Trust to provide debt relief to low-income countries hit by catastrophic natural disasters.

2011—IMF improves surveillance activities by strengthening reporting on interconnections between and spillovers from systemically important economies, and further consolidates and refines lending toolkit.



Membership and Governance Structure

Headquartered in Washington, DC, the IMF is governed by and accountable to the governments of its 187 member countries. Each of the 187 member countries appoints one Governor and one Alternate Governor, usually the Minister of Finance and/or the Governor of the central bank, to the Board of Governors. The relationship between the IMF Board of Governors, the International Monetary and Financial Committee, the joint IMF-World Bank Development Committee and the IMF Executive Board is illustrated in Figure 1.

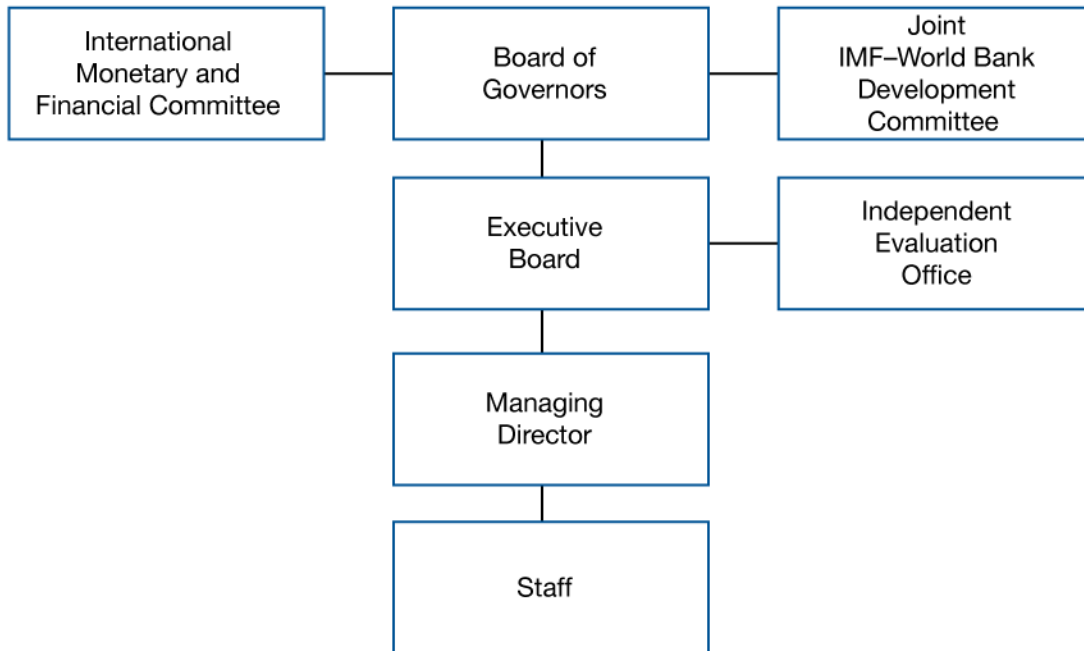
The Managing Director, nominated and appointed by the Executive Board, serves as chair of the Executive Board and chief of the operating staff of the IMF. The present Managing Director, Christine Lagarde, took office on July 5, 2011.

IMF staff members are appointed by the Managing Director and are solely responsible to the IMF. As of September 15, 2011, the IMF employed 2,470 staff from 141 member countries.

The Independent Evaluation Office (IEO) conducts independent evaluations of IMF policies and activities. The IEO is fully independent of IMF management and operates at arm’s length from the Executive Board. The Director of the IEO is selected by the Executive Board for a renewable four-year term.

As one of 187 member countries, Canada plays an important collaborative role with our international partners to ensure that the IMF has the tools it needs to fulfill its mandate of promoting international monetary and financial stability. A healthy global economy helps create 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 residents and across the globe.

Figure 1
IMF Organizational Chart





General Financial Resources

The IMF works much like a credit union. It has access to a pool of liquid resources provided by its members, primarily through their payment of quotas, which consist of convertible national currencies, Special Drawing Rights (SDRs) and other widely used international currencies. Upon joining and subject to regular reviews, each member of the IMF is assigned a quota, based broadly on its relative size in the world economy. The sum of each country's quota currently equals SDR 238 billion.⁶ Quotas play an important role at the IMF as they largely determine a country's voting share as well as access norms for financing programs. Quotas make up the base of the IMF's lending resources. In 2010 IMF members approved a major reform of quotas and IMF governance. The reforms include a doubling of aggregate quotas to SDR 476 billion and a major realignment of quota shares among members to better reflect the increasing weight of emerging market and developing countries. The target date to implement this reform is the October 2012 IMF Annual Meetings. Quota shares will be reviewed again in 2013 and are subject to regular reviews every five years.

In periods of global or regional economic instability, the potential borrowing needs of members may exceed the loan capacity of quota-based resources. In these cases, the IMF has the ability to augment its general resources with loans from member countries. The IMF currently has two standing multilateral borrowing agreements with its largest members, including Canada: the General Arrangements to Borrow (GAB) and the New Arrangements to Borrow (NAB). The IMF has GAB arrangements with 11 countries totalling SDR 17 billion and NAB arrangements with 40 countries totalling SDR 370 billion. The IMF also entered into a number of bilateral borrowing arrangements and note purchase agreements in response to the financial crisis to further augment its resources. As of September 2011, 17 bilateral arrangements and 2 note purchase agreements were in place for a total of US\$267 billion. Table 2 provides an overview of the IMF's general resources.

In addition to its general resources, the IMF holds gold amounting to 90.5 million troy ounces; however, the IMF's Articles of Agreement strictly limit the use of gold, which cannot be used to lend to member countries. The IMF is further prohibited from buying gold or engaging in other gold transactions; however, if approved by an 85 per cent majority voting power of member countries the IMF may sell gold. The IMF's concessional lending and debt relief for low-income countries are financed through separate contribution-based trust funds rather than from quota subscriptions.

Special Drawing Right (SDR)

The SDR is the international reserve asset created by the IMF to supplement the existing official reserves of member countries. 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. The SDR interest rate is a weighted average of interest rates on short-term financial instruments in markets of the currencies in the SDR basket. The SDR interest rate is the rate charged to members on non-concessional loans, the rate paid to members on their SDR holdings, and the rate paid on the portion of quota holdings that are used to fund lending programs.

A special allocation of SDRs was undertaken in September 2009. The one-time measure increased members' cumulative SDR allocations by SDR 21.5 billion and provided allocations to those countries that had never received one (members that joined the Fund after 1981),⁷ so that they too could participate in the SDR system.

⁶ As of December 31, 2011, 1 SDR = 1.56 Canadian dollars.

⁷ Factsheet — Special Drawing Rights (<http://www.imf.org/external/np/exr/facts/sdr.htm>).



Table 2
IMF General Resources

Source	Purpose	Status
Quotas	Each member contributes quota which serves as the base component of the IMF's financial resources.	Quotas are permanently active. Quota levels and their distribution are reviewed every five years.
New Arrangements to Borrow (NAB)	Rules-based set of multilateral borrowing arrangements with 40 IMF members to augment IMF resources in times of global or regional economic instability.	The NAB was enlarged in March 2011 and activated for 6-month periods in April and October 2011.
General Arrangements to Borrow (GAB)	Older, smaller set of multilateral borrowing arrangements with 11 countries, which can only be activated when a proposal to activate the NAB is not accepted.	The GAB has not been activated since 1998.
Bilateral borrowing	Temporary supplement to IMF resources when necessary.	Sixteen temporary bilateral loan arrangements were still in place in 2011. Arrangements may only be used to supplement Fund resources for programs agreed to prior to the coming into force of the enlarged NAB.

What the IMF Does

IMF activities focus on three primary areas, all aimed at promoting a prosperous global economy by contributing to international monetary and financial stability:

- **Surveillance:** Promoting financial and macroeconomic stability and growth through surveillance activities and providing policy advice that can help members prevent or resolve financial crises, sustain strong economic growth and alleviate poverty.
- **Technical assistance:** Providing technical assistance and training to help countries build the expertise and institutions they need to implement sound macroeconomic, financial and structural policies.
- **Lending programs:** Providing temporary financing and policy support to member countries to help them address balance of payments and/or fundamental macroeconomic problems.

Surveillance

The IMF identifies risks to global economic and financial stability through the surveillance of national, regional and global economic developments. Article IV of the IMF Articles of Agreement requires the Fund to undertake regular consultations with each member country on economic conditions and policies. The Article commits each member country to pursuing policies conducive to the stability of the international monetary system, and global growth and prosperity. Through its consultations, the IMF identifies policy strengths and weaknesses of member countries and provides advice on appropriate corrective measures. Consultations consist of regular staff visits with government and central bank officials, as well as legislators and representatives from the financial sector, industry, trade unions and academia.



Summary of Article IV Obligations

Article IV of the IMF Articles of Agreement sets the “rules of the game” to which each member country has voluntarily committed. Each member country is generally obligated to:

- Pursue economic and financial policies that promote orderly economic growth with reasonable price stability.
- Promote a stable monetary system by fostering orderly underlying economic and financial conditions.
- Avoid manipulating exchange rates or the international monetary system in a way that prevents effective balance of payments adjustment or allows for an unfair competitive advantage over other members.
- Facilitate the sharing of information necessary for the IMF to exercise firm surveillance over the exchange rate policies of members.

The IMF has developed specific principles for the guidance of all members with respect to exchange rate policies consistent with the above, but that respect the domestic social and political policies and circumstances of members.

In addition to its bilateral consultations with members under Article IV, the IMF produces the semi-annual *World Economic Outlook* (WEO), the *Global Financial Stability Report* (GFSR) and the *Fiscal Monitor*. These documents summarize the IMF’s important regional and multilateral surveillance of the global economy, financial and monetary systems and fiscal developments. The IMF also publishes *Regional Economic Outlook* (REO) reports on a semi-annual basis, which discuss recent economic developments and prospects for various regions.⁸ In 2011, the IMF also introduced the *Consolidated Multilateral Surveillance Report* to analyze and report on the interconnections between the world’s economies and to demonstrate how policies in larger economies impact each other and the rest of the world. These reports foster discussion at the Executive Board, the International Monetary and Financial Committee, and within member governments. The Executive Board also holds regular informal discussions on the state of world economic and financial market developments.

Following the global financial crisis, the IMF increased its surveillance activities to better fulfill its mandate of promoting international monetary and financial stability. Mandatory financial sector assessments for systemically important countries, vulnerability exercises and cross-country spillover reports are examples of this increased surveillance.

Technical Assistance

Technical assistance is an integral part of the IMF’s mandate. Improving the technical capacity of member countries is fundamental to promoting sound monetary and macroeconomic policies and enabling effective IMF surveillance. The IMF offers technical assistance and training to members in areas such as macroeconomic policy, tax and revenue administration, expenditure management, monetary policy, exchange rate systems, financial sector sustainability, and macroeconomic and financial statistics. Approximately 85 per cent of this assistance goes to low-income and lower-middle-income countries. The IMF also provides technical assistance to help countries design and implement poverty-reducing and growth-promoting programs, and to help heavily indebted poor countries with debt reduction and management.

⁸ September 2011 WEO (<http://www.imf.org/external/pubs/ft/weo/2011/02/index.htm>),
September 2011 GFSR (<http://www.imf.org/external/pubs/ft/gfsr/2011/02/index.htm>),
October 2011 REO (<http://www.imf.org/external/pubs/ft/reo/2011/afr/eng/sreo1011.htm>),
September 2011 *Fiscal Monitor* (<http://www.imf.org/external/pubs/ft/fm/2011/02/fmindex.htm>).



In collaboration with member countries, the IMF delivers technical assistance through missions from headquarters, short-term expert assignments, long-term resident advisors and regional centres. Recently, the IMF has adopted a more regional approach to the delivery of technical assistance and training and is increasingly relying on donor financing for its programs. In addition to the training offered at the IMF Institute based in Washington, DC, seven regional training institutes for country officials and eight Regional Technical Assistance Centres (RTACs) deliver more accessible and regionally tailored programming to member countries across the globe. Table 3 provides a list of all RTACs currently in operation. The Fund is also planning to open two new centres: one in Africa and one in Central Asia.

Table 3
Regional Technical Assistance Centres (RTACs)

Centre Name (Location) Year Opened	Beneficiary Countries and Territories
Pacific RTAC (Suva, Fiji) 1993	Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu.
Caribbean RTAC (Bridgetown, Barbados) 2001	Anguilla, Antigua, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos.
East AFRITAC—Africa Regional Technical Assistance Centre (Dar es Salaam) 2002	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda.
West AFRITAC (Bamako, Mali) 2003	Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo.
Middle East RTAC (Beirut, Lebanon) 2004	Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen.
Central AFRITAC (Libreville, Gabon) 2007	Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, Equatorial Guinea, and Gabon.
Central America, Panama, Dominican Republic TAC (Guatemala City, Guatemala) 2009	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.
South AFRITAC (Port Louis, Mauritius) 2011	Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe.

Lending Programs

As part of its central role in the international financial system, the IMF makes its resources, a repository of currencies and reserve assets, available to help members finance temporary balance of payments problems. To fund this lending, the IMF calls on countries that are considered financially strong to provide reserve assets determined by quota to be made available to borrowing countries. Borrowing countries therefore draw from other members, with the IMF acting as intermediary, and repay these members with interest over a specified period of time.



Members providing the resources lent to a country facing balance of payments difficulties receive a market-based rate of interest consistent with the return members would have received on alternative safe and liquid investments. The IMF's resources are protected by a number of financial safeguards including preferred creditor status, encashability of claims, and precautionary balances. The IMF has never suffered a loss on its lending activity. Further, as members do not provide grants to finance the Fund's general operations, membership in the IMF does not entail a direct budgetary cost and resources provided to the IMF are treated as official international reserves.

For the majority of IMF programs, members requesting financial assistance reach an agreement with the IMF staff on a set of economic measures and reforms aimed at removing the underlying source of the country's balance of payments difficulty. The details of this integrated economic program (often referred to as conditionality) and the amount and duration of financing are then approved by the Executive Board. Typically, IMF financial assistance is provided in stages, or tranches, with the release of each tranche accompanied by verification that the country is continuing to follow the agreed economic program, and is meeting agreed policy conditions.

Depending on the prospective size and duration of the problem, these measures are agreed to as part of various loan facilities or instruments that are customized to address the specific circumstances of each member. The Stand-By Arrangement, which provides the bulk of Fund's non-concessional assistance, addresses short-term balance of payments problems and typically lasts one to two years. On the other hand, the Extended Fund Facility addresses longer-term balance of payments problems requiring fundamental economic reforms and generally runs for three years.

Following the financial crisis, the IMF created two credit lines for countries with a sound policy framework that do not require full lending programs: the Flexible Credit Line (FCL) in 2009 and Precautionary Credit Line (PCL) in 2010. The FCL provides countries that have strong economic fundamentals and policies with a credit line they can use for crisis prevention purposes. As of December 31, 2011, Colombia, Mexico and Poland have obtained FCL arrangements but have not drawn from them. In 2011, the IMF revamped the PCL, which was intended only for countries that did not have an actual balance of payments need. The PCL was renamed the Precautionary and Liquidity Line (PLL) and is intended for members who are facing spillovers from regional or global economic stress that result in an actual or potential balance of payments need. The PLL provides insurance to support members with sound policies but some remaining vulnerabilities that preclude them from accessing the FCL. The first and only PCL/PLL arrangement to date was approved for FYR Macedonia in January 2011. It was partially drawn in March 2011.

In 2011, the IMF created the Rapid Financing Instrument (RFI) to consolidate and replace two previous emergency assistance policies. The RFI is available to all members and provides small-scale, rapid support for a full range of urgent needs including natural disasters, commodity price shocks and post-conflict situations.

Additional instruments are available for low-income member countries. The financial crisis prompted the IMF to overhaul these facilities, creating a new set of below market rate (concessional) flexible lending facilities that are now available under a new brand, the Poverty Reduction and Growth Trust (PRGT).



There are three lending facilities in the new PRGT framework:

- The Extended Credit Facility, which replaces the former Poverty Reduction and Growth Facility, provides flexible medium-term support to low-income members that have protracted balance of payments problems.
- The Standby Credit Facility, which addresses short-term and precautionary balance of payments needs, is similar to the Stand-By Arrangements in regular Fund lending.
- The Rapid Credit Facility provides rapid access at low levels with limited conditionality to meet urgent balance of payments needs.

Further, as part of the response to the global financial crisis, the IMF provided temporary interest relief with zero payments on concessional lending arrangements through the end of 2012 to help low-income countries cope with the economic crisis. Also, in 2010 the Fund created the Post-Catastrophe Debt Relief Trust to provide debt relief to low-income countries hit by catastrophic natural disasters. Its purpose is to help these countries meet exceptional balance of payments needs that arise from such catastrophes. The first beneficiary of the trust was Haiti.

Finally, a Policy Support Instrument (PSI) is an option for any member that does not need or want IMF financial assistance but voluntarily requests IMF endorsement and continued monitoring of its policies. PSIs signal IMF support for member countries' policies, informing private and public creditors, official donors and the general public. As of September 2011, Cape Verde, Mozambique, Nigeria, Senegal, Uganda, Tanzania and Rwanda have benefited from PSI arrangements. Table 4 outlines the lending facilities of the IMF.



Table 4
IMF Lending Facilities

Credit Facility (Year Established)	Purpose	Conditions
Credit tranches and Extended Fund Facility		
Stand-By Arrangements (1952)	Provide medium-term assistance for members with short-term balance of payments difficulties.	Adopt policies that provide confidence that the members' balance of payments difficulties will be resolved within a reasonable period.
Extended Fund Facility (1974)	Provides longer-term assistance to support members experiencing serious medium-term payments imbalances due to structural weakness, to address long-term balance of payments difficulties.	Adopt a 3-year program with a structural agenda and an annual detailed statement of policies for the next 12 months.
Flexible Credit Line (2009; reformed 2010)	Provides large-scale, targeted and precautionary assistance for members with access to international capital markets.	Very strong <i>ex ante</i> macroeconomic fundamentals, economic policy framework and policy track record.
Precautionary and Liquidity Line (2010; reformed 2011)	Provides financing to support members with an actual or potential balance of payments need and facing moderate vulnerabilities.	Sound economic fundamentals, institutional policy frameworks and policy track record. Need to commit to a focused set of policies aimed at reducing the remaining vulnerabilities identified.
Rapid Financing Instrument (2011)	Provides small-scale, rapid financing for any member facing an urgent balance of payments need without but not requiring a program.	Limited and transitory shock such as a natural disaster, post-conflict situation, or commodity price shock. Need to cooperate with IMF to solve balance of payments difficulty.
Facilities for low-income members		
Extended Credit Facility (2009)	Succeeds the Poverty Reduction and Growth Facility to provide flexible medium-term support to low-income members with protracted balance of payments problems.	Adopt policies adequate to correct external imbalances and make progress toward a stable and sustainable macroeconomic position. May extend over the medium or longer term.
Stand-By Credit Facility (2009)	Provides financial assistance to low-income members with short-term balance of payments needs.	Adopt policies adequate to correct external imbalances and restore a stable and sustainable macroeconomic position. Aim to resolve balance of payments needs in the short term.
Rapid Credit Facility (2009)	Provides rapid access at low levels with limited conditionality for urgent balance of payments needs.	Assistance is provided as an outright disbursement. The facility does not have program reviews or <i>ex post</i> conditionality, except in the case of repeated use, where a track record of performance would be required in advance of the disbursement unless the financing need is primarily caused by an exogenous shock.

Source: International Monetary Fund (<http://www.imf.org>).



Canada's Engagement at the IMF

As a result of the relatively large size of the Canadian economy and its openness to international trade, Canada has a significant voting share at the IMF (see Table 5). Canada holds a seat on the Executive Board, which is composed of 5 appointed member countries and 19 elected member countries and constituencies. Canada's seat on the Executive Board represents a constituency that includes Ireland and most member countries from the Commonwealth Caribbean. Canada's voting share declined in 2011 as a result of the coming into force of the 2008 quota and voice reforms, which increased the weight of dynamic emerging market and developing countries. Although Canada's voting share at the IMF is now 2.56 per cent (down from 2.88 per cent), the Executive Director casts the votes of all members of the constituency, for a total of 3.60 per cent.⁹ In the event of a vote, the Executive Directors of multi-country constituencies must cast all of the votes of their members as a bloc.

Table 5
Voting Shares of the 12 Largest Members of the IMF

Country	% of Total Voting Shares
United States	16.73
Japan	6.23
Germany	5.80
United Kingdom	4.29
France	4.29
China	3.81
Italy	3.15
Saudi Arabia	2.80
Canada	2.56
Russia	2.39
India	2.34
Belgium	2.08

Office of the IMF Executive Director for the Canadian, Irish and Caribbean Constituency

Executive Director	Hon. Thomas Hockin (Canada)
Alternate Executive Director	Mary O'Dea (Ireland)
Senior Advisor	Antoine Brunelle-Côté (Canada)
Senior Advisor	John Rolle (Bahamas)
Senior Advisor	Kimberly Beaton (Canada)
Senior Advisor	Mathew Sajkunovic (Canada)
Advisor	Peter McGoldrick (Ireland)
Administrative Assistant	Basia Manitius
Administrative Assistant	Sandra Mendes
Phone/fax	202-623-7778/202-623-4712
Address	11-112, 700 – 19th Street N.W., Washington, DC 20431, USA

⁹ The voting share of all members of the constituency will change somewhat once the 2010 quota and voting share agreements come into effect.



Canada's contribution to the IMF's overall quota is SDR 6.37 billion. Canada's quota represents 2.67 per cent of the total and, during times when the New Arrangements to Borrow (NAB) or other bilateral loan arrangements are not in force, corresponds to the maximum amount that it could be asked to lend to the IMF from its international reserves to assist other members experiencing financial difficulties. In addition to its quota, Canada has contributed SDR 893 million to the General Arrangements to Borrow (GAB) and SDR 7.62 billion to the NAB, most recently activated for a second six-month period on October 1, 2011. Canada also provided a temporary US\$10 billion bilateral loan to the IMF in 2009 to bridge the IMF's resource gap until the expanded NAB entered into force in 2011. The bilateral loan remains active until the end of 2013 to ensure liquidity for the financing of commitments approved prior to the coming into force of the expanded NAB. There were no drawings under the bilateral loan at the end of 2011. Table 6 summarizes Canada's financial position at the IMF.

Funds provided to the IMF do not affect Canada's net debt measure as they constitute financial assets of the Government. Canada earns interest on these claims at the SDR interest rate when they are drawn to fund lending programs. IMF claims are booked as a part of the official international reserves of the Government of Canada. The preferred creditor status of the IMF, in addition to other financial safeguards, permits Canada to classify claims as official international reserves.

Canada is also a major contributor to the IMF's technical assistance and training centres, including the Caribbean Regional Technical Assistance Centre (CARTAC), the African Regional Technical Assistance Centre, and initiatives to support financial sector reform such as the Anti-Money Laundering and Combating the Financing of Terrorism Trust Fund. In addition, Canada provides ongoing support and funding to the Central America, Panama, Dominican Republic Technical Assistance Centre, established in 2009. Canada is the largest international donor to the CARTAC, providing \$25 million for 2010–2013. To support the poorest countries, Canada provides loan and subsidy resources to support concessional lending through the IMF's Poverty Reduction and Growth Trust. In Budget 2010 Canada announced a further \$800 million in loan resources and \$40 million in subsidy resources. These resources are aimed at ensuring the PRGT has the capacity to lend concessional resources of up to SDR 11.3 billion over the 2009–2014 period.

Table 6
Summary of Canada's Financial Position at the IMF
Canada's IMF-Related Finances, as of December 31, 2011
 (in SDR, billions)

	Allocated Contribution	Amount Drawn
Current quota	6.4	1.7
NAB commitment ¹	7.6	0.8
GAB commitment	0.9	0
Total	14.9	2.5

¹ Canada's exposure under its US\$10 billion bilateral loan agreement and the NAB together is limited at the NAB commitment.

Canadian Outreach in 2011

In 2011, Canada's Executive Director at the IMF and his staff met with many Canadian, Irish and Caribbean officials and civil society organizations, often alongside officials from the Executive Director's Office at the World Bank. These meetings included representatives from various Canadian universities and colleges. Staff from the Executive Director's office also participated in seminars and events with various civil society guests, hosted by the IMF's External Relations group.



Canada's Voting Record in 2011

Since the vast majority of decisions at the IMF are taken on a consensus basis, formal votes by Governors and the Executive Board are rare. Canada attempts to influence the development of policy proposals before they are brought to the Board (through informal discussions with staff and management) or to influence other members of the Executive Board before or during the course of Board deliberations. Below are the positions taken by Canada's Governor on the seven resolutions of the Board of Governors in 2011. As well, the Executive Director representing Canada, Ireland and the Caribbean recorded two abstentions and one opposition in 2011.

Voting Record of the Canadian Governor in 2011

In August 2011, Canada's Governor approved the dates and venue (Washington, DC) of the 2013 and 2014 Annual Meetings of the IMF.

In September 2011, Canada's Governor voted against a salary increase for Executive Directors and their Alternates, citing the need to contain expenditure increases at the institution in light of the economic circumstances facing member countries.

In March and September 2011, Canada's Governor approved the activation of the NAB for a period of six months.

In November 2011, Canada's Governor voted in favour of South Sudan's application for membership in the IMF.

In November 2011, Canada's Governor approved the admittance of Poland to the NAB.

In December 2011, Canada's Governor approved the details of the NAB "rollback" that will coincide with the implementation of the 2010 quota increase.

Voting Record of the Executive Director Representing Canada in 2011

(Only Oppositions or Abstentions listed)

In February and April 2011, the Executive Director abstained on the decisions to complete the second and third reviews under the Extended Credit Facility arrangement for the Democratic Republic of Congo. Canada's decision reflected reservations related to the sustainability of reform efforts, which could negatively impact the investment climate and development objectives.

In October 2011, the Executive Director voted against the resolution to increase the direct remuneration of Senior Advisors to Executive Directors due to Canadian views on the need for the IMF to further control its expenses.



Canadian Statements at the International Monetary and Financial Committee of the Board of Governors of the IMF, 2011

The Honourable Jim Flaherty, Minister of Finance for Canada,

on behalf of Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines

Washington, DC
April 16, 2011

On behalf of Canada, Ireland and the Caribbean countries I represent, I would like to take the opportunity to welcome the new Chairman of the International Monetary and Financial Committee (IMFC). Minister Tharman's leadership and extensive economic and financial experience will add tremendous value to the work of the Committee.

To my fellow IMFC members, we meet at a time when the global economy continues to recover from the financial crisis, but also continues to face significant risks. The imbalances and vulnerabilities that existed before the onset of the crisis have begun to re-emerge, and new sources of instability have emerged.

Global policy coordination and cooperative dialogue continues to be an essential part of the international toolkit to enhance global economic stability. The International Monetary Fund (IMF) was an important contributor in assisting the global economy through the worst of the financial crisis. Its role in overseeing a lasting recovery and preventing future crises through the timely identification of risks and the fostering of global economic cooperation will be equally important as we look to the future.

Canadian Developments

An economic recovery in Canada is underway, reflecting improved global financial market conditions and a rebound in commodity prices, as well as significant fiscal and monetary policy stimulus. The Canadian economy has expanded for six consecutive quarters since the third quarter of 2009, fuelled by a strong rebound in consumer and business expenditures. This has translated into a labour market recovery, with all the jobs lost during the recession now recouped. Canada's recovery remains fragile, however, given continued global economic uncertainty.

Irish Developments

2010 was a difficult year for the Irish economy, although the decline in economic activity was much less severe than in the two previous years. While domestic demand remained weak, the downsizing of the construction sector is now almost complete. Improvements in the external environment and significant reductions in the cost base were reflected in increased exports of 9½ per cent, the strongest rate of growth in a decade. 2011 will see a return to positive gross domestic product (GDP) growth driven by exports. The growth potential of the Irish economy remains strong, given the flexibility of the economy, the high skills base and the openness of the economy. These factors will help support growth over the medium term.



The budgetary consolidation which has been underway since mid-2008 is continuing with the Budget for 2011 setting out a further €6 billion or 3¾ per cent of GDP in adjustment measures with the main focus being on curtailing expenditure. The end-March 2011 revenue and expenditure outturns comfortably met the performance criteria set under the joint European Union/IMF programme of financial support.

On 31 March 2011, the *Financial Measures Programme Report* was published, which details the outcome of the Central Bank of Ireland's review of the capital and funding assessments of domestic Irish banks. The Irish authorities have committed to a radical reorganization of the Irish banking system to create two pillar banks that will be smaller and more focused on the Irish economy. The continued presence of foreign-owned financial institutions will ensure that a competitive environment is maintained. Recapitalization of the banks to challenging capital targets aims to ensure that they become viable financial institutions in a position to fund themselves in the future.

Caribbean Developments

In the Caribbean, a very slow recovery has begun, paced by a firming in tourism activity. While output gains are expected to be consolidated during 2012, medium-term performance is still expected to trail emerging markets and Latin America in particular. However, this growth potential has to be enhanced to underpin sustainable medium-term fiscal consolidation, sustain further poverty reduction efforts and aggressively confront structural unemployment. Caribbean authorities are therefore committed to policies to strengthen the business environment, enhance labour force productivity and diversify the sources of growth. Oversight of the financial sector remains at a heightened state, in view of still very elevated cyclical credit risks and the continued redress of structural weakness which were exacerbated by the economic crisis. In these regards, regional authorities view the continued engagement of the international financial institutions and other development partners as vital to ensure that economic vulnerabilities are addressed. They also see this support as vital to allow the region to effectively adapt to the changing global landscape of financial regulations and standards.

The Role of the IMF

As the IMF highlights in its current *World Economic Outlook*, global imbalances are not expected to unwind over the near to medium term as demand growth in deficit and surplus countries will likely not change substantially. These imbalances, represented by huge gross international asset positions, likely represent a misallocation of capital.

Effective IMF surveillance is crucial to provide sound and comprehensive advice regarding the key problems facing the IMF as well as potential remedies. The Fund must continue to build on the important work it has done recently in this regard, including its reports on managing capital flows and assessing reserve adequacy. This work should aim to ensure an open and resilient international monetary system.

As recently pointed out by the Independent Evaluation Office *Evaluation of IMF Performance in the Run-Up to the Financial and Economic Crisis*, the quality and candour of Fund surveillance needs to be enhanced. The upcoming Triennial Surveillance Review and Review of the 2007 Decision will also provide an important opportunity to assess and improve the effectiveness of Fund surveillance.

Economic crises vary in nature and magnitude. The IMF took important steps in 2010 to ensure that a diverse set of lending options are available to assist members that have difficulties coping with all types of economic shocks. Enhancements to the Flexible Credit Line and the creation of the new Precautionary Credit Line have improved the lending toolkit of the Fund. We must have a clear understanding of the impacts of these changes before we consider whether other reforms to the lending toolkit are required.



With the recently agreed expansion of the New Arrangements to Borrow, the IMF's lending has been substantially strengthened. This is important given the extent of Fund lending in Europe. To safeguard its resources, it will remain important for the IMF to play the lead role in negotiating conditions with borrowers, even when other lending institutions are involved.

Tangible and significant progress has been made at the IMF in the past year that will increase the legitimacy, credibility and effectiveness of the institution. Canada and its constituents commend the IMF membership for obtaining the necessary domestic ratifications to bring the 2008 quota agreement into force. This, coupled with the broad range of IMF governance reforms agreed to in the fall of 2010, constitutes a significant deliverable towards aligning the voice and representation of member countries with their global economic weight. All of the members in our constituency will carry out the necessary domestic ratifications to bring the 2010 reforms into force in a timely manner, and we urge all Fund members to do the same.

While recent measures constitute valuable progress on corporate governance reform, we must continue to identify ways to enhance the governance structure of the Fund. Clarifying the roles and responsibilities of Fund management and the Executive Board to enhance accountability, and introducing a management selection process that is based on merit and is without regard to nationality, are still important goals.

**Washington, DC
September 24, 2011**

On behalf of Canada, Ireland and the Caribbean countries in the constituency, I would like to formally welcome the International Monetary Fund's (IMF's) new Managing Director, Christine Lagarde, the new First Deputy Managing Director, David Lipton, and the new Deputy Managing Director, Min Zhu, to the institution.

The sovereign debt crisis in Europe, high unemployment and elevated debt levels in some advanced economies, and inflation pressures in many emerging markets, are stark reminders of the need for governments to maintain sound economic policy frameworks to support our collective well-being. The IMF has a critical global role to play in advising its members on their policy frameworks and in providing candid advice on risks and deficiencies. In this regard, I would like to extend my appreciation to the IMF's support of the G-20 Working Group on the Framework for Strong, Sustainable and Balanced Growth, which Canada co-chairs with India.

Following the onset of the global financial crisis, the IMF has implemented important reforms to its surveillance practices, lending tools and governance framework, while providing a key forum for international economic dialogue and cooperation. Given the prevailing environment, the Fund will continue to face significant pressures on its analytical, financial and technical resources, which must be carefully managed. At the same time, the Fund must continue to be flexible and responsive to circumstances, further enhance its surveillance and governance regimes, and strive at all times to provide timely and balanced advice to its members.

In this Statement, I provide updates on economic developments in the constituency countries of Canada, Ireland, and the Caribbean, and constituency views on key IMF issues.



Canadian Developments

Canada weathered the recession better than most and has, among advanced economies, had one of the strongest recoveries to date, reflecting significant policy stimulus and solid economic fundamentals. This has been visible throughout the recovery as growth has been underpinned by a strong rebound in private domestic demand. Beginning with the third quarter of 2009, the Canadian economy expanded for seven consecutive quarters before pausing in the second quarter of 2011, with the recent slowdown reflecting weak external demand. In spite of the recent pause in growth, Canada's economic resiliency during the recession and the strong recovery have left both real gross domestic product and real final domestic demand significantly above pre-recession levels.

To maintain and preserve Canada's strong financial position, the Government is committed to returning to budgetary balance over the medium term. In Budget 2010, the Government set out its initial three-point plan to bring Canada's finances back to balance. Building on these actions, Budget 2011 announced new measures to achieve additional savings by closing tax loopholes and launching a comprehensive one-year strategic review of departmental spending that is expected to help return the budget to balance by 2014–15, one-year earlier than originally planned.

The IMF expects that Canada, on a total government basis (including the federal, provincial/territorial and local government sectors), will be one of only two G-7 countries, along with Germany, to return to budgetary balance by 2016. This would allow Canada to maintain by far the lowest net debt burden among G-7 countries.

Irish Developments

The Irish economy continues to exhibit strong signs of stabilization, despite the continuing turmoil in international financial markets. The Irish authorities have shown a resolute determination to set the economy back on track and to meet, and in some cases exceed, the challenging benchmarks set out in the IMF program. Growth continues to recover and is expected to turn positive this year, driven, as expected, by a robust external sector, with domestic demand subdued. Wage growth and inflation remain below that of competitors, while unit labour costs continue to fall and productivity is increasing. The results are evident in strong net exports and a current account surplus. Fiscal consolidation continues with combined revenue and expenditure measures setting the public finances on a strong footing.

The process of stabilizing the Irish banking system is well underway. A major restructuring of the sector has involved a thorough examination of all assets, subsequent significant recapitalizations and a program of asset deleveraging which has already commenced and will carry through to 2013. Deleveraging will also reduce the reliance of the banking system on Eurosystem liquidity support and thus return the banks to normal funding operations. An early success of this banking strategy was the injection of private capital into one major bank.

Further positive news for Ireland resulted from the decision by the European Union (EU) to lower the interest rate for Ireland and to extend maturities on EU loans. The resulting improved debt sustainability and maturity profile will assist Ireland in its attempts to regain market access. In a movement against the general tide, Irish sovereign spreads have come in considerably in recent times and Standard & Poor's recently confirmed Ireland's current credit rating.



Caribbean Developments

In the Caribbean, economic prospects remained weighed down by weak conditions, particularly in the United States and Western Europe. In some countries signs of a mild recovery have emerged, with very modest firming in tourism and foreign direct investment (FDI) inflows. While growth is expected to be more broad-based in 2012, the medium-term forecasts are for gains that are below averages experienced before the global crisis, and therefore with more persistent unemployment. FDI inflows are likely to be constrained by tight credit conditions in global financial markets, and public sector investment capacity limited, given the pressing budgetary consolidation needed to rebuild spending buffers and reduce debt overhang. However, beyond the external influences from fuel and commodity prices, core inflation expectations in the Caribbean should remain mild.

In addition to their efforts to return to more sustainable fiscal policy paths, the Caribbean authorities will maintain their focus on enhancing regional financial stability, particularly to address vulnerabilities which the crises exposed. They are also increasing efforts to achieve more diversified and accelerated growth, through increased productivity, more efficient public sectors and by forging stronger trading linkages with large emerging markets. Caribbean authorities value the ongoing policy dialogue with the IMF and multilateral development partners on these issues. In view of the policy priorities, technical assistance needs will remain elevated. The financial capacity to provide advice, particularly through the Caribbean Regional Technical Assistance Centre, must therefore be preserved. Meanwhile, Caribbean authorities continue to encourage the Fund to take on more of an advocacy role for their development interests, and those of other similarly vulnerable small states, in multilateral forums which promote policy harmonization and cooperation.

The IMF

IMF Surveillance

Candid, targeted and even-handed surveillance is central to the Fund's mandate and critical to its effectiveness. The IMF has made important progress recently on improving the quality of its surveillance products, including through the integration of Financial Sector Assessment Programs into Article IV reviews, the introduction of spillover reports for systemic economies, and the Fund's new *Consolidated Multilateral Spillover Report*. The current Triennial Surveillance Review provides a vital opportunity to further strengthen Fund surveillance by identifying areas for improvement and setting strategic priorities going forward. To maximize effectiveness, the Fund's surveillance products, including Article IV reports, must be made public.

The IMF will continue to play an important role in supporting the global recovery and ensuring greater progress is made in reducing global imbalances through its constructive contributions to the G-20 Framework for Strong, Sustainable and Balanced Growth. Since 2009 the Fund, working with other international organizations, has provided valuable technical advice to G-20 countries under the Mutual Assessment Process, a process co-chaired by Canada and India, to help evaluate the consistency of members' individual policies with our collective goals for global economic growth, and suggest improvements to policy frameworks where necessary.

Reform of the International Monetary System (IMS)

While much work has been devoted to strengthening the IMS over the last year, the system will not work properly so long as the global economy's ability to adjust to shocks remains impaired by exchange rate regimes that frustrate adjustment. Thus, while we welcome efforts to reform the IMS, the focus of these efforts should be on ensuring that global adjustment mechanisms work.



The Fund has also made important progress in strengthening its lending toolkit. The creation of the Precautionary Credit Line and Flexible Credit Line went a long way in filling gaps in the lending framework of the Fund. The near-term priority should be to ensure that these new tools are used and evaluated. A clear case needs to be made that gaps in the toolkit still remain before considering additional instruments.

Canada supports ongoing discussions at the IMF and in the G-20 on the possible expansion of the Special Drawing Right basket of currencies. The current criteria are appropriate and a high bar for entry should be maintained.

IMF Governance

IMF governance reform has also seen its share of important progress recently. The landmark quota and governance reform agreement reached in the fall of 2010 will go a long way towards greater aligning Fund representation with global economic weights. All IMF members should carry out the necessary steps to ratify the 2010 agreement in a timely manner. For our part, Canada, Ireland and our Caribbean constituents have begun this process and look forward to delivering on this commitment in the coming months. Looking ahead to the quota formula review and next general quota, Fund members will have to demonstrate flexibility in order to reach agreement, as they did in 2010.

While essential to the credibility and legitimacy of the IMF, voice reforms are not the only aspect of Fund governance that deserves attention. Important governance reforms remain to be implemented, such as enhancing Ministerial engagement and oversight, and further aligning and clarifying the accountability mechanisms of the Fund. Of critical importance, IMF members, as well as those of other international financial institutions, should commit to a management selection process that is based on merit criteria alone and that pays no regard to candidate nationality.

The Role of the IMF in Low-Income Countries (LICs)

Canada strongly supports the Fund's efforts to help LICs, and has backed such support with substantial commitments of loan and subsidy resources on several occasions. Canada urges other bilateral donors to finalize their commitments to the Poverty Reduction and Growth Trust (PRGT) and continues to support moving ahead with the use of previous gold sale profits to generate PRGT subsidy resources in line with the agreed 2009 LIC financing package. Canada also welcomes the upcoming review of the PRGT lending architecture and believes it will be another opportunity to better tailor the Fund's assistance to LICs requiring financial assistance.



THE WORLD BANK GROUP

Key Developments at the World Bank Group in 2011

Addressing Complex Development Challenges

During the course of 2011, the World Bank Group was at the front lines to tackle the historic changes that took place in the context of the Arab Awakening, particularly through the Deauville Partnership to support the changes underway in some countries in the Middle East and North Africa. The World Bank has an important presence in this region, with the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) lending more than US\$2 billion in their 2011 fiscal year to the region. Its long-term strategy in the region will focus on strengthening its governance framework (transparency, accountability and social justice), fostering inclusive growth, establishing sustainable social protection, helping reduce food price volatility and supporting global and regional economic integration.

Underlining the Bank's commitment to be active in complex development challenges, two timely *World Development Reports* were published in 2011:

- ***World Development Report on conflict, security and development.*** In April 2011, the Bank released its first ever *World Development Report* on the topic of conflict, security and development. The report notes that the risk of major violence is greatest when high levels of societal stress combine with weak and illegitimate national institutions, and that conflict-affected states severely compromise the development prospects not only of their own citizens but of their entire region. The report draws lessons on how to escape from cycles of violence, including placing a greater focus on preventative action and building up long-term resilient state institutions.

In addition, the Bank introduced two mechanisms to improve its ability to respond to crisis situations in the poorest countries. The IDA16 replenishment allocated 5 per cent of IDA resources for a new Crisis Response Window to enable additional resources to be quickly mobilized for large-scale crises. Some \$250 million from the Crisis Response Window has already been used to supplement the Bank's response to the devastating drought in the Horn of Africa. In addition, in December 2011 the Executive Board approved the Immediate Response Mechanism to allow the Bank to rapidly reallocate existing resources to address a crisis. Also as part of operationalizing the *World Development Report*, the Bank opened a centre of excellence on conflict, security and development in Nairobi, Kenya.
- ***World Development Report on gender equality and development.*** In September 2011, the Bank released its *World Development Report* on gender equality and development with the clear message that equality between women and men is smart economics and an essential ingredient in poverty reduction. The report points out that while much progress has been made on gender equality issues over the past 20 years, much remains to be done and specific actions will be required by governments, the private sector and development partners. For its part, the World Bank Group produced a paper entitled "Implications of World Development Report 2012: Gender Equality and Development for the World Bank Group" and will report back on the implementation of strategies identified in the paper next year.



Investing Needed Resources

While global economic uncertainties remained a key concern in 2011, the World Bank Group maintained a strong role to help developing countries address risks and to help secure long-term growth. In the World Bank Group's 2011 fiscal year, a total of \$57.3 billion in loans, grants, equity investments and guarantees was committed by the Bank to promote poverty reduction and economic growth in developing countries. This includes:

- The IBRD made new commitments totalling US\$26.7 billion, providing needed resources to 132 projects in 43 countries to reduce poverty.
- IDA commitments totalled US\$16.3 billion, of which the largest share, US\$7.0 billion or 43 per cent, was committed to Africa.
- The International Finance Corporation (IFC) provided US\$12.2 billion in new investment commitments, as it works with the private sector to encourage sustainable economic growth in developing countries.
- The Multilateral Investment Guarantee Agency (MIGA) issued US\$2.1 billion in risk guarantees, an increase from US\$1.5 billion in 2010.

Delivering on Reforms and Modernization

In 2011, the Bank continued to make progress on institutional reforms in the area of transparency and accountability. The success of its Open Data, Knowledge and Solutions initiative was recently recognized by the Publish What You Fund organization, which ranked the World Bank No. 1 among 30 international aid agencies in transparency. In terms of accountability, the presence of a third Executive Director for Sub-Saharan Africa in 2011 gave the region additional voice in weekly discussions at the Executive Board. Additionally, the first ever Corporate Scorecard, which provides a series of linked high-level indicators that track the Bank's operational and development results, was released at the Annual Meetings. The Scorecard, which will be published annually, will serve as a useful tool by highlighting areas where the Bank is performing well and those where further improvements are needed.

Canada's Priorities at the World Bank Group

Assessment of Progress Made on Canada's Priorities at the World Bank Group in 2011

Colour code:

Good progress  Some progress  Little progress 

1) Governance and Accountability

The Government of Canada is committed to promoting good governance and accountability both at home and in its relations with the international community. One of Canada's main objectives at the Bretton Woods Institutions (BWIs) is to ensure that they are well governed and accountable to their members. It is critical that the BWIs' governance structures represent their members and that their operations reflect the priorities agreed to by those members. Further, the BWIs must be financially sustainable and transparent. These elements are central to maintaining the relevance and legitimacy of these institutions in an evolving global context.



Priority 1.1: Voice Reforms

A key challenge for the BWIs over the last few years has been to adopt a more representative governance structure in order to reflect a changing global economy. The ongoing voice reforms at both the IMF and World Bank are important in enhancing the legitimacy of these institutions.

2014–2016 Action: The World Bank Group should move forward with further voice reforms by approving and instituting a dynamic formula for shareholder representation consisting of relevant economic variables.



Good Progress

In 2011, World Bank Governors ratified Phase 2 of the IBRD's voice reform package. Once these voice reforms are implemented, developing and transition countries will hold 47.19 per cent of voting power at the IBRD, an increase of 4.59 percentage points since 2008. This realignment is the result of a selective capital increase of US\$27.8 billion, of which US\$1.6 billion is paid-in. Canada's shareholding at the IBRD will decrease from 2.78 per cent prior to the first voice reform package in 2008 to 2.43 per cent.

Canada also voted in favour of ratification of the voice reform package at the IFC. Under this realignment, the voting power of developing and transition countries will increase by 6.07 percentage points to 39.48 per cent. The realignment will result from a selective capital increase of US\$200 million and an increase in basic votes for all members. As of December 31, 2011, the IFC has received approval from 151 members representing 72.5 per cent of voting power. Since the resolution adoption requirements call for approval from members representing 85 per cent of the total voting power, the resolution has not yet passed.

The World Bank Group's next shareholding review is scheduled for 2015.

Priority 1.2: Institutional Reforms

2011 Action: The World Bank Group should have a corporate strategy that strengthens benchmarks to track progress and review performance on its reform agenda, including a focal point responsible for bringing together all operational aspects of the agenda.



Good Progress

As part of the recapitalization program agreed at the Spring Meetings in April 2010, member countries, including Canada, required the World Bank to implement important institutional reforms that would improve the development results of our investments.



In 2010, the Bank instituted a comprehensive reform agenda to modernize its services and improve their delivery. Underlying these internal reforms was the commitment to enhance transparency and governance, strengthen accountability and focus on results. In order to gauge progress made by the Bank on its reform agenda, the Bank developed a Corporate Scorecard to monitor its overall performance, including progress on internal reforms. The Scorecard provides quantitative indicators that measure development results and performance. It is complemented by the *World Bank for Results* report, which is qualitative in nature. This report, which provides context and information related to the scorecard indicators, highlights areas of progress as well as those that require further attention. These documents, which will enhance accountability and transparency, were published for the first time at the 2011 Annual Meetings. In addition, the World Bank has put in place the Reform Secretariat to monitor, advise on and report on internal reforms, and to support Senior Management in managing the reform process.

2011–2013 Action: World Bank Group and IMF leadership positions should be staffed through open, transparent and merit-based selection processes, regardless of candidate nationality.

Grade Not applicable

The World Bank Group Presidency is held by Mr. Robert Zoellick. Mr. Zoellick's five-year term expires in 2012, and Canada will advocate for a staffing process that is transparent, merit-based and open to candidates from all member countries.

2) Institutional Effectiveness

The Government of Canada is committed to ensuring that the Bretton Woods Institutions (BWIs) are effective in carrying out their mandates. This means that the World Bank Group must focus services on its core competencies, respond to member country demands, coordinate with other international partners, and explore innovative ways to reach its goals.

Priority 2.3: Resources and Lending Facilities

A Canadian priority is to ensure that the IMF and the World Bank Group have adequate resources and appropriate instruments to fulfill their lending mandates and respond to crises, as per our G-20 commitment.

2011–2014 Action: The financial sustainability of IDA should be evaluated and the current acceleration policy should be formalized and respected.

 Good Progress

As part of the IDA16 replenishment negotiations (see the box entitled “IDA16 Replenishment”), Canada and other contributors pressed for greater dialogue on the issue of IDA's financial sustainability. In response, a working group on IDA's long-term financial sustainability has been struck, with the objective of facilitating discussion and feedback on high-level proposals to enhance IDA's long-term financial sustainability and reviewing those proposals in the context of longer-term financial trends, key funding and operational constraints, underlying assumptions (e.g. graduation), and the impacts on the broader development aid environment. The working group is expected to conclude its discussions in time for possible inclusion in the IDA17 replenishment discussions, beginning in 2013.



A number of IDA graduates with high per capita incomes and ready access to financial resources at commercial rates have outstanding IDA credits and continue to benefit from highly concessional IDA resources. IDA's acceleration policy, which shortens the maturities on certain credits outstanding from middle-income countries, leads to a more rapid recycling of IDA resources and enhances IDA's ability to redirect funds towards those countries with the greatest needs. In 2011, IDA's accelerated repayment clause was implemented for the first time for the qualifying credits of seven eligible IDA graduates (Albania, China, Egypt, Equatorial Guinea, Indonesia, FYR Macedonia and Saint Kitts and Nevis). The accelerated reflows increased the internal resources available for the IDA16 commitment authority by SDR 1.2 billion (equivalent to US\$1.8 billion). Additional countries will become subject to this policy in line with the terms of their credit agreements.

Priority 2.4: Aid Effectiveness

Getting the best development outcomes from international assistance contributions is a priority for Canada. To this end, the Government of Canada has set out an ambitious agenda to improve the cost effectiveness, focus and results of its aid programs, including its multilateral support.

2011–2013 Action: IDA should increase its focus on results, including by:

- **Establishing a panel of experts to make recommendations on how to strengthen the Bank's impact evaluations.**
- **Increasing the number of impact evaluations, with an increase of at least 20 per cent for IDA projects by the end of IDA16.**
- **Developing country program self-assessment methodology.**
- **Presenting a results-based lending instrument to the Executive Board for approval.**
- **Expanding reporting on core indicators from four to seven sectors and including additional select indicators for IDA countries.**
- **Mapping evaluation tools appropriate for different IDA operations.**



Good Progress

IDA has made much progress on increasing its focus on results. In 2011, a panel of experts was established to provide recommendations on how to strengthen the Bank's impact evaluations. The recommendations are currently being implemented by IDA. In addition, IDA is on track to increase the number of impact evaluations used for its projects by at least 20 per cent by the end of IDA16.

The World Bank will report on progress made on developing country program self-assessment methodology during the IDA16 Mid-Term Review, scheduled for late 2012. The World Bank is also on track to deliver a results-based lending instrument to the Executive Board for approval, an expanded set of core indicators on which to focus reporting, and a review of the implementation of the Crisis Response Window.



2011–2013 Action: The World Bank Group should implement a Corporate Scorecard for all of its institutions, including IDA’s new Results Management System.

 Good Progress

At the 2011 Annual Meetings, Governors endorsed the first Corporate Scorecard, which aims to contribute to a more efficient and effective World Bank Group by facilitating strategic dialogue between Management and the Executive Board on progress made and areas that need attention.

The Corporate Scorecard is aligned with the World Bank Group’s Post-Crisis Directions, the modernization agenda, the Results Measurement System defined as part of the IDA16 replenishment and the Millennium Development Goals.

Long-Term Action: The IFC should maximize the development effectiveness of its operations by:

- **Demonstrating its additionality by continuing to focus on addressing market gaps in private sector financing.**
- **Focusing a larger share of its programming on economic growth in the world’s poorest countries, which includes:**
 - **Transferring a robust portion of IFC net income to IDA based on a rules-based formula.**
 - **Maintaining a large share of operations in IDA-eligible countries.**
 - **Enhancing the measurement and evaluation of the development framework.**

 Good Progress

In 2011, the IFC continued to demonstrate additionality by offering clients a unique combination of investment and advisory services. The IFC focuses on underserved markets, including IDA-eligible countries and frontier markets.

To support sustainable economic growth in the world’s poorest countries, the IFC transferred US\$600 million to IDA, in keeping with its commitment made in the IDA16 replenishment. This transfer accounted for 28 per cent of the IFC’s net income in 2011. In addition, the IFC committed US\$4.9 billion in new investments to 251 projects in IDA-eligible countries (39.9 per cent of all new commitments). This amount is consistent with new commitments in 2010 totalling US\$4.9 billion for 255 projects in IDA-eligible countries (38.5 per cent of all new commitments).

In order to enhance the measurement and evaluation of the development framework, the IFC began testing six development goals in 2011, which include a focus on improving its results in a number of sectors including agribusiness, health, education and climate change. The testing of these goals will continue in 2012. In addition, the IFC continues to measure results using the Development Outcomes Tracking System and undergo evaluations conducted by the Independent Evaluation Group.



Long-Term Action: The IBRD should maximize its impact on development by continuing to transfer a robust portion of its net income to IDA based on a rules-based formula.

 Good Progress

As part of the IDA16 replenishment negotiations, Canada pressed for robust transfers of net income to IDA, which provides financing to the poorest countries in the world, from both the IBRD and the IFC. As part of IDA16, the IBRD agreed to transfer SDR 1.3 billion in net income and SDR 0.7 billion in grants from the IFC, based on evaluations of the institutions' financial capacities and subject to availability of net income. Together, this is equivalent to an aggregate World Bank Group contribution of US\$3.0 billion.

Alignment With Canada's International Assistance Priorities

Canada has five priority themes for international assistance: stimulating sustainable economic growth, increasing food security, securing the future of children and youth, advancing democracy, and promoting security, stability and sustainability. The World Bank Group's core mandate of poverty reduction and sustainable economic growth is very much in line with Canada's priorities. Canada will continue to encourage the World Bank Group to engage further in work that is congruent with Canada's priority themes. Canada will also encourage the World Bank Group to continue to invest in Canada's priority countries of focus.

2011–2013 Action: The World Bank Group should increase health system investments, which are foundational for improvements in maternal and child health.

 Good Progress

The World Bank Group's current strategy is to help enhance health outcomes through improved health system performance. In 2011, the Bank continued to help countries improve the health of their people, especially women and children, control disease and strengthen health systems.

Throughout 2011, the World Bank Group initiated an important number of health systems and health sector support projects, including in Bangladesh, Burkina Faso, the Democratic Republic of Congo, India, Kenya, Mali, and Tanzania.

Long-Term Action: The World Bank Group should increase the amount of effective programming to facilitate agriculture, increase food security and improve nutrition.

 Good Progress

Canada commends the World Bank Group for playing a leadership role in the response to the global food security crises and for pressing for broader and more effective responses by governments, the private sector, civil society, philanthropic organizations and the multilateral development system at large. The World Bank Group has also been at the forefront of many efforts to increase support for agriculture and improve food and nutrition security. In 2011, the World Bank Group's short-term emergency food crisis response focused on preserving access to food for the poor and vulnerable without undermining longer-term farm incentives to increase investment and production, for example through the Global Food Crisis Response Program.



The World Bank Group's longer-term responses focus on actions outlined in the *World Bank Group Agriculture Action Plan: FY2010–12*, which was reviewed by the Executive Board in 2011. These actions include raising agricultural productivity; linking farmers to markets and strengthening value chains; better managing risks and reducing future vulnerabilities; supporting rural non-farm income and sustainable social safety nets; enhancing environmental services and sustainability; and supporting scaling-up nutrition.

The World Bank Group has also continued to leverage partnerships in order to reduce fragmentation and transaction costs, as exemplified by the Global Agriculture and Food Security Program and the Consultative Group on International Agricultural Research.

Long-Term Action: The World Bank should continue to make significant contributions in Canada's priority countries of focus.



Good Progress

The World Bank is highly decentralized and maintains a field presence in all of Canada's countries of focus. Below are examples of the World Bank's results in some of Canada's countries of focus.

In Haiti, World Bank support contributed to the following results:

- To help Haiti recover from the January 2010 earthquake, it housed and equipped the Ministry of Economy and Finance and Tax Office (over 500 staff), allowing salaries to be paid, revenues to be collected and economic governance efforts to continue.
- It conducted building assessments of 400,000 buildings in Port-au-Prince; developed and disseminated building guidelines for housing reconstruction; developed building guidelines for public buildings, schools and hospitals; trained a cadre of engineers who are training others on better building techniques; and disseminated information in neighborhoods on safe building practices.
- It provided major support to the education sector. Since the earthquake, the Bank has financed 210,000 tuition waivers and school meals for 75,000 every day. Access is being expanded and quality enhanced over the next three years.
- It set up the first environmentally and socially sound debris management site in Haiti—with a capacity sufficient to treat the bulk of earthquake debris from Port-au-Prince.

In Afghanistan, World Bank support contributed to the following results:

- The National Emergency Rural Access Project is working to provide year-round access to rural areas. Since 2007, over 1,251 kilometres of district and village roads and more than 9,000 metres of cross drainage structures have been completed.
- Community empowerment efforts reach 19 million people in all of the country's 34 provinces. As of March 4, 2011, approximately 26,600 communities have been mobilized, and about 26,300 have successfully elected Community Development Councils.
- Since 2003, 762 medium- and large-size traditional irrigation schemes serving more than 687,000 hectares of land in various parts of the country were rehabilitated. An additional 138,000 hectares of land are now receiving irrigation, and crop yields have increased substantially.



In Mali, World Bank support contributed to the following results:

- 43,311 off-grid connections in households and for public lighting have been made to provide electricity access to about 650,000 people. In addition, through the project, about 800 public institutions including 172 schools and 139 health centres have been provided with access to off-grid electricity.
- Over a period of six years, more than 7,900 solar home systems and more than 500 solar photovoltaic systems were installed. This has served to introduce renewable energy technologies into Mali's rural energy mix.

Priority 2.5: Innovation for Private Sector Participation in Development

Canada is a strong advocate at the Bank for innovative development initiatives that harness the strengths of the private sector. We believe this is particularly important as the Bank explores its role in providing global public goods. Many issues are beyond the scope of what governments can provide on their own due to financial and technical challenges. We cannot expect to succeed unless this challenge is also taken up by the private sector in the marketplace.

2011 Action: The Private Sector Window of the Global Agriculture and Food Security Program should be operational, delivering innovative financing for private sector agricultural development in poor countries.



Some Progress

Achieving food security is a growing challenge in the developing world and critical to alleviating poverty. As part of the international effort to address the global food security crisis, Canada contributed \$50 million to the Private Sector Window of the Global Agriculture and Food Security Program, which is managed by the IFC. The Private Sector Window seeks to fill a significant gap in financing available to small and medium-sized agri-businesses and farmers in developing countries. By supplying different types of innovative financing, the Private Sector Window seeks to increase the commercial potential of these groups and incorporate them into the local, national and global agricultural distribution chain.

In 2011, the Private Sector Window launched an open call for proposals. A wide range of proposals from different private sector firms around the world were received. In 2012, the Private Sector Window will focus on providing financing and advisory service support to eligible private sector firms.



2011–2013 Action: The World Bank Group should work with Canada and other interested donors to explore results-based, innovative financing mechanisms, such as Advance Market Commitments, that harness private sector resources for agricultural innovation in poor countries.

 Good Progress

There is a need to accelerate research and development to close agricultural productivity gaps, amidst growing demand and mounting environmental stresses, particularly in Africa. The private sector will be critical in the development and deployment of innovative solutions that provide concrete results on the ground. At the G-20 Leaders Summit in Toronto in June 2010, Leaders committed to exploring the potential of innovative, results-based mechanisms such as Advance Market Commitments to harness the creativity and resources of the private sector in achieving breakthrough innovations in food security and agricultural development in poor countries. This commitment was subsequently reaffirmed at the G-20 Summit in Korea.

Canada has been working with the World Bank and other interested partners to develop results-based innovative financing mechanisms to support agricultural productivity gains. In 2011, more than 40 project proposals were reviewed by an independent expert advisory group. The project proposals shortlisted by the advisory group will be further developed in 2012.

2011 Action: The World Bank Group should have additional innovative private sector funding facilities for small and medium-sized businesses.

 Good Progress

The G-20 SME Finance Challenge, an innovative web-based competition launched as part of the 2010 G-20 Leaders Summit in Toronto, is designed to provide support for growth-oriented small and medium-sized businesses in developing countries, thereby making a significant contribution to poverty reduction through job creation. At that time, Canada also announced that it would provide \$20 million as part of a global effort to implement and scale up the 14 winning proposals of the SME Finance Challenge.

In 2011, Canada followed through on this commitment by helping to launch the global SME Finance Innovation Fund, which is hosted by the IFC. Although the IFC's due diligence process has taken longer than originally anticipated, funding approvals and disbursements to the winning proposals have begun. Through the IFC, Canada continues to work with other potential contributors to finance SME Finance Challenge winners, through both the SME Finance Innovation Fund and parallel processes.



2011 Action: The World Bank Group’s climate funding should include facilities to enhance private sector participation in addressing climate change.



Good Progress

Canada has provided \$291.5 million for the new Canadian Climate Change Fund in order to support a broad portfolio of clean energy projects administered by the IFC. The fund became operational in June 2011. The combination of concessional private sector financing and technical capacity building is expected to catalyze significant clean energy investments in developing countries in the short term, while supporting their institutional capacity for environmentally sustainable development over the long term.

Since the fund’s inception, \$33 million has been delivered to five projects in Africa and Latin America, including initiatives to support wind power in Lesotho and greener power and water services to Guinea-Bissau. These projects will help eliminate more than 700,000 tones of greenhouse gas emissions every year.

2011–2013 Action: The World Bank Group should operationalize the amended convention to modernize MIGA’s mandate in order to expand the agency’s scope and allow it to increase the breadth of projects in developing countries.



Good Progress

In 2010, Governors of MIGA approved amendments to its convention for the first time since the agency was established in 1988. The changes expanded MIGA’s eligibility criteria, allowing the agency to support a broader range of development projects.

The changes to MIGA’s convention have been operationalized. In 2011, MIGA issued US\$2.1 billion in new guarantee coverage (an increase from US\$1.5 billion in 2010), a significant amount of which resulted from the expanded eligibility criteria approved in 2010. New guarantees resulting from the convention amendments were issued for projects in several different regions and sectors.

3) Sustainable Poverty Reduction and Growth

Sustainable and balanced economic growth is critical for poverty reduction. Another main objective for Canada is to ensure that the poverty reduction, growth and macroeconomic stability that the IMF and World Bank foster have lasting results.



Priority 3.1: Debt Sustainability

2011–2013 Action: The IMF and World Bank should continue to work collaboratively with other organizations, such as the United Nations Conference on Trade and Development and the Organisation for Economic Co-operation and Development, to ensure that their responsible lending guidelines are consistent with the Debt Sustainability Framework.

 Good Progress

Canada and other debt management stakeholders have submitted comments to the World Bank and IMF to help guide their upcoming review of the Debt Sustainability Frameworks for market access and low-income countries. As the reviews continue through 2012, Canada will work with other stakeholders to ensure the Debt Sustainability Framework remains a useful tool for future sovereign lenders.

2011–2013 Action: The World Bank’s Debt Management Facility should have the necessary resources and accountability framework to continue to support debt management capacity building in poor countries over the medium term.

 Good Progress

The World Bank’s Debt Management Facility was launched in 2008 to support the scaling up and accelerated implementation of the Bank’s debt management work program in IDA-eligible countries. Canada was one of the first contributors to the Multi-Donor Trust Fund created to finance this initiative, providing \$2 million, and new donors have continued to join to provide additional financing support. The facility continues to support debt management capacity building in low-income countries.

Priority 3.2: Fragile and Conflict-Affected Countries

Successfully reintegrating fragile and conflict-affected countries into the global economy represents another major challenge for the global community. The World Bank estimates that the 1 billion people living in these countries includes 340 million of the world’s extreme poor; that fragile and conflict-affected countries account for almost two-fifths of all child deaths; and that half of all children who do not live to the age of 5 are born in these countries. Canada has therefore been advocating for stronger multilateral support for these countries to complement our own large bilateral aid programs in countries like Afghanistan and Haiti. We are encouraged by the Bank’s analysis and knowledge-sharing work related to fragile and conflict-affected countries, and we have collaborated with the Bank to provide financial and policy support for the 2011 *World Development Report* on conflict, security and development.



2011–2013 Action: The World Bank Group should improve its engagement in fragile and conflict-affected countries, including by:

- **Reviewing the funding allocation mechanism for these countries.**
- **Completing the evaluation of IDA’s work in these countries.**
- **Adopting an improved World Bank Operational Policy on Development Cooperation and Conflict.**
- **Completing the revision and testing of the new Post-Conflict Performance Indicators criteria, and publicly disclosing country scores.**
- **Improving its collaboration with relevant UN agencies on issues related to its engagement in fragile and conflict-affected countries.**



Good Progress

In 2011, the World Bank Group successfully completed several initiatives to improve its engagement in fragile and conflict-affected countries, including:

- A review of the funding allocation mechanism for these countries was conducted, and a new mechanism was approved for IDA16. The Bank is continuing this research and will provide an update.
- A revision and testing of the new Post-Conflict Performance Indicators criteria were completed and country scores were publicly disclosed.
- The Bank released its first ever *World Development Report* on the topic of conflict, security and development.

Other initiatives underway and on track for delivery by deadlines include evaluating IDA’s work in fragile and conflict-affected countries and adopting an improved World Bank Operational Policy on Development Cooperation and Conflict.

In addition, the World Bank Group is undertaking efforts to improve its collaboration with relevant UN agencies, as evidenced by increases in personnel exchanges between the two organizations and more inclusive working groups in countries where both institutions have a presence.

Priority 3.3: Gender

Canada continues to encourage the World Bank to create a strong and consistent monitoring and results framework across Bank initiatives to make transparent how gender is being integrated and tracked.



2011–2013 Action: The World Bank Group should accelerate progress on gender mainstreaming and gender-related Millennium Development Goals by:

- Ensuring that all of IDA’s Country Assistance Strategies draw on the findings of gender assessments.
- Preparing regional Gender Action Plans.
- Tracking the percentage of (i) safety net projects designed to mitigate risk and vulnerability for women and girls, (ii) agriculture and rural development operations that target women, and (iii) health projects that address high fertility and maternal mortality.

Some Progress

The World Bank Group’s 2011 Corporate Scorecard highlighted how the organization has integrated gender equality into its operations in order to better support the achievement of development results. For example, the share of Country Assistance Strategies (CASs) and Country Partnership Strategies (CPSs) that drew on the findings of a gender assessment increased to 83 per cent in FY2010. While this is positive, it is still below the Bank’s target of having all CASs and CPSs gender-informed by the IDA16 Mid-Term Review.

In addition, 53 per cent of recent operations have a gender-informed design, and World Bank Group management is continuing to implement its gender mainstreaming action plan to support further improvements. The Bank continues to make progress on the tracking of gender-related actions under the IDA16 Results Measurement System, including safety net projects designed to mitigate risk and vulnerability for women and girls, agriculture and rural development operations that target women, and health projects that address high fertility and maternal mortality. Preliminary results on these actions will be available at the time of the IDA16 Mid-Term Review.

While these results are satisfactory, more progress needs to be made in order to achieve the targets outlined in the Corporate Scorecard and the IDA16 Results Measurement System. The companion piece to the 2012 *World Development Report* on gender equality and development, “Implications of World Development Report 2012: Gender Equality and Development for the World Bank Group,” has set the future directions for the Bank’s operational work on gender equality. Canada expects that it will help the Bank strengthen client demand for gender equality, increase gender mainstreaming and achieve 100 per cent coverage for gender-informed CASs and CPSs.

Priority 3.4: Environment

Sustainable growth cannot be achieved without significant progress in addressing the world’s environmental challenges. In many developing countries, the costs of environmental degradation have been estimated at 4 to 8 per cent of gross domestic product annually. Natural resource degradation—depleted soils, insufficient water supply, rapidly disappearing forests and collapsed fisheries—threatens the health of millions of people. Pollution also continues to present a major health threat: an estimated 6 million people die annually, and many more get sick, in developing countries from water-related diseases, indoor air pollution, urban air pollution and exposure to toxic chemicals. The World Bank Group has a role in combating and coping with environmental threats and climate change.



2011–2013 Action: Climate change considerations should be integrated into all IDA activities, particularly by:

- **Addressing climate change vulnerabilities in all of IDA’s Country Assistance Strategies.**
- **Scaling up IDA’s analytic and advisory activities on adaptation and mitigation.**
- **Tracking climate change funding through internationally agreed markers such as the Rio Markers. IDA will also establish a coding system to measure the share of IDA investments and projects that provide climate adaptation and mitigation co-benefits.**



Good Progress

The Bank supports adaptation and mitigation programs across sectors while helping countries take advantage of new economic, capacity-building and financing opportunities that arise from the global climate change agenda. With the support of the Bank, a number of countries have put in place more effective national environmental policies and strategies, with a particular focus on better protecting the most vulnerable groups from environment-related health concerns and risks, such as water and air pollution. The Bank has also supported low- and middle-income countries in integrating a sustainable development approach in key sectors such as tourism, agriculture, fisheries, mining, forestry, housing, transport, water and energy.

The World Bank has made progress on integrating climate change considerations into IDA activities. For example, of the 34 Country Assistance Strategies and Country Partnership Strategies prepared in FY2010, 30 addressed climate change. Progress continues on addressing climate change vulnerabilities in all of IDA’s Country Assistance Strategies, scaling up IDA’s analytic and advisory activities on adaptation and mitigation, and tracking climate change funding through internationally agreed markers such as the Rio Markers. Preliminary results on these actions will be available at the time of the IDA16 Mid-Term Review.

2011–2013 Action: The World Bank Group’s climate change trust funds should enable developing country partners mitigate and adapt to climate change.



Good Progress

In 2011, the World Bank continued to support climate-resilient and low-carbon investments by combining and leveraging a suite of financing instruments, including its trust fund operations. For example, the Bank-facilitated Forest Carbon Partnership Facility, through its Readiness Fund and Carbon Fund, has mobilized over US\$440 million in pledged and committed funding for capacity building and performance-based payments to pilot projects that aim to open financial flows for activities related to forest and land management.

Priority 3.5: Sustainability Standards

As Canada seeks innovative ways to increase private sector participation in development through the World Bank Group, it will be important to ensure that these initiatives contribute to environmental and social objectives.



2011 Action: The World Bank Group should approve and implement the revised Policy and Performance Standards on Social and Environmental Sustainability.

 Good Progress

Following 18 months of consultations with a wide range of stakeholders, the IFC's Sustainability Framework has been updated. The Sustainability Framework promotes sound environmental and social practices, encourages transparency and accountability, and contributes to positive development impacts. The IFC's Performance Standards, which are part of the Sustainability Framework, have become globally recognized as a benchmark for environmental and social risk management in the private sector.

As of January 1, 2012, the updated edition of the IFC's Sustainability Framework applies to all investment and advisory clients whose projects go through the IFC's initial credit review process. The updates reflect the evolution in good practice for sustainability and risk mitigation over the past five years. They incorporate modifications on challenging issues that are increasingly important to sustainable businesses, including supply-chain management, resource efficiency and climate change, and business and human rights.

2011–2013 Action: The World Bank Group should enhance its support for candidate and prospective candidate countries in completing the implementation process for the Extractive Industries Transparency Initiative.

 Good Progress

The global Extractive Industries Transparency Initiative (EITI), established in 2003, promotes and supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining. To support the Bank's work with the EITI, a Multi-Donor Trust Fund was created. Canada has contributed a total of \$2.65 million towards this trust fund.

Through the trust fund, the World Bank Group has supported the global initiative by administering funds to provide technical and financial assistance to countries implementing or considering implementing the EITI. The support has included making EITI advisers and consultants available to governments to assist them in implementation, and providing grants to governments to help support EITI implementation. To date, the trust fund has provided country-level support, including 11 grants completed and closed (US\$3.4 million), 23 grants currently signed/active (US\$8.7 million, of which US\$3.9 million has been spent by recipient countries), and 6 new grants which are being processed (US\$2.0 million). Additionally, there are 4 pending post-compliance grants for a total value of \$1.1 million. Further, initiatives have been undertaken to share international best practices, including two workshops on new EITI rules in 2011, a workshop on EITI for practitioners in East Asia, and an update of the *Implementing EITI* publication, with a planned launch in April 2012.



Canada's Objectives at the World Bank Group in 2012

In 2011, the World Bank Group improved how it establishes and reports on its priorities, including through its *World Bank for Results 2011* report (available at www.worldbank.org). As a result of this improved self-reporting, this document does not repeat the broad and comprehensive set of priorities for the World Bank Group, as was done in previous years. Instead, it focuses on clear and measurable actions that the Government of Canada will take to engage the World Bank Group in the coming year.

In the interests of effective governance, the objectives in this year's report are concrete and measurable actions that the Government of Canada will take to engage the World Bank Group in 2012 through a number of channels, including through our Executive Director.

1. Promote appropriate financial instruments, policies and partnerships that strengthen program delivery within the World Bank Group.

- Harness private sector resources for agricultural innovation in low-income countries through pilot projects using results-based financing mechanisms such as advance market commitments.
- Improve development outcomes through the use of innovative financial mechanisms
- Monitor the implementation of the new Program-for-Results lending instrument and assess any lessons learned for Canada's international assistance program.
- Enhance engagement in fragile and conflict-affected regions, including by operationalizing the 2011 *World Development Report* on conflict, security and development.
- Collaborate with partner international financial institutions and work in international fora to improve food security, infrastructure and international environmental governance, including in the Caribbean and Middle East and North Africa regions.

2. Uphold the legitimacy of the World Bank Group, including through appropriate governance and accountability structures.

- Advocate for a transparent and merit-based selection process for the Presidency of the World Bank Group in 2012 that is open to candidates from all member countries.
- Further strengthen the implementation of the World Bank's results agenda, including the identification, monitoring, reporting and tracking of development results.

3. Lay the groundwork for a successful replenishment of IDA, which is scheduled to occur in 2013.

- Evaluate IDA's progress against the IDA16 Results Measurement System before providing future replenishment funding.
- Identify and advocate for the adoption of best practices in multilateral development fund replenishment processes.
- Develop a clear position on the appropriate level of resource transfers from the IBRD and the IFC.



Background on the World Bank Group

The overarching mission of the World Bank Group is to reduce global poverty, focusing on the achievement of the Millennium Development Goals (MDGs). The MDGs set concrete targets for the elimination of poverty and sustainable development and provide the World Bank Group and other donors with common targets for measuring results. 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 Millennium Development Goals

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV/AIDS, malaria and other diseases.
- Ensure environmental sustainability.
- Develop a global partnership for development.

What the World Bank Group Does

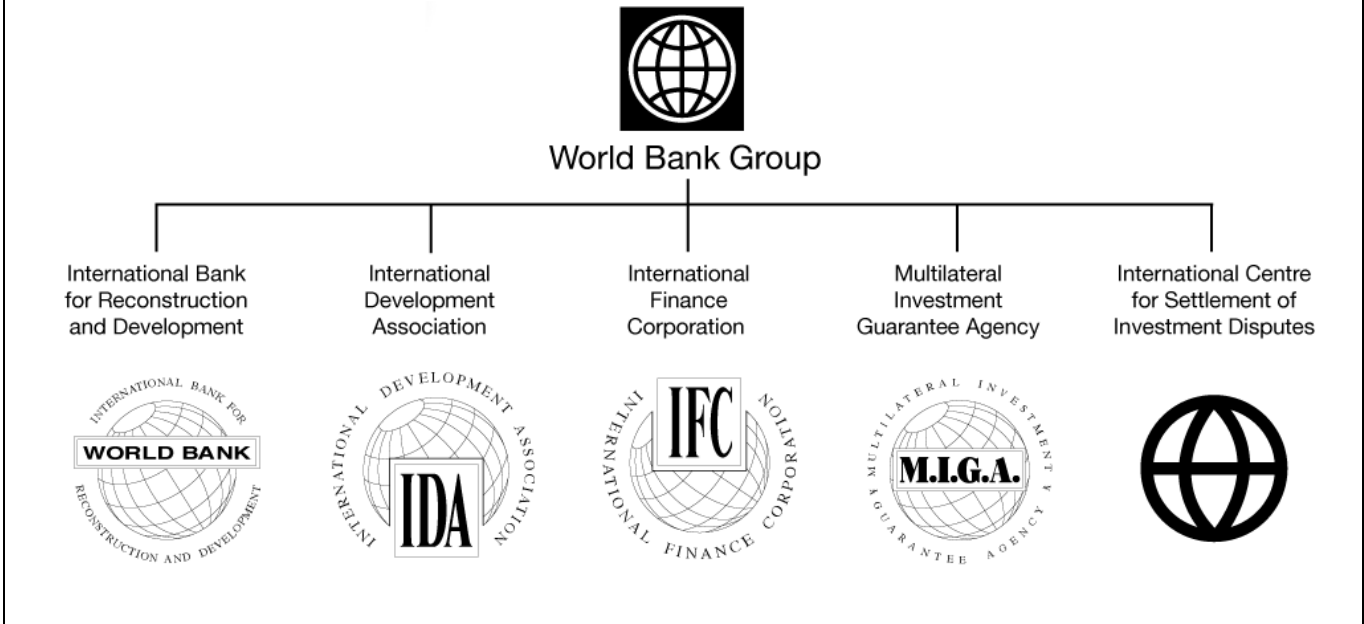
The World Bank Group is made up of five complementary but distinct entities: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID). Each institution plays a unique role in promoting global poverty reduction.

All figures in this background section are for the World Bank Group's 2011 fiscal year (July 1, 2010 to June 30, 2011) unless otherwise indicated.



Figure 2

World Bank Group



Agencies, Membership and Governance Structure

Together, the IBRD and IDA are often referred to as “the World Bank.” They focus on lending and contributing to development projects that help to reduce poverty. Funding from the IBRD and IDA go to sectors such as education, health, infrastructure, the environment and agriculture. The IFC and MIGA support private sector investments in developing countries.

IBRD—International Bank for Reconstruction and Development

IBRD at a Glance

- Established: 1944
- Members: 187
- Mission: Broad poverty reduction
- Clients: Middle-income and creditworthy low-income countries
- Tools: Loans, guarantees, risk management products, and analytical and advisory services
- Size: US\$26.7 billion in new commitments in 2011

Established in 1944, the IBRD is the original institution of the World Bank Group and continues to be its main lending agency, providing loans to middle-income and creditworthy low-income countries.



The IBRD raises most of its funds in the world's financial markets by selling AAA-rated World Bank bonds. It lends these funds to its client countries at a rate of interest that is much lower than the rate they could secure on their own. The IBRD can borrow at attractive rates because it is backed by capital commitments from its member countries, including Canada.

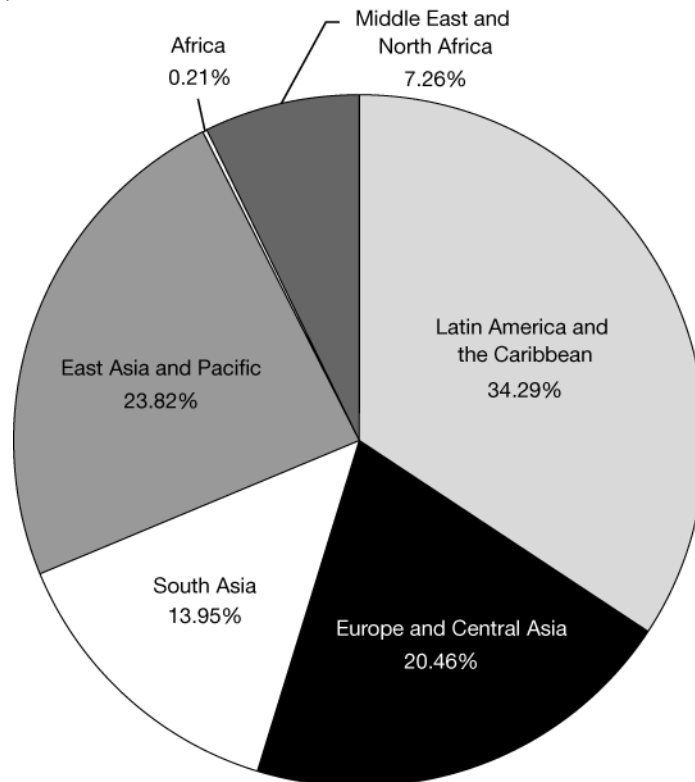
The IBRD does not seek to maximize profit; rather, it aims to earn enough to ensure its financial strength and to sustain its development activities. In its 2011 fiscal year, the IBRD loan portfolio included commitments of US\$26.7 billion to 132 projects in 43 countries.

Latin America and the Caribbean received the largest portion of IBRD funding in 2011 (34 per cent), followed by East Asia and Pacific (24 per cent).

Chart 3

Total IBRD Lending By Region, 2011

(% share of US\$26.7 billion)





IDA—International Development Association

IDA at a Glance

- Established: 1960
- Members: 170
- Mission: Broad poverty reduction
- Clients: Poorest countries
- Tools: Interest-free loans, grants, and analytical and advisory services
- Size: US\$16.3 billion in new commitments in 2011

In the 1950s, it became clear that the poorest developing countries could not afford to borrow needed capital on the interest terms offered by the IBRD. In response, IDA was set up to reduce poverty by providing interest-free credits and grants. IDA lending now accounts for approximately one-third of World Bank Group financing and is focused on countries with annual per capita income of less than US\$1,165. IDA offers 25- and 40-year interest-free loans and grants to countries at risk of debt distress and represents the largest source of development financing for these countries. Seventy-nine countries were eligible for IDA financing in 2011. Countries that are eligible for IDA lending and also have an active IBRD lending program are charged a modest interest charge for loans from IDA.

New IDA commitments are financed through contributions from donor governments, including Canada, annual transfers from IBRD net income, transfers from IFC net income, and principal repayment on past loans. Donor contributions make up the largest component of IDA's finances. Every three years, IDA funds are replenished through new donor pledges. The 16th replenishment round concluded in December 2010.

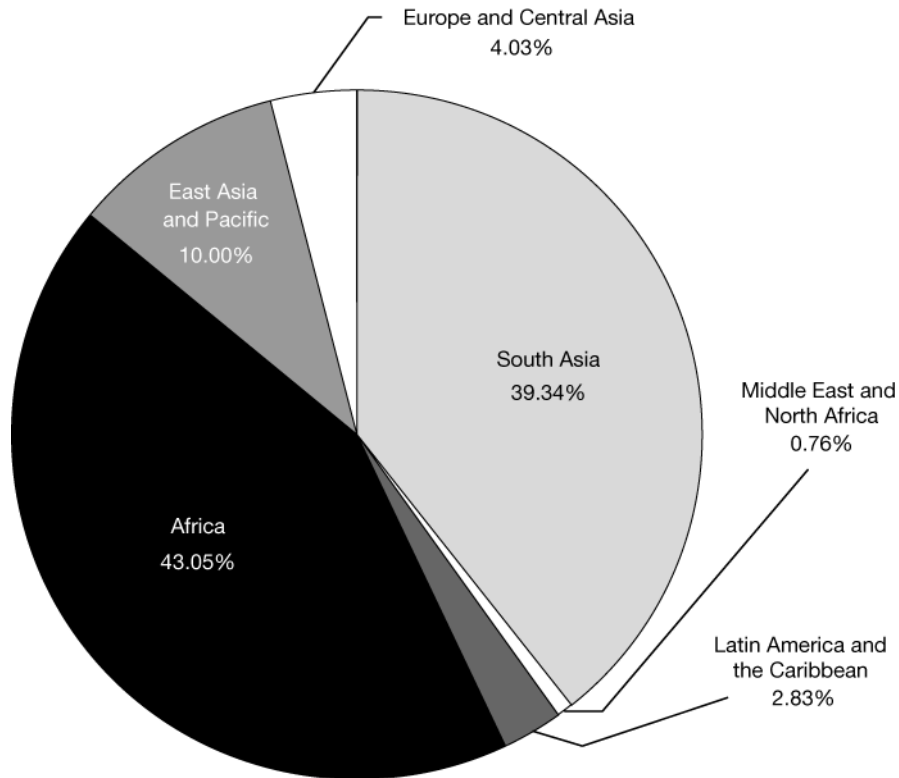


Africa received the largest share of IDA resources in 2011—US\$7.0 billion, or 43 per cent of total commitments. South Asia received 39 per cent of new commitments, totalling US\$6.4 billion.

Chart 4

Total IDA Commitments By Region, 2011

(% share of US\$16.3 billion)



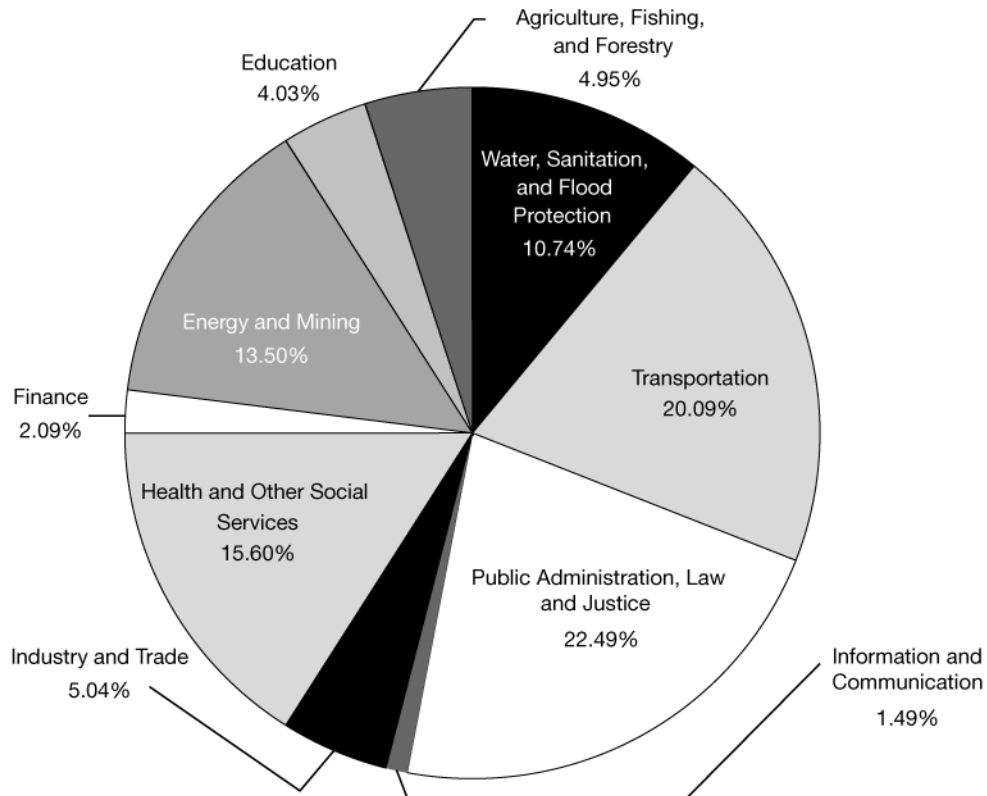


IBRD and IDA lending for infrastructure (Transportation; Energy and Mining; and Water, Sanitation, and Flood Protection) combined for approximately 44 per cent of total lending in 2011. Other sectors that were a major focus for lending included Public Administration, Law and Justice (22 per cent); and Health and Other Social Services (16 per cent).

Chart 5

Total IBRD and IDA Lending by Sector, 2011

(% share of US\$43.0 billion)



IFC—International Finance Corporation

IFC at a Glance

- Established: 1956
- Members: 182
- Mission: Promote private sector investment
- Clients: Businesses in developing countries where there is limited access to capital
- Tools: Commercial-rate loans, equity investments, resource mobilization and advisory services
- Size: US\$12.2 billion in new investment commitments, 2011



The IFC works with the private sector in developing countries to reduce poverty and encourage sustainable economic growth. It provides financing for private sector projects, assists in mobilizing financing in international financial markets, and provides advice and technical assistance to businesses and governments. The IFC only provides financing where sufficient private capital cannot be obtained from other sources on reasonable terms. The IFC is now the largest multilateral source of loan and equity financing for private sector projects in the developing world.

The IFC is legally and financially autonomous, but it collaborates and coordinates with the IBRD, IDA, MIGA and other organizations.

In 2011, the IFC committed US\$12.2 billion in new investments. The IFC's total portfolio grew to US\$42.8 billion from US\$38.9 billion the previous year. New commitments included US\$3.0 billion in Latin America and the Caribbean, US\$2.7 billion in Europe and Central Asia, US\$2.2 billion in Sub-Saharan Africa, US\$1.6 billion in the Middle East and North Africa, US\$1.9 billion in East Asia and the Pacific, and US\$0.7 billion in South Asia.

Chart 6

New IFC Investments by Region, 2011

(% share of US\$12.2 billion)

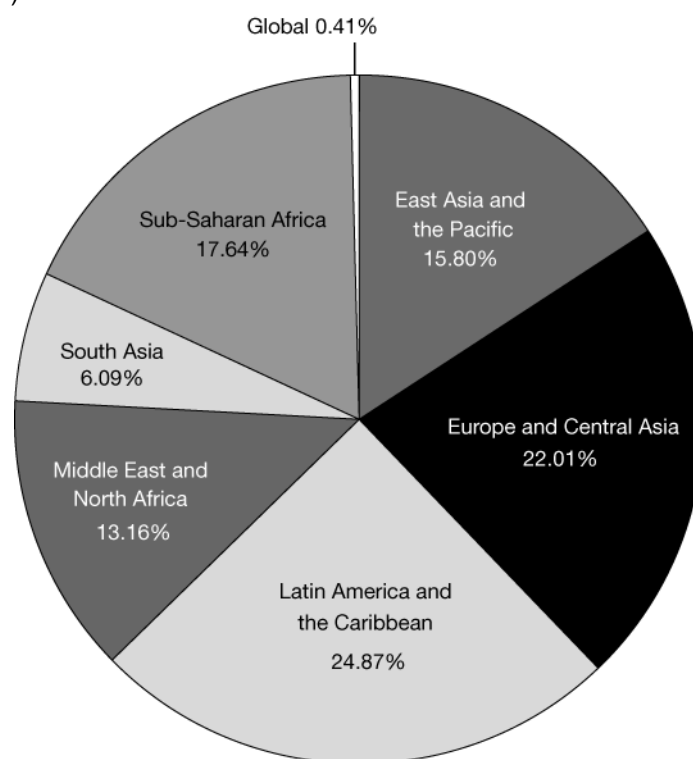
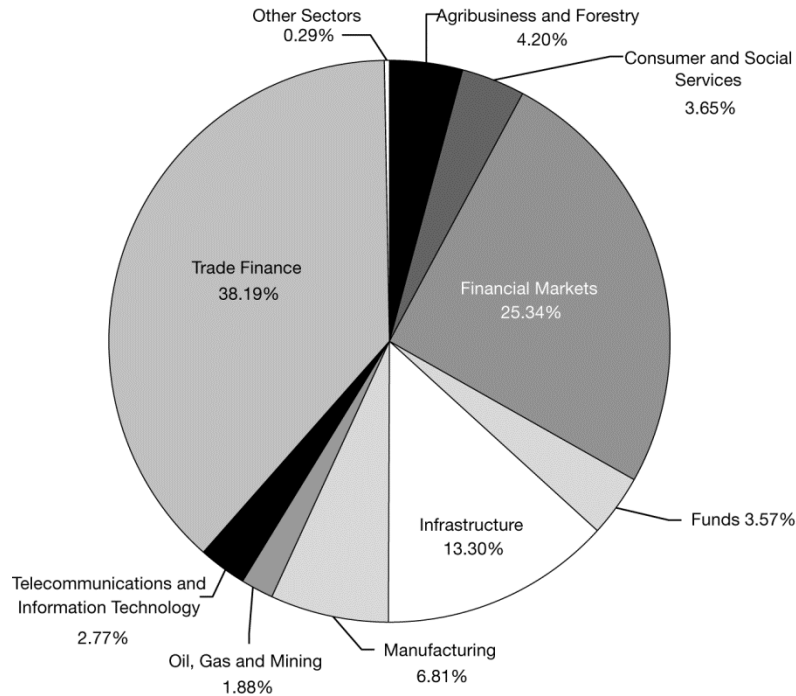




Chart 7

New IFC Investments by Sector, 2011

(% share of US\$12.2 billion)



MIGA—Multilateral Investment Guarantee Agency

MIGA at a Glance

- Established: 1988
- Members: 175
- Mission: Promote foreign direct investment in developing countries
- Clients: Investors and lenders
- Tools: Political risk insurance, and advisory and legal services
- Size: US\$2.1 billion issued in risk guarantees, 2011



MIGA encourages foreign investment in developing countries by providing guarantees to foreign investors against loss caused by non-commercial risks. MIGA also provides technical support to help developing countries promote investment opportunities and uses its legal services to reduce possible barriers to investment.

In 2011, the total amount of guarantees issued for projects in MIGA's developing member countries was US\$2.1 billion. This is an increase from US\$1.5 billion in guarantees issued in 2010.

Chart 8

New MIGA Risk Guarantees Issued by Region, 2011

(% share of US\$2.1 billion)

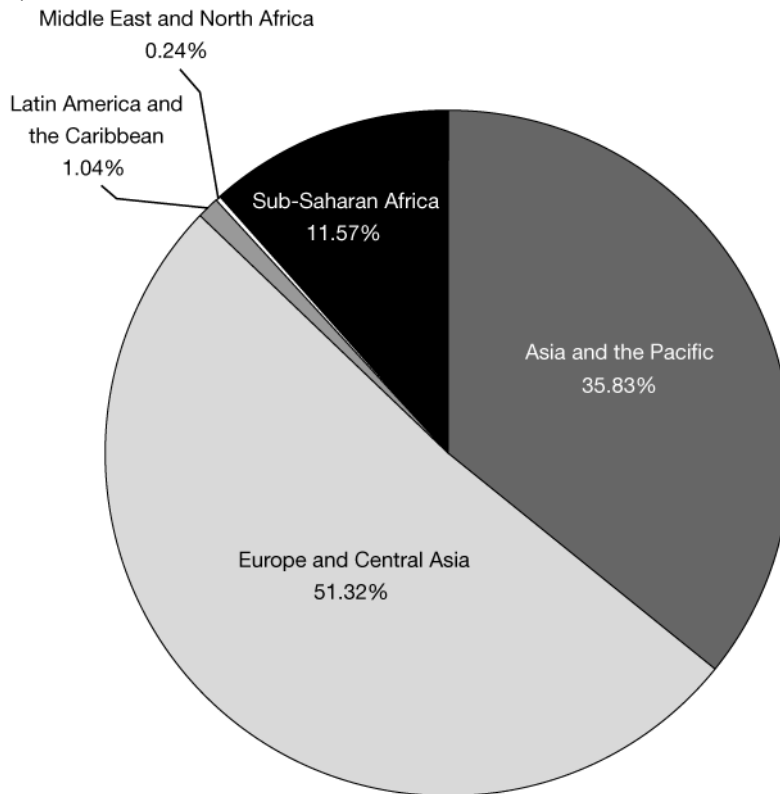
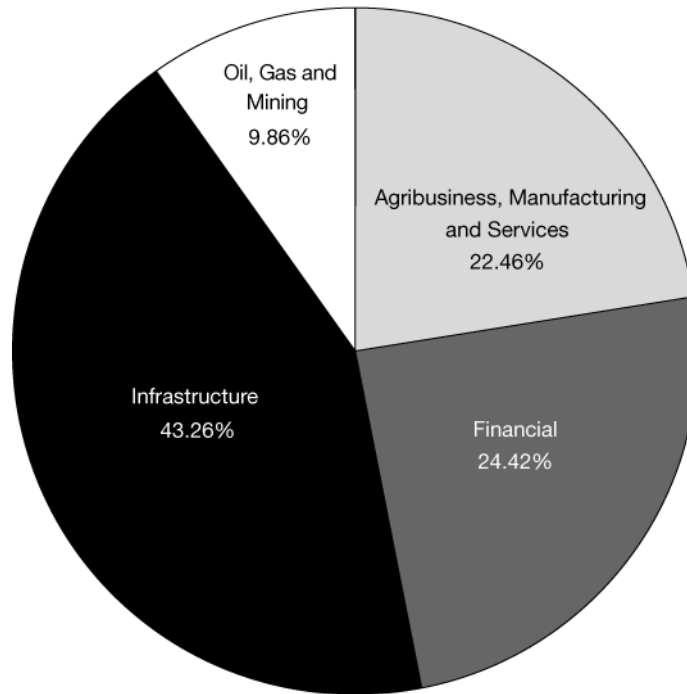




Chart 9
New MIGA Risk Guarantees Issued by Sector, 2011
(% share of US\$2.1 billion)



ICSID—International Centre for Settlement of Investment Disputes

ICSID at a Glance

- Established: 1966
- Members: 147 full members; 157 signatories
- Mission: Facility to resolve international investment disputes

ICSID, established under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, provides facilities for conciliation and arbitration of investment disputes between member countries and foreign investors. Canada signed the convention in 2006, but is not yet a member as it is in the process of ratifying the convention. ICSID membership would provide Canadian investors with an additional mechanism for the resolution of investment disputes pursued under international arbitration.

The World Bank Group's Internal Checks and Balances

The World Bank Group has in place several bodies to ensure that its activities are achieving results, are carried out with integrity, and are working for the benefit of the vulnerable and disadvantaged in developing countries.



The Independent Evaluation Group (IEG)

The IEG is an independent unit within the World Bank Group reporting directly to the Bank's Executive Board. The IEG assesses the development impact of IBRD, IDA, IFC and MIGA programs, aiming to provide an objective assessment of their work, create accountability in the achievement of the Bank's objectives and ensure that the Bank learns from its experiences. Its reports are available on the World Bank website (<http://www.worldbank.org/ieg>).

Internal Audit Department

The Internal Audit Department's work primarily focuses on determining whether the World Bank Group's risk management, control and governance processes provide reasonable assurance that: significant financial, managerial and operating information is accurate, reliable and timely; resources are acquired economically and used efficiently; assets are safeguarded; actions of the organization are in compliance with policies, procedures, contracts, and applicable laws and regulations; and significant programs, plans and business objectives will be achieved.

During the 2011 fiscal year, the World Bank Group hired its first ever World Bank Group-wide Chief Risk Officer, who is responsible for: assessing risks across the World Bank Group including possible interactions among types of risk; benchmarking existing risk management practices against major financial institutions; ensuring consistency of World Bank Group risk management activities with best practice; and considering unique risks that are specific to multilateral development banks and international financial institutions.

The Inspection Panel

The primary purpose of the Inspection Panel is to address the concerns of people who may be affected by IBRD and IDA projects and to ensure that the Bank adheres to its operational policies and procedures during the design, preparation and implementation phases of projects. The Panel is appointed by and reports directly to the Executive Board. More information on the Panel is available on the World Bank website (<http://www.worldbank.org/inspectionpanel>).

Compliance Advisor Ombudsman (CAO)

The Office of the CAO is committed to enhancing the development impact and sustainability of IFC and MIGA projects by responding quickly and effectively to complaints from affected communities. It also supports the IFC and MIGA in improving the social and environmental outcomes of their work and fostering a high level of accountability. The CAO's annual report can be accessed on its website (<http://www.cao-ombudsman.org/publications>).

Department of Institutional Integrity (INT)

INT investigates allegations of fraud and corruption in World Bank Group operations as well as allegations of staff misconduct, and reports its findings directly to the President. INT also assists in preventative efforts to protect World Bank Group funds and ensure they are used for intended purposes. During the past fiscal year, INT conducted 83 investigations and debarred 35 individuals and companies. More information on INT can be found on the World Bank website (<http://go.worldbank.org/036LY1EJJ0>).

Canada's Engagement at the World Bank Group

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 Governor and Executive Director, depending on the nature of the decision, and during negotiations on capital increases and fund replenishments.



Canada's Shareholdings

Canada is among the top 10 shareholders at the World Bank Group, having contributed a total of US\$5.5 billion in capital subscriptions to the IBRD, IFC and MIGA and US\$8.9 billion in contributions to IDA. Canada's voting power ranges from 2.51 per cent to 3.38 per cent within the Bank's different institutions.

Table 5

Canada's Capital Subscriptions

(US\$ millions, unless otherwise indicated)

	IBRD	IDA	IFC	MIGA
Capital subscriptions and contributions	5,403.8	8,943.8 ¹	81.3	56.5
Amount paid in	334.9	8,943.8 ¹	81.3	10.7
Amount not paid in but contingent on future capital requirements	5,068.9	–	–	45.8
Subscription share (%)	2.79	4.38	3.43	2.96
Voting power (%)	2.73	2.55	3.38	2.51

Note: Figures are from the 2011 financial statements and annual reports for the World Bank, IFC and MIGA.

¹ Represents Canada's cumulative contributions and commitments made through IDA15.

Canada's Governor at the World Bank Group

Each World Bank member appoints a Governor to represent it on the Board of Governors, the highest authority governing the Bank. Canada's Governor is the Minister of Finance, the Honourable James M. Flaherty, P.C., M.P.

The 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.

The Board of Governors is asked to vote on a number of resolutions throughout the year. Canada's positions on resolutions taken in 2011 are shown below.

Voting Record of the Canadian Governor in Calendar Year 2011

- Canada supported a number of resolutions on capital capacity and voice reform:
 - Enhancing the voice and participation of developing and transition countries at the IBRD
 - The IBRD's general capital increase
 - Additions to resources as part of the 16th replenishment of IDA
 - An increase in authorized capital stock for the subscription of new members
- Canada supported the transfer of the IBRD's surplus to replenish the Trust Fund for Gaza and the West Bank and the South Sudan Transition Trust Fund.
- Canada supported the proposed dates and venues for the 2013 and 2014 Annual Meetings.
- Canada supported the membership application of South Sudan to join the World Bank Group.
- Canada supported the membership application of Suriname to join the IFC.
- Canada did not support a proposal on increasing the remuneration of Executive Directors and their Alternates.



Canadian Statements at the Development Committee of the Boards of Governors of the World Bank and IMF, 2011

The Honourable Jim Flaherty, Minister of Finance for Canada,

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

Washington, DC
April 16, 2011

On behalf of Canada, Ireland and the Caribbean countries that comprise our constituency, I would like to express our appreciation and support for the leadership of the World Bank Group, particularly as it has navigated the economic challenges we have faced over the past years. The World Bank continues to play an important role in helping to mitigate the effects of the recent financial and economic crisis for developing countries. New resources from an unprecedented capital increase and an historic International Development Association (IDA) replenishment will allow the Bank to continue to lead in global poverty reduction and economic development.

Each year, as a way of increasing accountability towards its own citizens, Canada establishes a set of priorities for the World Bank and publishes a report highlighting the Bank's performance. I would like to highlight three priorities for Canada and our constituency: first, agri-finance, food security and agricultural productivity; second, the creative pursuit of results; and third, peace, security and development. These are areas in which the Bank is already hard at work, and in which continued progress would be welcomed.

Recent and ongoing events in the Middle East and North Africa highlight the need for accountable and transparent governance as well as sustained and inclusive economic growth. We are pleased to see the Bank's leadership and engagement to ensure a coordinated response which will contribute to a brighter future for the people of the region.

Agri-Finance, Food Security and Agricultural Productivity

It is important the Bank show continued leadership in the fight against global hunger. In this context, we support the Bank's new Africa Strategy and its active engagement in programs such as the Scaling Up Nutrition Initiative, which is of critical importance to our Irish colleagues, given their historical experience.

The Bank is devoting significant resources to increasing long-term food supplies in developing countries by helping to improve the productivity of farmers and increase their access to markets, while also supporting those most affected by the recent spike in food prices in the short term. As key participants of the Global Agriculture and Food Security Program, we welcome the operational launch of the private sector component, which will expand access to credit for farmers and small businesses in the agricultural sector in low-income countries. These efforts should moderate global food price volatility over time and reduce the need for emergency assistance going forward.

In addition, we appreciate the engagement of the World Bank and other interested donors in drawing on the successes of the Advance Market Commitment for pneumococcal vaccines to create a new mechanism that would encourage private-sector-led innovation to benefit farmers in the developing world.



The Creative Pursuit of Results

The World Bank Group is demonstrating its commitment to using its resources to provide maximum development impact, manage and track results, and incorporate the results of evaluations and research into policy decisions. We are pleased to see the Bank sharpening its focus on results measurement as a major part of the agreed reforms and the IDA replenishment process that secured funding for the coming three years. We encourage the Bank to identify the most effective programs and to direct available resources towards areas of maximum effectiveness. The Bank's leadership in this area can lead to benefits throughout the global development community.

The creative pursuit of results, including poverty eradication through the promotion of private-sector participation, inspired Canada to lead the development of the Group of Twenty (G-20) Small and Medium Enterprise Finance Challenge. This international competition is providing financing to scale up successful initiatives focused on boosting investment in small and medium-sized enterprises including Canada's Peace Dividend Trust, which helps local entrepreneurs in post-conflict countries through guaranteed credit lines. We are pleased to see strong World Bank Group support, including through the International Finance Corporation and the Multilateral Investment Guarantee Agency, for initiatives that help poor countries achieve sustainable economic growth through private-sector development. These initiatives are consistent with the Canadian International Development Agency's new Sustainable Economic Growth Strategy. We look forward to engaging the World Bank Group further in the area of finance for small and medium-sized enterprises.

Finally, it is increasingly clear that neither public-sector nor private-sector approaches to development are sufficient on their own. We would like to encourage even greater cooperation and integration among the public- and private-sector arms of the Bank.

Peace, Security and Development

We welcome this week's launch of the 2011 *World Development Report*, which focuses on conflict, security and development. We welcome the leading role that the Bank has taken in these fields.

We also look forward to the conclusion of the 2012 *World Development Report* dealing with gender equality.

Washington DC September 24, 2011

I would like to begin by congratulating one of this constituency's own leaders, Prime Minister Ingraham of the Bahamas, on his appointment as Chair of the Board of Governors of the International Monetary Fund and World Bank.

On behalf of our constituency, I would like to recognize the important contributions that this institution has been making as our instrument for delivering on the needs of emerging and developing economies around the globe. Two weeks ago, I participated in a meeting of Finance Ministers that comprise the Deauville Partnership, which was established to support the historic changes underway within some countries in the Middle East and North Africa. The collaborative and multilateral nature of this Partnership, which includes important contributions from the World Bank Group, serves as a clear reminder of why I have been and continue to be a strong supporter of this institution and the important work that it undertakes.



As the Development Committee representative for this large and diverse constituency, it is important to focus on and balance many legitimate priorities. On behalf of Canada, Ireland and the Caribbean countries that I represent, I want to proceed by raising a number of key issues that we advocate as being priorities for the Bank over the coming year. First amongst these issues is that the Bank continue responding to the needs of its members arising from the financial and economic crisis. Second is the difficult journey of meeting current development challenges, including food security, climate change, gender equality and job creation.

1. Responding to the Needs of Its Members

Recent developments have increased risk and uncertainty in the global economy, and new challenges have emerged. Some regions, including the Caribbean, continue to suffer from the fallout of the global financial and economic crisis. The economic recovery has been tepid, exacerbated by high fuel prices, inflation in essential food items, lower remittance flows and declines in the key tourism sector. We urge the World Bank Group to continue its support to the Caribbean region to assist in the recovery of these economies.

We appreciate the World Bank's leadership role in driving the multilateral development banks' efforts as part of the Deauville Partnership, including the development of a Joint Action Plan for the Middle East and North Africa region by international financial institutions. This Plan will strengthen governance, improve economic and social inclusion, create jobs for youth in particular, and accelerate private sector-driven economic growth in order to underpin democracy. A strong and coordinated multilateral response to the Arab Spring is critical to supporting the reforms that its people are demanding.

In this context, earlier this year the World Bank released its *World Development Report: Conflict, Security, and Development*. The promising steps being made within the Middle East and North Africa continue to underscore the important recommendations described in this report. The knowledge generated from this important project needs to continue to influence policy direction and drive programming and operational decisions.

Like all governments, we must demand continuing value in our recapitalization and replenishment investments, particularly given fiscal consolidation that is underway. Our investments were met with commitments by the World Bank to modernize and reform its own operations. To this end, we welcome the process of continuous improvement currently ongoing within the World Bank to ensure it can meet the development challenges of today and tomorrow. In particular, the Corporate Scorecard and the World Bank for Results Report, both of which are being published for the first time at these annual meetings, will enhance accountability and transparency to both internal and external stakeholders.

2. Meeting Current Development Challenges

a) Food Security

A major focus across our constituency is the issue of food security. Increased food prices and excessive food price volatility can have a particularly detrimental impact on the food security of the world's poor.

Increasing food prices, conflict and successive seasons of drought have resulted in a humanitarian crisis in the Horn of Africa. Through our replenishment contributions to the International Development Association, we were pleased to support the creation of a new Crisis Response Window that is designed to help address important issues such as this.



Canada is also pleased to be partnering with the World Bank on the Global Agriculture and Food Security Program and the Agriculture Pull Mechanism Initiative to increase agricultural development and harness the creativity and resources of the private sector in achieving breakthrough innovations in food security and agricultural development in poor countries. We look forward to expert recommendations on potential Agriculture Pull Mechanism Initiative pilot projects and partnering with the World Bank on an implementation agenda.

Canada and Ireland, along with the World Bank, strongly support the Scaling Up Nutrition movement and we have increased our support for programs that are improving the health of poor people and reducing maternal, infant and child under-nutrition.

b) Climate Change

We also strongly support the Bank's focus on the challenge of climate change as its effects—higher temperatures, changes in precipitation patterns, rising sea levels, and more frequent weather-related disasters—pose great risks for agriculture, food, and water supplies. At stake are recent gains in the fight against poverty, hunger and disease, and the lives and livelihoods of billions of people in developing countries.

Earlier this year, Canada provided the International Finance Corporation with \$285.7 million to be used as concessional financing for a broad portfolio of clean energy projects in developing countries, as part of Canada's commitment to support mitigation efforts. This investment, which is part of Canada's three-year Fast Start climate change financing commitment under the Copenhagen Accord, will leverage private financial flows for low-carbon investment and achieve significant reductions in emissions, slowing the onset of global climate change. Particularly in an era of fiscal consolidation, leveraging private sector resources will be critical to achieving long-term climate financing objectives.

c) Gender Equality

A third development challenge that we recognize is that of gender equality. We welcome the 2012 *World Development Report: Gender Equality and Development*, and expect that it will put an end to doubts about the business case for gender equality. As the report notes, gender equality is a core development objective in its own right but it also makes for smart economics. This is why gender equality should become an integral component of all corporate results frameworks, including at the country level. Only a fair, just and equal society will be resilient enough to face the pressing challenges of the global economy, including those of food security and climate change discussed above.

d) Job Creation

The fourth development challenge is ensuring that our economies are sufficiently robust that they produce secure and well-paying jobs. As the Arab Spring has reminded us very clearly, the creation of quality jobs and finding ways to include people in the economies of their countries are critical for sustainable development and should be central to our development efforts. A job creation strategy is central to living standards, productivity growth, environmental sustainability, social change and social cohesion.

To this end, we also look forward to the release of next year's *World Development Report*, which will focus on this important topic of job creation.

In conclusion, the members of our constituency believe that the World Bank Group is well positioned to respond to the diverse and complex development needs of its members and to contribute to resolving complex global challenges.



The Canadian Executive Director at the World Bank Group

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, DC. Executive Directors are appointed for two years. They each represent a constituency, which can include more than one country. Canada's Executive Director, Ms. Marie-Lucie Morin, represents a constituency that includes Antigua and Barbuda, the Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. Governments within the constituency provide advice to the Executive Director on issues discussed at the Executive Board. The Executive Director considers this advice in forming her positions and applies her own judgment as an officer of the World Bank.

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.

Voting power at the Bank is mainly a function of the shareholdings held by a country, which in effect means that voting power reflects the relative economic strength of individual members. 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 the 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 special capital increases. As a result of these voice reforms, Canada will fall from the seventh largest owner of voting shares to the eleventh largest.

Table 6

Voting Power of the 12 Largest Members at the World Bank (IBRD) Pre- and Post- Voice Reforms

% of Total Voting Shares

Country	Pre-Voice Reforms	Post-Voice Reforms
United States	16.36	15.85
Japan	7.85	6.84
China	2.78	4.42
Germany	4.48	4.00
France	4.30	3.75
United Kingdom	4.30	3.75
India	2.78	2.91
Russian Federation	2.78	2.77
Saudi Arabia	2.78	2.77
Italy	2.78	2.64
Canada	2.78	2.43
Brazil	2.07	2.24



Shareholders typically raise serious questions or concerns about specific Bank operations before they get to the Executive Board. In addition, Executive Directors may abstain or vote against projects or policies in consultation with their constituencies. In 2011, the Executive Director representing Canada supported all policies and projects approved by the Board, with one exception.

Voting Record of the Executive Director Representing Canada in 2011

(Only oppositions or abstentions listed)

- In June, the Canadian Executive Director abstained on the decision to increase World Bank Group staff compensation.

Members of the Executive Director’s Office at the World Bank

(as at December 31, 2011)

Executive Director	Marie-Lucie Morin (Canada)
Alternate Executive Director	Kelvin Dalrymple (Barbados)
Senior Advisor	Eamonn Kearns (Ireland)
Senior Advisor	Jonathan Rothschild (Canada)
Senior Advisor	Anita Ambroise (Canada)
Senior Advisor	Ian MacDonald (Canada)
Advisor	Anne Donegan (Ireland)
Advisor	Andrew Clark (Canada)
Advisor	Kevin Silston (Antigua and Barbuda)
Executive Assistant	Anne Turcotte (Canada)
Program Assistant	Kimani James (Grenada)

Canada’s Financial Contributions to the World Bank Group in 2011

Canada is an important provider of donor funding for the World Bank Group. In 2011, Canada made the following contributions:

IDA Payment: \$384,280,000

IDA is the World Bank’s principal financing tool for the world’s poorest countries, providing them with 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, gender equality) and governance. The higher countries rate on these indicators, the more IDA resources they can receive.

Canada provided \$384 million to IDA in 2011. 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.

As a result of the recently concluded IDA16 replenishment negotiations, Canada’s annual contribution will increase to \$442 million beginning in 2012. See the box entitled “IDA16 Replenishment” for more information.



IDA16 Replenishment

The concessional nature of IDA lending requires that donors replenish its resources every three years. In 2010–11, Canada participated in the 16th replenishment of IDA. As a result of this replenishment, Canada pledged to increase its payments to IDA from \$384 million per year to \$442 million per year over the next three years. Canada's increased contribution to IDA through the 16th replenishment is based on a detailed analysis of the institution, including the following factors:

- Unambiguous positive results achieved through Canada's investment (as noted below);
- Clear assessments from independent and peer reviewed evaluations that IDA is among the best channels available to Canada to deliver international assistance;
- Achievement of Canada's priorities for the replenishment, including improving mechanisms in fragile states, better integrating gender equality and a continued focus on delivering results;
- Robust transfers from IBRD and IFC resources to IDA;
- A commitment to improve even further aid effectiveness mechanisms; and,
- Increased contributions by many G-20 donors.

A Snapshot of IDA's Results

The World Bank publishes a Corporate Scorecard that provides information on achieved results and tracking mechanisms. In its latest report, the Bank highlights its achievements across four priority themes (Institutions and Governance; Support for Human Development and Gender; Support to Sustainable Development; and Support to Finance, Private Sector Development and Trade). Results include:

- *Support for Institutions and Governance:* Under operations approved in FY2006–2010, IDA supported better public sector management in 50 countries, procurement system reform in 41 countries and expanded access to government information in 34 countries..
- *Transport:* The Bank's transport investments have made trade more efficient and have enhanced human development by increasing mobility—providing access to jobs, markets, schools and health facilities. Since 2000 IDA-financed operations have supported the construction and rehabilitation of more than 118,000 kilometres of roads, the maintenance of over 134,000 kilometres of roads, and the construction and rehabilitation of more than 1,600 bridges.
- *Water supply and sanitation:* Since 2000 IDA-financed operations have helped provide 113 million people with access to improved water sources, supported the construction or rehabilitation of nearly 500,000 community water access points and 1.5 million piped household water connections, and extended support to 164 water utilities.

More details on the outcomes of the replenishment can be found on the World Bank website (http://siteresources.worldbank.org/IDA/Resources/IDA16_Report-English-Final.pdf).

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 have agreed to cancel 100 per cent of eligible debts owed by heavily indebted poor countries. At the G-8 Summit in Gleneagles in 2005, Canada and other donor countries agreed to fully compensate these institutions for the debts they will cancel on behalf of poor countries, so as not to undermine their ability to provide new financial support to all low-income countries. Canada's total commitment over the 50-year lifespan of the MDRI is \$2.5 billion and payments are made annually. In 2011, Canada provided \$51.2 million to the World Bank Group for the MDRI.



World Bank Group Trust Funds

Canada contributes to a number of World Bank–administered Multi-Donor Trust Funds. Trust funds are set up to mobilize donor resources to address key strategic development priorities at the country level.

The disbursements listed below are through the Canadian International Development Agency (CIDA), unless otherwise indicated.

Table 7
Canadian Contributions to World Bank Group Multi-Donor Trust Funds (Over \$5 Million)
(millions of dollars)

Disbursement	2011 ¹
Forest Carbon Partnership Facility (Readiness Fund)	40
Afghanistan Reconstruction Trust Fund	29
Least Developed Country Fund for Adaptation to Climate Change	20
Afghanistan Education Quality Improvement Program	16.5
Afghanistan Strengthening Health Activities for the Rural Poor	15
Support to Haiti Action Plan for National Recovery and Development	15
Bangladesh Strengthening Public Expenditure Management Program	10
African Capacity Building Foundation III	10
Entrepreneurship Program for Innovation in the Caribbean	8
Supporting Economic Management in the Caribbean	8
Punjab Education Development Project	6.82
Ethiopia Agricultural Growth Program	6
Canada Climate Change Fund ²	291.5

¹ Calendar year.

² Funding was through the Department of Finance, and included \$5.8 million in grant financing to support advisory services as well as \$285.7 million to be used as concessional financing.

Sources: CIDA and the Department of Finance.

Table 8
Canadian Contributions to World Bank Group Global Initiatives
(millions of dollars)

Initiative	1999–2000 to 2009–2010	2010–11 ¹	April 1 – December 31 2011	Total Since 1999–2000
Consultative Group on International Agricultural Research	200	21.82	–	221.82
Vaccine Advance Market Commitment	115	20.3	22.9	158.2
Global Fund to Fight AIDS, Tuberculosis and Malaria	828.4	150	180	1158.4
Global Alliance for Vaccines and Immunization	188	20	–	208
Global Environment Facility	492.5	60.4	54.75	607.65

¹ April 1, 2010 to March 31, 2011.

Source: CIDA.



ANNEX 1

ACRONYMS USED IN THIS REPORT

AFRITAC	African Regional Technical Assistance Centre
BWIs	Bretton Woods Institutions
CAO	Compliance Advisor Ombudsman
CARTAC	Caribbean Regional Technical Assistance Centre
CAS	Country Assistance Strategy
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CMSR	<i>Consolidated Multilateral Surveillance Report</i>
CPS	Country Partnership Strategy
ECF	Extended Credit Facility
EITI	Extractive Industries Transparency Initiative
EMDC	emerging market and developing country
ESAF	Enhanced Structural Adjustment Facility
ESF	Exogenous Shocks Facility
EU	European Union
FCL	Flexible Credit Line
FDI	foreign direct investment
FY	fiscal year
G-7	Group of Seven
G-20	Group of Twenty
GAB	General Arrangements to Borrow
GAFSP	Global Agriculture and Food Security Program
GCF	Green Climate Fund
GDP	gross domestic product
GFSR	<i>Global Financial Stability Report</i>
GRA	General Resources Account
HIPC	heavily indebted poor country
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IDA15	15th replenishment of IDA
IDA16	16th replenishment of IDA
IDA17	17th replenishment of IDA
IEG	Independent Evaluation Group
IEO	Independent Evaluation Office
IFC	International Finance Corporation
IMF	International Monetary Fund
IMFC	International Monetary and Financial Committee
IMS	international monetary system
INT	Department of Institutional Integrity



LIC	low-income country
MAP	Mutual Assessment Process
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MIGA	Multilateral Investment Guarantee Agency
NAB	New Arrangements to Borrow
OECS	Organization of Eastern Caribbean States
PCL	Precautionary Credit Line
PLL	Precautionary and Liquidity Line
PRGF	Poverty Reduction and Growth Facility
PRGT	Poverty Reduction and Growth Trust
PSI	Policy Support Instrument
REO	<i>Regional Economic Outlook</i>
RFI	Rapid Financing Instrument
RTAC	Regional Technical Assistance Centre
SAF	Structural Adjustment Facility
SDR	Special Drawing Right
SME	small and medium-sized enterprise
TAC	Technical Assistance Centre
TF	Transfer Fund
UN	United Nations
WBG	World Bank Group
WDR	<i>World Development Report</i>
WEO	<i>World Economic Outlook</i>



ANNEX 2

COMMUNIQUÉS OF THE INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE OF THE BOARD OF GOVERNORS OF THE IMF, 2011

Washington, DC
April 16, 2011

Communiqué of the Twenty-Third Meeting of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund

Chaired by Mr. Tharman Shanmugaratnam, Minister for Finance of Singapore

We welcome Minister Tharman as our new Chairman. We thank Dr. Youssef Boutros-Ghali for his service as IMFC Chairman during challenging times.

Global economy. The global recovery is gaining strength but remains vulnerable. We discussed the significant risks to the outlook and decided to take necessary actions to strengthen the recovery. Credible actions are needed to accelerate progress in addressing challenges to financial stability and sovereign debt sustainability, and to ensure timely fiscal consolidation in advanced economies, whilst taking steps to avoid overheating in emerging market countries, and dealing with risks from higher commodity prices. We also underscore the importance of employment creation for medium-term sustainability. Against this background, the immediate economic impact of the tragic events in Japan and of developments in some Middle Eastern and North African countries also warrants close attention. As policies can have significant cross-border effects, we commit to continue to work together to address policy spillovers and to secure robust and balanced global growth.

Global financial stability. We are committed to accelerate efforts to strengthen the resilience of the financial sector and its ability to support economic recovery. Further progress is needed to address excessive financial risk taking and moral hazard, and strengthen supervision and regulation in financial centers. Recent international agreements on enhancing financial regulation must now be implemented and accompanied by more effective supervision. More cooperation and progress are needed to address risks posed by global systemically important financial institutions, including through heightened prudential standards, and on cross-border resolution. We welcome IMF contributions in these areas and on macro-prudential policy frameworks, as well as upcoming Financial Sector Assessment Program reports on economies with systemic financial sectors. We call for enhanced financial sector oversight of risks related to shadow banking activities and agree to maintain momentum to tackle noncooperative jurisdictions. We welcome the update on the data gaps initiative and look forward to concrete progress.



International Monetary System (IMS)

We welcome the IMF's analytical work on the functioning of the IMS.

Surveillance. We look forward to a thorough assessment in the Triennial Surveillance Review of the effectiveness, evenhandedness, and traction of the Fund's surveillance, including an assessment of possible gaps and any needed updates of the surveillance framework. Continued emphasis is needed on improving bilateral and multilateral surveillance, and enhancing the linkages between the financial and macroeconomic dimensions. Benefitting also from the recent IEO reports, we call for concrete proposals, by our next meeting, to further strengthen IMF surveillance, including on identification of risks, surveillance of countries that pose the largest systemic risks, and the coherence and integration of surveillance products. We look forward to candid and comprehensive spillover reports on economies with greatest systemic significance, and to discussing a consolidated multilateral surveillance report at our next meeting.

Capital flows. The IMF's recent work on managing capital inflows is a step that should lead toward a comprehensive and balanced approach for the management of capital flows drawing on country experiences. Giving due regard to country-specific circumstances and the benefits of financial integration, such an approach should encompass recommendations for both policies that give rise to outward capital flows and the management of inflows. We urge the IMF to deepen its analysis of global liquidity, the varied experiences of member countries with capital account management, liberalization of cross-border capital flows, and development of domestic financial markets.

Liquidity. We welcome the upcoming discussion of global financial safety nets for dealing with systemic crises, including liquidity provision mechanisms, with adequate safeguards. We also welcome the significant expansion of resources in the New Arrangements to Borrow. We urge the Fund to work with regional financing arrangements to develop broad principles for cooperation with the IMF. We call for further work on a criteria-based path to broaden the composition of the SDR basket.

Low-income countries (LICs). Largely due to strong pre-crisis macroeconomic policy buffers, LICs were more resilient during the global crisis than in the past and have been recovering well but most remain vulnerable to the recent surge in food and fuel prices. It is important to address the economic and social impact of these price shocks. The IMF should continue to provide policy support and financing to help LICs overcome their balance of payments problems. We ask the IMF to refine its tools to assess LICs' vulnerabilities and debt sustainability, and explore avenues to help LICs better manage volatility.

Governance. We welcome the entry into effect of the 2008 quota and voice reform and urge all members to work to make the 2010 quota and governance reform effective by the 2012 Annual Meetings. We look forward to enhancing the role of the IMFC as a key forum for global economic and financial cooperation.

Earthquake in Japan. We extend our sympathy and support to the government and people of Japan as they grapple with the impact of the recent natural disasters.

Next IMFC meeting. Our next meeting will be held in Washington, D.C. on September 24, 2011.



Washington, DC
September 24, 2011

Communiqué of the Twenty-Fourth Meeting of the IMFC: Collective Action for Global Recovery

Chaired by Mr. Tharman Shanmugaratnam, Deputy Prime Minister of Singapore and Minister for Finance

The global economy has entered a dangerous phase, calling for exceptional vigilance, coordination and readiness to take bold action from members and the IMF alike. We are encouraged by the determination of our euro-area colleagues to do what is needed to resolve the euro-area crisis. We welcome that the IMF stands ready to strongly support this effort as part of its global role.

Today we agreed to act decisively to tackle the dangers confronting the global economy. These include sovereign debt risks, financial system fragility, weakening economic growth and high unemployment. Our circumstances vary, but our economies and financial systems are closely inter-linked. We will therefore act collectively to restore confidence and financial stability, and rekindle global growth.

The advanced economies are at the core of an effective resolution of current global stresses. The strategy is to restore sustainable public finances while ensuring continued economic recovery. Taking into account different national circumstances, advanced economies will adopt policies to build confidence and support growth, and implement clear, credible and specific measures to achieve fiscal consolidation. Euro-area countries will do whatever is necessary to resolve the euro-area sovereign debt crisis and ensure the financial stability of the euro area as a whole and its member states. This includes implementing the euro-area Leaders' decision of July 21 to increase the flexibility of the European Financial Stability Facility, maximizing its impact, and improve euro-area crisis management and governance. Advanced economies will ensure that banks have strong capital positions and access to adequate funding; maintain accommodative monetary policies as long as this is consistent with price stability, bearing in mind international spillovers; revive weak housing markets and repair household balance sheets; and undertake structural reforms to boost jobs and the medium-term growth potential of their economies.

Emerging market and developing economies, which have displayed remarkable stability and growth, are also key to an effective global response. The strategy is to adjust macro-economic policies, where needed, to rebuild policy buffers, contain overheating and enhance our resilience in the face of volatile capital flows. Surplus economies will continue to implement structural reforms to strengthen domestic demand, supported by continued efforts that achieve greater exchange rate flexibility, thereby contributing to global demand and the rebalancing of growth. Fostering inclusive growth and creating jobs are priorities for all of us.

We reaffirm the importance of the financial sector reform agenda and are committed to its full and timely implementation. We will continue our coordinated efforts to strengthen the regulation of systemically important financial institutions, establish mechanisms for orderly domestic and cross-border resolution of troubled financial institutions, and address risks posed by shadow banking.



We call on the Fund to play a key role in contributing to an orderly resolution of the current crisis and prevention of future crises. We welcome the Consolidated Multilateral Surveillance Report as an important tool to focus our discussions on key risks and policy issues. We welcome the directions set out in the Managing Director's Action Plan. In particular, we encourage the Fund to focus on the following priorities and report to the IMFC at our next meeting:

- A more integrated, evenhanded, and effective surveillance framework that better captures risks to economic and financial stability, drawing on the Fund's Triennial Surveillance Review and spillover reports;
- Early assessment of current financing tools and enhancements to the global financial safety net;
- Review of the adequacy of Fund resources;
- Ensuring adequate policy advice and financing to support low-income countries, including to address volatile food and fuel prices; and
- Further work on a comprehensive, flexible, and balanced approach for the management of capital flows, drawing on country experiences.

Governance reform is crucial to the legitimacy and the effectiveness of the IMF. We will intensify our efforts to meet the 2012 Annual Meetings target for the entry into force of the 2010 quota and governance reform. We call on the Fund to complete a comprehensive review of the quota formula by January 2013 and to report on progress at our next meeting. We reaffirm the commitment to complete the Fifteenth General Review of Quotas by January 2014. We look forward to further enhancing the role of the IMFC as a key forum for global economic and financial cooperation.

We thank Mr. Strauss-Kahn and Mr. Lipsky for their outstanding service at the helm of the Fund in difficult times. We warmly welcome Ms. Lagarde, Mr. Lipton, Ms. Shafik, and Mr. Zhu. Our next meeting will be held in Washington, D.C. on April 21, 2012.



ANNEX 3

COMMUNIQUÉS OF THE DEVELOPMENT COMMITTEE OF THE BOARDS OF GOVERNORS OF THE WORLD BANK AND IMF, 2011

Washington, DC
April 16, 2011

Development Committee Communiqué

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

1. The Development Committee met today, April 16, 2011, in Washington DC.
2. We welcome evidence of a strengthening global economy, led in large part by developing countries. However we are concerned that overheating in some sectors, especially food and energy, is resulting in price pressures and volatility, putting developing countries and especially their most vulnerable populations at risk. We pledge to stay alert to the economic challenges arising from natural disasters, conflict and social unrest. We remain committed to ensuring sustainable, balanced and inclusive growth and providing timely, effective support where needed.
3. Recent events in parts of the Middle East and North Africa will have lasting social and economic impacts, which will differ from country to country. We welcome the timely World Bank Group (WBG) and IMF engagement and advice, including program and policy support for jobs, social safety nets, fiscal management, governance, promotion of private sector development and other critical areas. We call on the Bank to strengthen its support to the Middle East and North Africa, working with governments and with relevant multilateral, regional and bilateral organizations.
4. The international financial institutions continue to play an essential role in helping countries prevent and weather crises. We especially welcome the unprecedented sixteenth replenishment of the International Development Association (IDA) and the approval of the IBRD capital increase, and look forward to a swift adoption of IFC's selective capital increase. We welcome IDA16's focus on gender, fragile states and climate change and emphasis on results. We also look forward to IDA's continued support for agriculture, infrastructure and energy. We welcome the special allocation for Haiti and the new dedicated Crisis Response Window to strengthen IDA16's capacity to respond rapidly when member countries are hit by economic crises or natural disasters. All of these additional resources will help the WBG to continue to support member countries in their fight against poverty.
5. We welcome the fact that two thirds of developing countries are on target or close to being on target for reaching the Millennium Development Goals. However, progress has been mixed and it has slowed in places due to the global economic crisis and the recent food and energy price increases. We commit to intensifying our efforts to achieve results by 2015, especially in lagging regions, fragile states and for vulnerable and historically excluded populations, including women and girls, and to protecting progress by building resilience to economic and environmental shocks.



6. We are concerned about high and volatile international food prices and their impact on vulnerable populations, as well as the longer term risks they pose to growth and poverty reduction. We welcome the responsiveness of the WBG, working with partners including the G20, to help address short- and long-term challenges related to food security and price volatility. We welcome the recommendations in the Development Committee paper, *Responding to Global Food Price Volatility and Its Impact on Food Security* and urge further action in this area. We welcome the WBG's stepped-up role in agricultural development and agricultural research, including efforts to strengthen the productivity and resilience of smallholder production. We call on the WBG to pursue innovative solutions to strengthening agricultural productivity, trade, and farmers' access to markets, as well as private investment and South-South cooperation. Africa is disproportionately affected by shocks and deserves special attention. We stress the crucial role women play in agriculture and the importance of ensuring their needs are addressed. To help meet developing country needs, we recognize the importance of stronger coordinated multilateral action in food and agriculture, including adequately funding the Global Agriculture and Food Security Program (GAFSP), and partnerships involving the UN and other relevant bodies.
7. We welcome the World Development Report (WDR) on *Conflict, Security and Development*, with its emphasis on the link between conflict resolution and economic development. The WDR has the potential to stimulate significant improvement in the performance of the WBG and other development partners in fragile and conflict-affected states. As part of the international community's collective effort, the WBG can play a key role in helping countries through a focus on job creation and private sector development, inclusive growth, the development of strong institutions, and the enhancement of security and justice in countries affected by fragility, conflict, organized crime and other forms of violence. We support incorporating lessons from the WDR into WBG policies and operations, including alignment of results and risk management, and provision of incentives to the best qualified staff to serve in these situations. We urge the WBG to be ready to engage early and consistently in fragile and conflict-affected situations within the areas covered by its institutional mandate, and in full coordination with other development partners.
8. We welcome the outcomes of the Cancun meeting on climate change and the WBG's role as an interim trustee of the Green Climate Fund (GCF). This will help to draw on the WBG's experience from the Climate Investment Funds and to ensure continuity in climate investment before the GCF becomes operational. We look forward to further progress in this area, including innovative approaches to development and climate change financing, and the Bank's support for the work of the Transitional Committee in charge of designing the GCF.
9. We welcome ongoing implementation of the WBG's Post Crisis Directions and actions to modernize the WBG's structures and operations to reinforce its ability to improve client responsiveness and to deliver, measure, and report on effective results. We welcome the report on presidential selection, which responds to the request for an open, merit-based and transparent selection process, and the report on dual performance feedback as a means to strengthen governance and accountability, bearing in mind the development mandate of the WBG. We welcome the efforts to develop the WBG's Corporate Scorecard with a view to strengthening the strategic dialogue with shareholders on directions and overall institutional performance. We call on the WBG to continue to promote staff diversity to better reflect its global nature.
10. We extend our sympathy and support to the government and people of Japan as they grapple with the impact of the recent natural disasters.
11. The Development Committee's next meeting is scheduled for September 24, 2011, in Washington DC.



Washington, DC
September 24, 2011

Development Committee Communiqué

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

1. The Development Committee met today, September 24, 2011, in Washington DC.
2. We note with concern the turbulence in global financial markets and widespread fiscal strains, which put at risk the robustness and sustainability of global economic recovery. Volatile commodity prices and pressures on food security are critical challenges. We are alert to the possible global impacts of these issues, particularly for the poor. While developing countries have been the main contributors to recent global economic growth, the economic crisis has reduced their capacity to withstand further shocks. We commit to do everything within our means to support strong, sustainable, balanced and inclusive growth in all our member countries. We reaffirm the need to work cooperatively to meet our development commitments to achieve the Millennium Development Goals by 2015 and to support the poor in developing and emerging countries through this period of instability, as well as in the long term. We commend the G20 for anchoring development in its agenda.
3. Jobs are vital in translating growth into lasting poverty reduction and broad-based economic opportunities. We reiterate our commitment to job creation, especially by supporting the expansion of a vibrant private sector. In this connection, we recognize the important role IFC and MIGA play in poorer countries and in challenging markets. We welcome and encourage the cooperation of the World Bank Group (WBG) with member governments and other partners, such as the G20, the International Labor Organization and the International Monetary Fund (IMF), to pursue a comprehensive approach to job creation for women and men. We look forward to discussing the next World Development Report (WDR) on jobs.
4. The WBG must continue to help member countries build resilience and respond to crises. To do this effectively, the WBG must remain prepared with human, knowledge and financial capacity. We welcome the WBG's enhanced focus on innovative approaches to support countries in the Middle East and North Africa region to address the social and economic consequences of their current transition. We call on the WBG to scale up support and strengthen collaboration with all relevant stakeholders, in particular other Multilateral Development Banks.
5. We are saddened by the scale of human tragedy caused by the drought and famine in the Horn of Africa. We welcome the WBG's \$1.88 billion contribution to tackling the crisis and its underlying causes, including \$250 million from the recently created IDA Crisis Response Window, as well as the steps the IMF is taking to provide additional concessional financing. An emergency of this magnitude needs swift, coordinated and effective international action to save as many lives and livelihoods as possible. We also need to build national capacity and resilience to speed recovery, reduce the risk of future disasters and create longer-term solutions. We must put agriculture and food security at the top of our development priorities. To do this, we need to harness the creativity and resources of the private sector. We call for continued innovation to tackle longer-term challenges, including climate change and infrastructure investment.



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6. We strongly welcome the WBG's *World Development Report on Gender Equality and Development* and its clear message that equality between women and men is smart economics and an essential ingredient in poverty reduction. We agree that the WDR has important lessons globally and that gender equality requires specific action from governments, the private sector and development partners. To this end, we endorse the recommendations for the WBG set out in the accompanying implications note and look forward to reviewing its implementation in a year. We urge the WBG to integrate further equality between women and men into its operations and reporting, working within its mandate and respecting national values and norms.
 7. We welcome progress the WBG has made in institutional reform to meet new challenges. Greater transparency through the Open Data, Open Knowledge, Open Solutions Initiative and improved accountability via the new Corporate Scorecard will contribute to a more efficient and effective WBG. We call on the WBG to continue to promote staff diversity. We urge the WBG to maintain the momentum on its modernization agenda and look forward to discussing further progress at our next meeting.
 8. We welcome the addition of the 25th Chair to the WBG Boards and look forward to a proposal in the spring to align the Development Committee with the new structure.
 9. We thank Mr. Ahmed bin Mohammed Al Khalifa for his valuable leadership and guidance as Chairman of the Committee during the past two years.
 10. The Development Committee's next meeting is scheduled for April 21, 2012, in Washington DC.



ANNEX 4

OPERATIONAL HIGHLIGHTS AND KEY FINANCIAL INDICATORS FOR THE IMF FOR FISCAL YEAR 2011

In FY2011, the flow of IMF disbursements (purchases) exceeded the flow of repayments (repurchases) for the third year in a row. FY2011 saw an increase in both purchases and repurchases.

IMF Resource Flows as of April 30

(millions of SDRs)

	FY2010	FY2011
Purchases	21,087	26,616
Extended Credit Facility ¹ (ECF) loans	1,402	914
Total disbursements	22,488	27,529
Repurchases	275	2,268
ECF repayments	489	1,144
Total repurchases and repayments	764	3,412

Note: Numbers may not add due to rounding.

¹ Formerly Poverty Reduction and Growth Facility (PRGF).

The IMF's outstanding credit continued to grow in FY2011, increasing significantly from FY2010, primarily due to increases in purchases under (use by members of) Stand-By Arrangements and the Extended Fund Facility.

Outstanding Credit by Facility and Policy as of April 30

(millions of SDRs)

	FY2010	FY2011
Stand-By Arrangements	40,758	60,126
Extended Fund Facility	447	5,186
Precautionary Credit Line	–	197
Supplemental Reserve Facility	–	–
Compensatory and Contingency Financing Facility	33	31
Systemic Transformation Facility	–	–
Subtotal, General Resources Account	41,238	65,539
Structural Adjustment Facility Arrangements	9	9
Extended Credit Facility/Exogenous Shocks Facility (ESF) Arrangements ¹	5,037	4,807
Trust Fund	66	66
Total	46,349	70,421

Note: Numbers may not add due to rounding.

¹ Formerly PRGF-ESF Arrangements.



ANNEX 5

ACTIVE IMF LENDING ARRANGEMENTS AS OF DECEMBER 31, 2011

Please see the IMF 2011 Annual Report for detailed data regarding the policies and finances of the IMF. All data referenced in this annex can be found in the appendices of the IMF 2011 Annual Report.

IMF Lending Arrangements as of December 31, 2011

(millions of SDRs)

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
Stand-By Arrangements				
Angola	November 23, 2009	February 22, 2012	859	86
Antigua and Barbuda	June 7, 2010	June 6, 2013	81	54
Bosnia and Herzegovina	July 8, 2009	June 30, 2012	1,015	676
Dominican Republic	November 9, 2009	March 8, 2012	1,095	328
El Salvador	March 17, 2010	March 16, 2013	514	514
Greece	May 9, 2010	May 8, 2013	26,433	8,891
Honduras	October 1, 2010	March 31, 2012	65	65
Iraq	February 24, 2010	February 23, 2012	2,377	1,307
Jamaica	February 4, 2010	May 3, 2012	821	279
Kosovo	July 21, 2010	January 20, 2012	93	74
Maldives	December 4, 2009	December 3, 2012	49	41
Romania	March 31, 2011	March 30, 2013	3,091	3,091
Serbia, Republic of	September 29, 2011	March 28, 2013	935	935
Sri Lanka	July 24, 2009	July 23, 2012	1,654	551
St. Kitts and Nevis	July 27, 2011	July 26, 2014	53	30
Ukraine	July 28, 2010	December 27, 2012	10,000	7,750
Total			49,132	24,673
Extended Fund Facility				
Armenia, Republic of	June 28, 2010	June 27, 2013	133	63
Ireland	December 16, 2010	December 15, 2013	19,466	8,415
Moldova, Republic of	January 29, 2010	January 28, 2013	185	105
Portugal	May 20, 2011	May 19, 2014	23,742	12,239
Seychelles	December 23, 2009	December 22, 2012	20	7
Total			43,546	20,830
Flexible Credit Line				
Colombia	May 6, 2011	May 5, 2013	3,870	3,870
Mexico	January 10, 2011	January 9, 2013	47,292	47,292
Poland, Republic of	January 21, 2011	January 20, 2013	19,166	19,166
Total			70,328	70,328
Precautionary and Liquidity Line¹				
Macedonia, former Yugoslav Republic of	January 19, 2011	January 18, 2013	413	216
Grand total			163,419	116,047


IMF Lending Arrangements as of December 31, 2011 (*cont'd*)

(millions of SDRs)

Member	Date of Arrangement	Expiration	Total Amount Agreed	Undrawn Balance
Poverty Reduction and Growth Trust				
Extended Credit Facility²				
Afghanistan	November 14, 2011	November 13, 2014	85	73
Armenia	June 28, 2010	June 27, 2013	133	59
Benin	June 14, 2010	June 13, 2013	74	42
Burkina Faso	June 14, 2010	June 13, 2013	46	19
Burundi	July 7, 2008	January 31, 2012	51	5
Comoros	September 21, 2009	September 20, 2012	14	6
Congo, Democratic Republic of	December 11, 2009	December 10, 2012	346	148
Côte d'Ivoire	November 4, 2011	November 3, 2014	390	309
Djibouti	September 17, 2008	June 16, 2012	13	3
Ghana	July 15, 2009	July 14, 2012	387	119
Grenada	April 18, 2010	April 17, 2013	9	6
Guinea-Bissau	May 7, 2010	May 6, 2013	22	7
Haiti	July 21, 2010	July 20, 2013	41	25
Kenya	January 31, 2011	January 30, 2014	489	288
Kyrgyz Republic	June 20, 2011	June 19, 2014	67	48
Lesotho	June 2, 2010	June 1, 2013	42	28
Liberia	March 14, 2008	March 31, 2012	248	4
Malawi	February 19, 2010	February 18, 2013	52	38
Mali	December 27, 2011	December 26, 2014	30	30
Mauritania	March 15, 2010	March 14, 2013	77	33
Moldova, Republic of	January 29, 2010	January 28, 2013	185	45
São Tomé and Príncipe	March 2, 2009	March 1, 2012	3	2
Sierra Leone	July 1, 2010	June 30, 2013	31	13
Tajikistan, Republic of	April 21, 2009	April 20, 2012	104	26
Yemen, Republic of	July 30, 2010	July 29, 2013	244	209
Total			3,183	1,586
Exogenous Shocks Facility				
0 Arrangements				
Standby Credit Facility				
Honduras	October 1, 2010	March 31, 2012	65	65
Soloman Islands	December 6, 2011	December 3, 2012	5	5
Total			70	70
Grand total			3,253	1,656

Note: Numbers may not add due to rounding.

¹ Formerly Precautionary Credit Line.² Formerly Poverty Reduction and Growth Facility.Source: IMF Finances (<http://www.imf.org/external/fin.htm>).



ANNEX 6 OPERATIONAL HIGHLIGHTS AND KEY FINANCIAL INDICATORS FOR THE WORLD BANK GROUP FOR FISCAL YEAR 2011

International Bank for Reconstruction and Development

(millions of US dollars)

	FY2010	FY2011
Administrative expenses	1,421	1,457
Operating income	800	1,023
Total assets	281,835	313,871
Fiscal-year commitments	44,197	26,737
Gross disbursements	28,855	21,879
Undisbursed loans	63,574	64,435
Principal repayments including prepayments	11,624	13,885
Net disbursements	17,231	7,994
Equity-to-loans ratio (per cent)	29	29

Sources: The World Bank Group Annual Report (2011) and IBRD financial statements (2011).

International Development Association

(millions of US dollars)

	FY2010	FY2011
Net income	-1,077	-2,332
Development credits outstanding	113,474	125,287
Fiscal-year commitments	14,550	16,269
Gross disbursements	11,460	10,282
Principal repayments	2,349	2,501
Net disbursements	9,111	7,781

Sources: The World Bank Group Annual Report (2011) and IDA financial statements (2011).

International Finance Corporation

(millions of US dollars)

	FY2010	FY2011
Administrative expenses	664	700
Net income	1,946	2,179
Total assets	61,075	68,490
Committed portfolio	38,864	42,828
Fiscal-year commitments	12,664	12,186
Number of projects	528	518
Loan and equity investments, net	25,944	29,934

Sources: IFC Annual Report (2011) and IFC financial statements (2011).



Multilateral Investment Guarantee Agency

(millions of US dollars)

	FY2010	FY2011
Administrative and other expenses	36	41
Operating income	34	24
Total assets	1,166	1,463
Statutory underwriting capacity	12,177	12,817
Fiscal-year guarantees issued	1,464	2,099
Number of new projects	16	35
Net exposure	4,296	5,239
Return on operating capital, before provisions (per cent)	1.4	3.8

Source: MIGA Annual Report (2011).



ANNEX 7

IBRD Loans and IDA Credits—Summary Statistics for Fiscal Year 2011

(millions of US dollars)

	IBRD Amount	IDA Amount	Total Amount
By Region			
Africa	55.9	7,004.1	7,060.0
East Asia and Pacific	6,369.6	1,627.4	7,997.0
Europe and Central Asia	5,470.0	654.7	6,124.7
Latin America and the Caribbean	9,169.4	459.8	9,629.2
Middle East and North Africa	1,941.9	122.8	2,064.7
South Asia	3,730.4	6,399.6	10,130.0
Total	26,737.1	16,268.5	43,005.7
By Theme			
Economic Management			654.6
Environmental and Natural Resources Management			6,102.4
Financial and Private Sector Development			7,978.8
Human Development			4,227.9
Public Sector Governance			4,517.7
Rule of Law			169.2
Rural Development			5,636.2
Social Development, Gender and Inclusion			907.9
Social Protection and Risk Management			5,690.6
Trade and Integration			2,606.7
Urban Development			4,513.8
Total			43,005.7
By Sector			
Agriculture, Fishing, and Forestry			2,127.7
Education			1,733.2
Energy and Mining			5,807.4
Finance			896.6
Health and Other Social Services			6,706.8
Industry and Trade			2,166.8
Information and Communication			640.3
Law and Justice and Public Administration			9,672.5
Transportation			8,637.8
Water, Sanitation, and Flood Protection			4,616.7
Total			43,005.7
Of which IBRD			26,737.1
Of which IDA			16,268.5

Note: Numbers may not add due to rounding.

Source: The World Bank Group Annual Report (2011).



ANNEX 8

Projects Approved for IBRD and IDA Assistance in Fiscal Year 2011

(millions of US dollars)

Region and Country	IBRD		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
Africa						
Africa (regional)			16	976	16	976
Angola			1	120	1	120
Benin			3	120	3	120
Burkina Faso			4	220	4	220
Burundi			3	67	3	67
Cameroon			2	59	2	59
Cape Verde			2	20	2	20
Central African Republic			3	57	3	57
Chad			2	52	2	52
Comoros			1	2	1	2
Congo, Democratic Republic of			6	260	6	260
Congo, Republic of			1	10	1	10
Ethiopia			1	630	1	630
Gambia, The			1	12	1	12
Ghana			6	605	6	605
Guinea			1	78	1	78
Guinea-Bissau			4	23	4	23
Kenya			4	490	4	490
Lesotho			2	33	2	33
Liberia			4	100	4	100
Madagascar			1	42	1	42
Malawi			4	271	4	271
Mali			4	163	4	163
Mauritania			2	23	2	23
Mozambique			7	413	7	413
Niger			4	232	4	232
Nigeria			4	535	4	535
Rwanda			4	151	4	151
São Tomé and Príncipe			1	4	1	4
Senegal			3	158	3	158
Seychelles	1	9			1	9
Sierra Leone			4	38	4	38
Swaziland	2	47			2	47
Tanzania			5	420	5	420
Togo			4	65	4	65
Uganda			4	345	4	345
Zambia			4	210	4	210
Total	3	56	122	7,004	125	7,060



Projects Approved for IBRD and IDA Assistance in Fiscal Year 2011 (cont'd)

(millions of US dollars)

Region and Country	IBRD		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
East Asia and Pacific						
Cambodia			3	68	3	68
China	14	1,740			14	1,740
Indonesia	8	2,243			8	2,243
Kiribati			1	20	1	20
Lao People's Democratic Republic			3	45	3	45
Mongolia			3	66	3	66
Papua New Guinea			5	101	5	101
Philippines	3	319			3	319
Samoa			1	10	1	10
Solomon Islands				3		3
Thailand	1	1,000			1	1,000
Timor-Leste			2	25	2	25
Tonga			2	10	2	10
Vietnam	4	1,068	8	1,280	12	2,348
Total	30	6,370	28	1,627	58	7,997
Europe and Central Asia						
Albania	1	25			1	25
Armenia	5	126	1	37	6	163
Azerbaijan	2	39		86	2	125
Belarus	2	180			2	180
Bosnia and Herzegovina			1	10	1	10
Central Asia (regional)			1	21	1	21
Croatia	2	242			2	242
Georgia	2	44		52	2	95
Kazakhstan	3	127			3	127
Kosovo			3	33	3	33
Kyrgyz Republic			6	136	6	136
Latvia	1	142			1	142
Macedonia, former Yugoslav Republic of	1	19			1	19
Moldova			3	67	3	67
Montenegro		6				6
Poland	1	1,115			1	1,115
Romania	2	1,091			2	1,091
Russian Federation	2	125			2	125
Serbia, Republic of	2	500			2	500
South Eastern Europe and the Balkans (regional)	1	10			1	10
Tajikistan			4	32	4	32
Turkey	4	1,370			4	1,370
Ukraine	1	200			1	200
Uzbekistan	1	110	2	181	3	291
Total	33	5,471	21	655	54	6,125


Projects Approved for IBRD and IDA Assistance in Fiscal Year 2011 (cont'd)

(millions of US dollars)

Region and Country	IBRD		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
Latin America and the Caribbean						
Argentina	8	2,221			8	2,221
Belize	1	15			1	15
Bolivia, Plurinational State of			2	160	2	160
Brazil	10	2,538			10	2,538
Colombia	3	315			3	315
Dominican Republic	1	150			1	150
El Salvador	2	150			2	150
Guatemala	2	132			2	132
Guyana			2	14	2	14
Haiti			4	78	4	78
Honduras			3	111	3	111
Jamaica	1	15			1	15
Mexico	5	2,754			5	2,754
Nicaragua			3	51	3	51
OECS ¹ countries (regional)			2	27	2	27
Panama	2	155			2	155
Paraguay	1	100			1	100
Peru	9	525			9	525
St. Lucia			1	15	1	15
St. Vincent and the Grenadines			1	5	1	5
Uruguay	1	100			1	100
Total	46	9,169	18	460	64	9,629
Middle East and North Africa						
Djibouti			1	6	1	6
Egypt, Arab Republic of	3	630			3	630
Lebanon	2	240			2	240
Morocco	3	480			3	480
Tunisia	3	592			3	592
Yemen, Republic of			3	117	3	117
Total	11	1,942	4	123	15	2,065



Projects Approved for IBRD and IDA Assistance in Fiscal Year 2011 (cont'd)

(millions of US dollars)

Region and Country	IBRD		IDA		Total	
	No.	Amount	No.	Amount	No.	Amount
South Asia						
Afghanistan			4	262	4	262
Bangladesh			7	2,139	7	2,139
Bhutan			1	25	1	25
India	7	3,469	6	2,072	13	5,541
Maldives				12		12
Nepal			5	253	5	253
Pakistan	2	261	8	1,292	10	1,553
South Asia (regional)		0	3	140	3	140
Sri Lanka		0	3	205	3	205
Total	9	3,730	37	6,400	46	10,130
Grand total	132	26,737	230	16,269	362	43,006

Note: Data include guarantees. Supplemental and additional financing operations (except for projects scaled up through additional financing) are not counted as separate lending operations, although they are included in the amount. Joint IBRD-IDA operations are counted only once as IBRD operations. A blank space indicates zero.

¹ Organization of Eastern Caribbean States.



ANNEX 9

WORLD BANK GROUP PROCUREMENT FROM CANADA

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

(millions of US dollars)

By World Bank Fiscal Year (July 1 – June 30)	Amount
2006–07	51.9
2007–08	58.8
2008–09	50.8
2009–10	77.5
2010–11	44.8

Note: Based on World Bank figures as of February 13, 2012.

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

(US dollars)

Supplier	Sector	Category	ID	Amount
Willam Maynard	Agriculture	Consultant Services	P064886	59,780
Brant Kirychuk	Agriculture	Consultant Services	P096993	64,169
William Adams	Agriculture	Consultant Services	P064886	120,000
Tecslut/AECOM	Agriculture	Consultant Services	P073397	147,371
Financière agricole du Québec	Agriculture	Consultant Services	P105256	224,797
CIMA International	Agriculture	Consultant Services	P105176	834,793
Alliance agricole internationale/GID	Agriculture	Consultant Services	P081704	1,943,415
Alliance agricole internationale/HND-SETADE	Agriculture	Consultant Services	P081704	2,049,463
CECI-Centre canadien d'étude et de coopération internationale	Agriculture	Consultant Services	P093640	8,009,171
Thierno Hamidou Bah	Education	Consultant Services	P099918	62,100
Ravi Venkataraman	Education	Consultant Services	P086308	78,936
Russell Boals	Energy & mining	Consultant Services	P109736	51,250
Ken Beck Lee	Energy & mining	Consultant Services	P106832	64,960
Jacques Corbin	Energy & mining	Consultant Services	P097974	85,656
Mr. W. Hilary Lee	Energy & mining	Consultant Services	P064844	89,666
Mr. W. Hilary Lee	Energy & mining	Consultant Services	P071591	89,666
Agriteam Canada Consulting Ltd.	Energy & mining	Consultant Services	P108768	119,700
rePlan Inc.	Energy & mining	Consultant Services	P097635	199,993
RSW International Inc./Genex	Energy & mining	Consultant Services	P104456	253,628
OPTEC Energy Services Inc.	Energy & mining	Consultant Services	P113266	328,910
Survalent Technology Corporation	Energy & mining	Goods	P082337	369,898
Klimpt, Jean Étienne	Energy & mining	Consultant Services	P104456	417,849
Louis Cabot, Ing., MSc	Energy & mining	Consultant Services	P104456	504,508
SNC Lavalin International of Canada	Energy & mining	Consultant Services	P075941	2,573,527



**Disbursements by IBRD and IDA Borrowers:
Suppliers of Goods and Services From Canada** (cont'd)

(US dollars)

Supplier	Sector	Category	ID	Amount
Dario Vins	Finance	Consultant Services	P108080	39,579
Alan Curd	Finance	Consultant Services	P090673	79,531
CON-TEST	Health & social serv	Consultant Services	P117604	4,820
Robert F. Woolard	Health & social serv	Consultant Services	P113341	10,847
Frederic Martin	Health & social serv	Consultant Services	P109760	24,800
Canadian Society for International Health	Health & social serv	Consultant Services	P101928	34,030
Charles A. Jeanneret	Health & social serv	Consultant Services	P077326	43,200
Maria Sol Modesto	Health & social serv	Consultant Services	P104794	134,400
Centre hospitalier de l'Université de Montréal	Health & social serv	Consultant Services	P101928	637,620
Canadian Society for International Health	Health & social serv	Consultant Services	P101928	925,617
Canadian Society for International Health	Health & social serv	Consultant Services	P101928	931,453
CECI-Centre canadien d'étude et de coopération internationale	Health & social serv	Consultant Services	P123205	1,299,999
ESD China Limited	Health & social serv	Consultant Services	P086446	1,517,280
Canadian Society for International Health	Health & social serv	Consultant Services	P101928	3,305,755
Roger Daviss Pipe	Industry and trade	Consultant Services	P088045	38,120
Estey Center for Law and Economics in International Trade	Industry and trade	Consultant Services	P106165	109,900
MacPherson Telecom Consulting	Info & communication	Consultant Services	P115844	120,000
Kevin S. Lim	Public admin, Law	Consultant Services	P108078	22,416
Gerard Verger	Public admin, Law	Consultant Services	P090265	32,031
Ravi Venkataraman	Public admin, Law	Consultant Services	P101156	48,246
Franke Toornstra	Public admin, Law	Consultant Services	P104041	80,083
Manmohan Rupria	Public admin, Law	Consultant Services	P114922	82,500
William Radburn	Public admin, Law	Consultant Services	P071063	100,000
Hasim Al-Ali	Public admin, Law	Consultant Services	P092484	116,867
Steve Gilbert	Public admin, Law	Consultant Services	P110616	120,000
IDEA International	Public admin, Law	Consultant Services	P114672	120,400
Gerard Verger	Public admin, Law	Consultant Services	P090265	201,228
Serge A. Bouchard	Public admin, Law	Consultant Services	P104041	235,894
CRC Sogema	Public admin, Law	Consultant Services	P104041	326,980
Cowater International Inc.	Public admin, Law	Consultant Services	P111184	506,590
Insurance Technology Group	Public admin, Law	Consultant Services	P090418	581,740
Agriteam Canada Consulting Ltd.	Public admin, Law	Consultant Services	P089733	616,405
CRC Sogema	Public admin, Law	Consultant Services	P104041	1,435,986
Dr. Mohammad Zaman	Transportation	Consultant Services	P111017	132,000
Jacobs Consultancy	Transportation	Consultant Services	P101201	342,720
IBI Group	Transportation	Consultant Services	P100589	543,905
SNC Lavalin International Inc.	Transportation	Consultant Services	P111153	1,038,200
IBI Group	Transportation	Consultant Services	P034038	1,062,283



**Disbursements by IBRD and IDA Borrowers:
Suppliers of Goods and Services From Canada** *(cont'd)*

(US dollars)

Supplier	Sector	Category	ID	Amount
SNC Lavalin International Inc.	Transportation	Consultant Services	P120895	1,197,820
Aeronav Inc.	Transportation	Goods	P078389	3,464,212
Schlumberger Canada Limited	Water/sanit/fld prot	Goods	P093132	25,199
Jacques Corbin	Water/sanit/fld prot	Consultant Services	P097974	92,926
4M Global	Water/sanit/fld prot	Consultant Services	P070736	204,900
RSW International Inc.	Water/sanit/fld prot	Consultant Services	P114467	699,560
rePlan Inc.	Water/sanit/fld prot	Consultant Services	P108143	1,269,538
Veritec Consulting Inc.	Water/sanit/fld prot	Civil Works	P103881	2,137,948