

Pledging Session of the 18th Replenishment of the International Development Association

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Statement by Dean Beyea, Director of the International Finance and Development Division of the Department of Finance Canada and Canada's Deputy to the International Development Association

Canada is pleased with the outcomes of the International Development Association discussions. Deputies and management have achieved a proposal that is both historic in its scale and prudent in its implementation.

The innovative financial framework will allow the international community to take an important step toward the achievement of the United Nations Sustainable Development Goals, while also recognizing the difficult fiscal environment that many face. This is an unprecedented achievement and Canada is proud to be a part of it.

Throughout these discussions, Canada has sought to provide a consistent message around our priorities for IDA-18.

Canada has asked that IDA be more ambitious and innovative in its efforts to optimize its balance sheet and funding model. Specifically, two principles have guided our views:

- 1) First, we strongly supported the adoption of an integrated financing framework that would blend donor grants, internal resources and market borrowing into a single replenishment. From our perspective, resources leveraged through market borrowing should not be earmarked for special purposes and need to be fully integrated into the IDA18 financing framework for IDA's funding model to remain efficient.
- 2) Second, we have advocated for greater matching between IDA's sources and uses of funds. In our view, grant-based funding, such as donors grants, reflows on past operations and income transfers, should be used to cover the grants and the grant-element of IDA's concessional loans. Conversely, the non-concessional portion of IDA's operations should be funded through borrowing, both from markets and from donors. Greater matching of the sources and uses of funds makes the most efficient use of scarce donor grants, and is a key reason that this replenishment has been able to achieve unprecedented levels.

We are pleased to see these concepts reflected in the IDA18 financing framework, and want to thank management for taking them on board.



As we look forward, we believe that IDA could be even more ambitious in using its borrowing capacity and we look to continue this discussion in the coming years.

We have also been pleased to see strong IDA alignment with the priority areas for Canadian development assistance, including fragile and conflict affected states, climate change, inclusive economic development and governance. In particular, we have strongly supported IDA's focus on private sector development as a critical driver in reducing poverty and are therefore enthusiastic about the potential of the new Private Sector Window.

With regards to the gender special theme, while we welcome the efforts made during this replenishment, we trust IDA will aim for transformative outcomes, as envisaged by the United Nations Sustainable Development Goals. Canada will continue to be a strong advocate for a robust gender component in future replenishments and will look to the World Bank Group to find innovative ways to increase its support on this important issue.

Turning to our pledge, Canada's decision on its contribution has been made while our government is conducting a comprehensive review of its international assistance policy framework. This review is ongoing and its results and potential impacts on our future engagement with multilateral development banks will not be known until 2017.

Despite this fluid context in the short and medium term, I am nonetheless pleased to announce that Canada's payments for this replenishment will remain at our IDA-17 levels.

Our total payment to IDA will amount to 1.325 billion Canadian dollars. We will use an accelerated three-year encashment period to disburse this amount, resulting in a total contribution of 1,350 million Canadian dollars. Canada's pledge is subject to the agreement to the Instrument of Commitment by our Minister of Finance and the approval of our Parliament.

In conclusion, Canada believes that IDA remains one of the very best delivery channels for international assistance and provides excellent value for money. This is the reason why our international development program has placed a high priority on IDA since its inception, with contributions growing to the point where IDA now receives 1 of every 10 dollars of Canadian aid spending. We believe that the case for IDA support remains very strong and has only been made more robust by the innovations introduced in this replenishment.

We look forward to continuing our strong collaboration with IDA in the years to come.

