



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

Forty-Seventh Meeting April 13–14, 2023

**IMFC Statement by Chrystia Freeland
Deputy Prime Minister and Minister of Finance**

Canada

On behalf of

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

**Statement by The Honourable Chrystia Freeland
Deputy Prime Minister and Minister of Finance, Canada**

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The most pressing threat to the global economy remains Russia's illegal full-scale invasion of Ukraine. In addition to the direct and deplorable impacts on millions of Ukrainians, Russia's actions are compounding economic challenges for the world's most vulnerable, exacerbating longstanding issues of poverty, income inequality, and food insecurity.

In response, Canada has provided Ukraine with significant financial, military, humanitarian, and other assistance, and imposed tough sanctions on Russia and Belarus. The IMF's Administered Account for Ukraine, which Canada championed, has facilitated over C\$6 billion in financial assistance to Ukraine from Canada and our international partners. On April 11, 2023, Canada announced the disbursement of an additional C\$2.4 billion loan for Ukraine through the Administered Account. Canada's total economic, defence, and humanitarian aid to Ukraine now exceeds C\$8 billion, including C\$5 billion in direct financial support, which is helping the Government of Ukraine continue to operate, including by paying pensions, delivering essential government services to Ukrainians, and restoring damaged energy infrastructure. Canada encourages other countries to support Ukraine through the Administered Account.

The IMF and its members have stepped up to support Ukraine and other vulnerable countries affected by spillovers from Russia's illegal war. In particular, we welcome the new US\$15.6 billion Extended Fund Facility (EFF) program for Ukraine, which will help sustain its economic and financial stability, and support its economic recovery, long-term growth, and reconstruction efforts. The EFF will also support Ukraine as it makes continued progress on the reforms required to attain accession to the European Union. This is in addition to the US\$2.7 billion in emergency financing that the IMF provided to Ukraine in 2022. However, given the scale of Ukraine's ongoing financing needs, further support will be needed from other international financial institutions and bilateral creditors to ensure Ukraine can continue to defend its sovereignty.

We also welcome the success of the IMF's new Food Shock Window. Since its inception in October 2022, additional concessional financing has been provided through this Window to vulnerable countries across three continents to address food insecurity exacerbated by Russia's illegal war in Ukraine. As IMF Managing Director Georgieva states in her latest Global Policy Agenda, "ending Russia's war in Ukraine remains the single most impactful action" to help vulnerable countries tackle the food insecurity crisis, and ensure their macroeconomic stability, as well as that of the global economy.

Against this background of rising inequalities and food insecurity, as well as continued elevated global inflation, we encourage the IMF and its members to ensure sufficient concessional financing is available to countries that need it most. In this regard, we welcome the recent temporary increase in access limits to the General Resources Account. To help address the

growing resource gap in the Poverty Reduction and Growth Trust (PRGT), Canada increased its contributions to the PRGT by C\$1 billion last year. Ireland also announced its grant contribution to the PRGT in the amount requested by the IMF.

Global crises have disproportionate effects on women and other vulnerable groups. Climate change is increasingly putting the world's most vulnerable at risk, and more frequent natural disasters bring about costly damages to critical infrastructure. The early success of the Resilience and Sustainability Trust (RST) is a testament to the IMF's ability to contribute to the fight against climate change, with five countries already benefiting from the RST to enhance their resilience to climate-related shocks, and dozens of other countries expressing interest. We are proud that members in our constituency were among the first countries to receive support under the RST. Canada's C\$2.44 billion contribution to the RST has been fully implemented. Timely delivery of existing, as well as new pledges, are needed to ensure demand can be met.

Countries with strong external positions must follow through on the commitment to channel newly allocated Special Drawing Rights (SDRs) to countries in need. We are proud that Canada has surpassed the commitment by G7/G20 Leaders by channeling almost 40 per cent of its SDRs, including through contributions to the PRGT and RST.

We welcome the IMF's new Gender Strategy and stress the importance of its timely implementation across all surveillance, lending, and capacity development programs. Canada and Ireland have deep expertise in gender policy and budgeting and stand ready to assist the IMF in its implementation.

We are encouraged by the strong reform agenda included in the IMF's recent program for Sri Lanka, and the framework for reform that it sets out. We are particularly concerned with ensuring that the elements aimed at strengthening the anti-corruption legal framework are fulfilled, and that the broader accountability agenda is advanced. We will remain attentive to the implementation of the program, and call on the IMF to fully utilize the review process to ensure commitments are being implemented.

Global debt vulnerabilities remain elevated. Timely, coordinated, and orderly debt treatments for countries facing unsustainable debt burdens remain critical for supporting long-term economic development and growth. We welcome the recent IMF financing programs for Sri Lanka and Ukraine, and call on all official bilateral and private creditors to provide timely and comparable debt treatments. Canada and our constituency members also continue to support debt transparency and sustainability efforts.

The IMF's capacity development (CD) and technical assistance work remains critical to ensuring countries can not only respond to crises, but also recover stronger. Our constituency places a high value on capacity development, and we hope the 2023 Review of the Fund's CD Strategy will ensure that countries that need it the most receive the technical assistance they need.

To ensure the IMF remains at the center of the global financial safety net, members will need to come together for a timely and successful completion of the 16th General Review of Quotas and ensure that the outcome protects the voice and access of the poorest and smallest members.