



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



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**STATEMENTS SUBMITTED TO THE EIGHTY-EIGHTH MEETING
OF THE DEVELOPMENT COMMITTEE**

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**NOTE ON THE EIGHTY-EIGHTH MEETING
OF THE DEVELOPMENT COMMITTEE**

The Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries – the Development Committee – held its eighty-eighth meeting on October 12, 2013, in the Preston Auditorium of the World Bank in Washington, DC. The meeting consisted of a single session, preceded by an informal Ministerial-level lunch for Members only on the same day. Members circulated their written statements in advance and these are part of this document. Also included is a note by the International Monetary Fund Managing Director distributed ahead of the meeting. The meeting started at 3:15 p.m. with opening statements by Mr. Kim, President of the World Bank Group, and Ms. Christine Lagarde, Managing Director, International Monetary Fund, and ended at 5:25 p.m. It was chaired by Mr. Marek Belka, President, National Bank of Poland.

The Agenda (Annex A) was adopted at the beginning of the meeting, followed by a discussion of the agenda topic. A paper entitled "World Bank Group Strategy".

In addition to the above discussion topic, a paper entitled "Update on the Implementation of the Gender Equality Agenda at the World Bank Group", was submitted to the Committee as a background report. Ministers commented on these documents in their written statements to the Development Committee.

The Communiqué (Annex B) was adopted at the end of the meeting and records the salient points and outcome of the Ministerial discussion.

Statement by the Managing Director of the International Monetary Fund, Ms. Christine Lagarde

DEVELOPMENT COMMITTEE: THE MANAGING DIRECTOR'S WRITTEN STATEMENT

Bold policies implemented across the membership over the past five years have staved off a severe recession but the global recovery remains subdued and subject to downside risks. The recovery in the United States and Japan has gained ground, and the euro area is pulling out of recession, but policies need to remain supportive until recovery is robust. However, activity in many emerging market economies is losing momentum, underscoring the need to address domestic structural weaknesses. Growth remains resilient in most low-income countries, notably in Sub-Saharan Africa, but there is a need in many countries to strengthen policy buffers without compromising on growth-supporting public expenditure. The Fund has been deepening its analysis of global developments through greater focus on evaluating risks and spillovers, while paying due attention to the challenges of employment creation and supporting priority social spending. The Fund's concessional lending capacity has now been secured on a long-term basis, following commitments by the overwhelming majority of Fund members to allocate their share of a proposed distribution of Fund reserves to the Poverty Reduction and Growth Trust.

I. ECONOMIC OUTLOOK AND RISKS

World output growth is forecast to reach 2.9 percent in 2013 and 3.6 percent in 2014. In a departure from previous developments since the Great Recession, growth in the advanced economies has recently gained speed, while the emerging market economies (EMEs) have slowed. The positive impulse to global growth is expected to come in good part from the United States (U.S.). The euro area is emerging slowly from recession but activity is forecast to remain subdued. Japan's economy is enjoying a vigorous rebound but will likely experience some slowing of growth in 2014 as fiscal policy tightens.

Growth in EMEs is decelerating, reflecting a combination of cyclical factors, structural bottlenecks, and a tightening of external funding conditions. But the pace of growth will remain well above the levels recorded in the advanced economies. Most low-income countries (LICs) continue to record strong growth, notably in Sub-Saharan Africa, although many small states and countries in fragile situations have fared less well.

Changes in growth dynamics across countries combined with the realization in markets of an approaching normalization of U.S. monetary policy have created new frictions, notably in the volatility of capital flows and tighter financial conditions since late May. Although markets have since stabilized, a key concern is that the gradual scaling back of monetary accommodation in advanced economies could trigger significant market adjustments, which could in turn have adverse spillover effects on EMEs that have sizeable external funding needs. At the same time, slowing medium-term growth in many major EMEs, in particular China, will adversely affect exports from trading partners, notably the commodity exporters among the emerging and developing economies. The recovery will also likely suffer a setback if structural bottlenecks constraining growth in many EMEs are not tackled promptly.

II. POLICY ISSUES

Macroeconomic Policy Priorities

Macroeconomic policies in advanced economies should generally remain supportive of economic activity, with gradual fiscal consolidation anchored by credible medium-term plans. The U.S. needs to raise the debt ceiling, settle the current budget impasse, agree on a medium-term fiscal adjustment roadmap, and

carefully manage the unwinding of monetary accommodation. The euro area requires strong policy actions on multiple fronts to reduce financial fragmentation and address architectural issues of the union. In Japan, an ambitious medium-term fiscal consolidation is needed, along with decisive structural reforms to invigorate growth.

Policies in EMEs should be anchored by credible monetary policy frameworks and exchange rates must be allowed to respond to changes in fundamentals while avoiding disorderly overshooting. Prudential actions should be taken to sustain financial stability. Where inflation is low and inflation expectations are firmly anchored, monetary policy should be the first line of defense against adverse external shocks. Fiscal adjustment should continue to rebuild depleted buffers if growth picks up as expected. If downside risks materialize, countries that have strong fiscal positions or supportive financing conditions could allow further fiscal easing. Where weak public finances are a source of vulnerabilities, fiscal consolidation would help rebuild sound fiscal positions.

While most LICs have shown resilience in recent years, many remain vulnerable to a significant slowdown in global growth and commodity prices, with small states and countries in fragile situations particularly at risk. In the face of uncertain world economic prospects, LICs need to ensure they have solid fiscal positions and ample foreign reserve levels to provide policy space to handle adverse shocks. At the same time, they need to safeguard critical spending programs, which will require mobilizing additional domestic revenues and scaling back costly and poorly-targeted subsidy schemes. “Frontier market” LICs that recently attracted significant portfolio investment should flesh out contingency plans to manage a possible reversal in capital inflows. Promoting inclusive growth over the medium term will require scaling up public investment, improving revenue mobilization and public service delivery, and promoting both financial deepening and access to finance.

International Policy Coherence

The strong capital flows generated by accommodative monetary policies in the advanced economies created both benefits and policy challenges for recipient countries. Exit from accommodation may cause volatility due to market reactions beyond the control of the central bank. The adoption of collectively coherent policies across the major economies can improve global outcomes by mitigating negative cross-border externalities, including from rising interest rates in the advanced countries. The Fund will continue to provide a global perspective on these policies via multilateral surveillance, analysis of costs and benefits, and identifying appropriate policy responses to contain potential negative spillovers.

The Fund is contributing to a number of policy initiatives that are important for emerging markets and developing countries (EMDCs), and have been discussed by the G20 this year, including those related to the development of local currency bond markets, enhancing financing for investment, and identifying the potential impact of evolving international financial regulatory reforms. The Fund has also contributed to the work of the G20 Development Working Group, particularly in domestic resource mobilization, an area of deep Fund expertise and engagement, with over 150 technical assistance missions per year, mostly to developing countries. The Fund is also engaged in analytical work to study the nature and extent of “double non-taxation” and the extent to which it is contributing to significant revenue losses and the adoption of more distortive tax structures.

III. FUND SUPPORT FOR A SUSTAINABLE RECOVERY

The Fund is responding to members’ need for financing. New Fund-supported programs have recently been approved for Cyprus, Jamaica, Pakistan, Romania, and Tunisia and precautionary credit and liquidity lines for Colombia, Mexico, and Poland have been renewed. Progress continues to be made in programs with euro area members, where the Fund works in close collaboration with our European

partners. The Fund stands ready to provide policy, financial and technical support to all our members, including in reaction to the recent volatility in international capital markets.

The Fund has maintained program engagement with a substantial proportion of its low-income-country membership. At end-September 2014, there were 24 programs providing financial or policy support and an additional three staff-monitored programs. Emergency support through the Rapid Credit Facility was disbursed to Mali and Samoa earlier this year. Demand for new concessional resources has temporarily eased in 2013, mainly due to delays in negotiations of a few larger size arrangements. Staff projections suggest new commitments will rise in 2014 to over SDR1 billion, consistent with the self-sustained financing capacity of the Poverty Reduction and Growth Trust (PRGT).

Almost 90 percent of the eligible countries now have benefitted from irrevocable debt relief under the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiatives (MDRI). Total relief from multilateral and bilateral creditors is estimated to be US\$114 billion (end-2012 present value terms). The Fund, in collaboration with the Bank, is working closely with the remaining few countries that are eligible to participate in these Initiatives.

The Fund continues to support the Arab Countries in Transition (ACTs), which are facing setbacks. Our policy advice highlights the need to maintain macroeconomic stability as well as to implement structural reforms to achieve higher and job-creating growth. Fund financing arrangements are currently supporting programs in Jordan, Morocco, and Tunisia; and discussions are advanced with Yemen. In addition, the Fund is helping the ACTs with technical assistance and training activities, with plans to scale-up further in the future.

The Fund's technical assistance (TA) and training activities remain highly valued by member countries and an increase in donor contributions in recent years has enabled the Fund to provide capacity development (CD) activities on a larger scale than before. The new CD strategy that was recently endorsed by the Executive Board stresses flexibility in meeting member country needs and proposes new ways to strengthen effectiveness through innovation. The new Africa Training Institute in Mauritius is now coordinating classroom training with onsite technical assistance provided by the regional technical assistance centers, while new online courses will be used to reach wider audiences starting in 2014.

IV. STRENGTHENING THE POLICY FRAMEWORK

IMF Resources and the Global Financial Safety Net

IMF members have acted to ensure that the Fund has sufficient resources to support members during this period of global economic uncertainty. Since the Fund highlighted these uncertainties in 2012, 38 members have stepped forward and pledged US\$461 billion to be available under bilateral borrowing agreements as a second line of defense after quotas and the New Arrangements to Borrow. The Fund has worked to formalize these pledges over this last year. This task is nearly complete, with 28 of 38 of these agreements, corresponding to about 90 percent of total pledged, now effective. When these agreements are fully in place, the Fund's total potential lending power would be over US\$1 trillion.

The Fund has now secured the resources needed to ensure the long-term sustainability of its concessional lending to LICs, with pledges having been received from 151 countries to provide to the PRGT their share of a planned distribution from IMF reserves. The IMF will continue to seek such commitments from other members to augment concessional lending capacity. Available HIPC and MDRI resources are projected to be sufficient to finance debt relief for the remaining eligible countries, with the important exception of protracted arrears cases. Substantial additional resources will be needed when Somalia and Sudan are ready to embark on the HIPC initiative.

Refining Fund Facilities and Enhancing Crisis Management

The Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL), and Rapid Financing Instrument (RFI) were all created during a series of reforms to the Fund's nonconcessional lending instruments over the 2009-2011 period. A Board discussion in early 2014 will assess the ongoing experience with these instruments.

Earlier this year, the first stage of the reviews of Fund policies on external debt limits in Fund-supported programs and on sovereign debt restructuring were completed. On the debt limits policy, Executive Board discussion highlighted the need for modifications to strengthen safeguards for external debt sustainability while providing LICs with increased flexibility to manage their borrowing policy and preserving incentives for concessional financing. The first component of a comprehensive reform proposal, aimed at simplifying the system of discount rates used for debt analysis, has since been developed in collaboration with World Bank staff and circulated for Executive Board approval. Staff is currently assessing whether the Fund's legal and policy framework should be adapted in light of recent experience with sovereign debt restructurings.

Enhancing Surveillance and Strengthening Policy Frameworks

The Fund continues to undertake a number of initiatives to enhance its surveillance and policy advice, including by implementing the priorities of the 2011 Triennial Surveillance Review (TSR). With the Integrated Surveillance Decision becoming effective earlier this year, our Article IV staff reports have begun to include analysis and discussions on outward spillovers from countries' economic and financial policies when they have a systemic impact. The reports continue to have detailed risk assessments—supported by risk assessment matrices. In line with the 2012 Financial Surveillance Strategy, improvements have been made in risk identification and policy analysis, especially in the areas of capital flow management and macroprudential policy. The 2014 TSR is currently under way to take stock of the extent to which the new initiatives introduced after the 2011 TSR are serving the Fund's commitments to the membership. Further policy work underway includes:

Growth and stability

- The role of *diversification and structural transformation* in promoting growth in LICs.
- Enhancing the Fund's policy advice and analytical toolkit on *jobs and growth*.
- Policies to support higher *female labor force participation*.
- Policies to boost growth in *small states*.

Financial deepening and capital flows

- *Pilot projects on enhancing financial sector surveillance* in LICs.
- Policy guidance on the *liberalization and management of capital flows*.

Debt and reserves

- Enhanced *debt sustainability analysis*, with revamped tools to assess risk of debt distress.
- Analysis of the effects of *banking sector vulnerabilities on debt sustainability*.
- Improved analytical tools to assess *foreign reserve adequacy*.

Multilateral reports

- Global assessment of the *effectiveness of unconventional monetary policy*.
- Multilaterally consistent *assessment of external stability for systemically important economies* and a new *external sector assessment* that identifies policy distortions.

Policy tools

- New *fiscal assessment tools* to strengthen tax administration and fiscal transparency.
- New policy tools designed particularly for *resource-rich developing countries* to assess fiscal and external sustainability as well as to determine sustainable investment levels.
- Guidance on appropriate *macroprudential policies* that aim to contain vulnerabilities.

V. FUND GOVERNANCE

The Fund's governance structure is evolving to reflect the changing global economic realities brought about by the rapid growth of EMDCs. Once completed, the quota and governance reforms agreed to by our membership in 2010 would see a doubling of quotas and a significant shift in voting shares to EMDCs while protecting the position of the poorest countries. The only remaining condition for the quota and governance reform to be effective requires acceptance by three fifths of the members representing 85 percent of the total voting power. While 141 members have accepted the amendment (surpassing the required threshold of 113) these countries account for 76.1 percent of the total voting power, still short of the required 85 percent threshold.

In January, the Executive Board reported on the outcome of its Quota Formula Review to the Board of Governors. It outlined important building blocks for agreement on a revised quota formula as part of the 15th General Review of Quotas. The 15th General Review will offer an opportunity to review the adequacy and composition of the Fund's resources over the medium term, and the distribution of quota shares.

Prepared Statements Submitted by Members

Statement by Mr. Dato' Mat Noor Nawi, Deputy Secretary General of the Treasury (Policy), Ministry of Finance, Indonesia¹

On behalf of the South East Asia Group, I take this opportunity to congratulate, Mr. Chairman, on the extension of your term as Chairman of this Committee. We look forward to working together to strengthen the role of this Committee to guide the work of this esteemed institution.

We are meeting today amid challenging global economic and financial conditions. Recent data suggest that growth in developed nations is strengthening while concerns over quantitative easing have subsided for now. However, the growth momentum has slowed in major developing countries. Sharp fiscal consolidation in advanced countries could also lead to an uncertain protracted low-growth environment. These could have an adverse impact on emerging and developing countries. The balance of risks remains on the downside.

On the development front, significant progress has been made to lift the quality of life of millions of people around the world. The number of poor has fallen, infant mortality rates have declined significantly, and access to education and health has improved. Despite these achievements, many more millions need the collective help of governments, international financial institutions; private sector, civil society organizations and other development partners to ensure the gains in quality of life are entrenched and improved upon. The World Bank Group has a role to help member countries respond to these challenges.

It is in this spirit that the Development Committee endorsed the World Bank Group's twin goals of ending poverty and promoting shared prosperity, during the last Spring Meeting. We also requested Management for a document articulating the World Bank Group's Strategy to achieve these twin goals. A well thought out strategy underpinned by a robust implementation plan, supported by adequate resources and appropriate organization structure, is integral to responding to client country needs and also achieving the twin goals.

World Bank Group Strategy

Achieving the twin goals of reducing extreme poverty to 3 percent by 2030 and boosting shared prosperity by fostering income growth of the bottom 40 percent of the population in every country in a sustainable manner is indeed a daunting task. These challenges are clearly recognized in the World Bank Group Strategy. This gives comfort that the diagnostic exercise has been rigorous. The Strategy, going forward, builds around providing solutions to the toughest development challenges, responding to these challenges as one World Bank Group; and recognizing partnerships as a means of maximizing impact. The change agenda associated with the strategy addresses the organizational structure and culture as well as resources (human and capital).

Development Challenges and Client Focus

We fully support the key elements of the strategy that will help shape the operations of the World Bank Group. The twin goals, new strategy and the associated change agenda must have a place within the primary focus on client country needs. The World Bank Group must seek alignment with client country priorities and meet expectations. In addition, the World Bank Group must facilitate conditions for joint

¹ On behalf of Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam.

ownership of its operations in client countries to ensure timely implementation of programs and projects, including reform efforts. This calls for much more engagement in building and strengthening institutional capacity including for statistical data collection as well as establishing a monitoring and evaluation system to ensure policy and program design are fully supported by evidence. Client countries face numerous development challenges. Large ocean states face challenging constraints to growth and are particularly vulnerable to the threatening impact of climate change. Investment in infrastructure and communications will significantly improve critical development in agriculture, fisheries and tourism sectors and diversify sources of growth. While addressing individual client needs, the development challenges of island nations provide opportunities to take a regional and transformational approach to development.

In having a client focus, I must reiterate that country presence and face time are very important to clients. Having Bank staff in countries gives the World Bank Group a better appreciation of development challenge, build relationships with key stakeholders in a more meaningful manner as well as respond swiftly to client needs. It opens up opportunities for more development impact and knowledge sharing which would otherwise be missed. In this regard, we urge the World Bank Group to strengthen country presence, increase face time and undertake innovative ways of enhancing presence through new financing models.

One World Bank Group

We welcome the One World Bank Group strategy to address development challenges. Taking a consolidated approach provides operational synergies and opportunities for shared resources to increase efficiency. More importantly, we see it as offering unique opportunities to leverage the combined skills and expertise of the World Bank Group and offer holistic solutions to development challenges that are complex and interrelated. A One World Bank Group approach can also ensure that all resources in the group are deployed to support the group goals; provide clarity of purpose to the various entities in the World Bank Group; as well as align accountability towards achieving these goals.

World Bank Group as a Solutions Bank

We welcome the strategy to position the World Bank Group as a “Solutions Bank”. The cornerstone of the solutions bank is the ability to increase the stock and flow of knowledge across the organization and offer appropriate policy advice, provide institutional support and design investment programs for client countries. Organization and incentive structure can be designed to ensure that knowledge sharing takes place. But at the same time, the World Bank Group must take measures to engage client countries to systematically capture successful development experience and draw lessons from failures and intensify the sharing of knowledge through the South-South exchange.

Partnership

We are encouraged that partnership is now a core element of the Strategy. In endorsing the twin goals last spring, we had pointed out that the core mission of ending poverty and boosting shared prosperity is a joint effort with other multilateral institutions and development partners with similar goals. Strengthening existing collaborations, leveraging comparative advantages and forging new partnerships enable the World Bank Group to have a reach and scale that can make a significant difference in development outcomes. These partnerships are also important to mobilize enormous resources that are needed to address the development challenges. The World Bank Group can be an important conduit to mobilize and channel these resources for development through innovative financing solutions.

Operationalizing the Strategies

There must be a clear process for change and an implementation plan to operationalize the strategies. We take note that the change agenda is still work in progress. This change agenda covers several areas, notably internal organization reforms including organizational structure, financial model, and knowledge and talent management as well as inculcating a culture that embraces change and ability to work in environments that are increasingly uncertain.

The process must start with rigorous country diagnostics and prioritizing development goals jointly with client countries which are reflected in the Country Partnership Framework. Prioritization and customization of solutions must also be a joint World Bank Group and client country decision. Effective engagement at all phases of World Bank Group operations in a client country requires a more decentralized organization to better understand development challenges, respond quickly and jointly develop customized solutions. The solutions or interventions must be impactful, sustainable and able to build capacity for resilience and self-help consistent with the World Bank Group as a solutions bank. The key to successful World Bank Group operations and development impact is client capacity and ownership.

Leadership and talent for the Global Workforce are prerequisites for delivering the development impact. We concur with the approach proposed to strengthen World Bank Group leadership, attract and retain talent, provide incentives for performance and integrating it with a work environment that promotes knowledge flow, innovation and risk taking. The overall aim should be to better deliver a development impact to the clients; make tangible difference to the way Staff operate and interact with the client; and ensure they are incentivized to contribute to the twin goals of the World Bank Group. The Staff represent the World Bank Group's most important asset. The global character of the World Bank Group must be fully reflected in the diversity of staff at all levels. Every effort must be made to source for global talent with top notch knowledge, skills and fresh development perspectives grounded on sound academic training. We fully support measures to create a performance based culture which is aligned with accountability for results.

World Bank Group Finance and Risk Framework

The World Bank Group financial model must be realigned to support the twin goals and implement the strategies. The discussion note on the subject was presented during the Development Committee Informal Ministerial Lunch today. We take note of the broad direction of the realignment of World Bank Group finances which aim to increase its financial capacity and resilience to deliver more to client countries. The thrust of the realignment is focused on reducing costs, increasing revenues and leveraging on external resources. In principle, we can agree to the approach. We are all for reducing costs through efficiency gains. However, this cost reduction strategies must be carefully considered so as not to compromise the quality of operations and services rendered to clients. In the same vein, boosting revenue can be supported but the real issue is how and what instruments would be used to 'grow profitable fee-based businesses across the group'. Granted there are opportunities to seek fee-based business but we believe that boosting revenue must take into account client affordability. Profitability as a strategy would be inimical to an institution which has a development agenda with a goal of eradicating extreme poverty. We support the move to explore new and innovative sources of funding. The realignment of World Bank Group finances is very much work in progress and we hope to have more details.

In addition, the World Bank Group's financial strategy must be developed in the context of effective utilization of resources. It is also crucial to enhance collaborative efforts and partnerships among multilateral development banks and donor communities. We encourage Management to be more innovative in order to maximize the use of the existing mechanisms and support the proposed new

financial strategies, which will complement and provide flexibility in mobilizing World Bank Group's resources. We therefore reiterate our call for Management to continue to explore and discuss all options to enhance financial sustainability of the World Bank Group.

Gender Equality Agenda Update

We welcome the update on the implementation of the Gender Equality Agenda since the last update in September 2012. We note the progress made so far in meeting the key targets of the World Bank Group's corporate commitments. The progress made should motivate the World Bank Group to do more. While tremendous progress has been made in designing programs that are gender informed, the real impact of these policies must be systematically measured and captured. We look forward to further updates on this cross cutting issue which needs to be addressed comprehensively as it will contribute significantly to achievement of the World Bank Group goals.

Conclusion

The Strategy paper articulates well the approach to achieve the twin goals of the World Bank Group. We are happy to endorse the broad contours of the strategy and have confidence that Management will make the necessary organizational, financial and human resources realignment to support its implementation. The real test of the impact of these changes is when client countries see increased operational and quality of engagement, as well as deeper impact and sustainability of results. This is a long journey. The goal is ambitious and the process challenging. The World Bank Group is moving in the right direction. However, we need measurable targets as well as a monitoring and reporting mechanism to track progress or lack of it and make mid-term corrections. We look forward for the progress report on this initiative at the next Development Committee Meeting in Spring 2014.

Statement by Mr. Aziz Akhannouch, Acting Minister of Economy and Finance, Kingdom of Morocco²

At our last Development Committee Meeting in April 2013, we endorsed the idea that all World Bank Group institutions must adopt a common and unified vision of the strategy to combat poverty and insecurity.

We also supported the definition of the mission of the World Bank Group in the form of quantifiable goals, namely reducing extreme poverty to 3 percent by 2030 and boosting shared prosperity for the bottom 40 percent of the world's population.

Our Committee is now called upon to review the strategy that should allow the World Bank Group to achieve these goals. It is with keen interest that we welcome this strategy.

In this regard, we note that the proposed strategy is aimed at **repositioning the World Bank Group** to focus on these two goals and concentrating all the activities of the WBG and its financial resources on these two indicators.

While the pillars identified for presenting this strategy are important, we think that they should be developed somewhat.

² On behalf of Afghanistan, Algeria, Ghana, Iran, Morocco, Pakistan, and Tunisia.

We therefore support the notion of a shift within the World Bank from a “**projects culture**” to a “**solutions culture**,” which constitutes the first pillar of this strategy.

Conditions of insecurity the world over and the risks faced by an increasing proportion of the world’s population require a solutions approach capable of offering clear responses to the problems of poverty and insecurity.

The expertise and knowledge existing within the World Bank, the world’s leading development institution, enable it to recommend development solutions to its member countries. Clearly, we support the recommendations that propose:

- Shifting the focus to expertise and knowledge and providing services adapted to the needs of countries;
- Integrating a culture of performance and results into Bank activities and involving the institution’s partners in this process through more effective knowledge sharing and greater engagement with citizen-beneficiaries as well as civil society; and
- Focusing the Bank’s assistance and expertise on actions that have great potential for transformational impact and improving the daily lives of poor and vulnerable populations.

However, it is our view that these recommendations alone will not allow the Bank to achieve its poverty reduction goals. Consideration should also be given to the institutional structure that will be established for the World Bank Group as a whole and to the mobilization of suitable human and financial resources, in order to help with the successful repositioning of the Bank.

We therefore call on our Bank to ensure **that this shift toward a solutions Bank does not come at the expense of the assistance provided by the Bank for reform programs and investment projects, given the extremely positive impact of these operations on the capacity of countries to address situations of fragility and dependence.**

The second pillar is the recommendation that the Bank adopt a selective approach when engaging with member countries.

Experts are calling on the Bank to help member countries place their priorities within the framework of the goals set for the Bank by:

- (i) Preparing a diagnostic framework that ensures a better understanding of the priorities of each country;
- (ii) Preparing a flexible framework for partnership that allows the specific priorities of member countries to be harmonized with the two goals of the Bank’s new strategy; and
- (iii) Establishing a framework for monitoring, evaluation, and follow-up that provides for performance and results reviews and for making the necessary adjustments, as appropriate.

From our vantage point, this selectivity should (i) take into account the specificities of each country rather than adopt a one-size-fits-all approach to member countries as a whole; (ii) strengthen the resilience of countries to face financial, economic, social, and environmental challenges; and (iii) be applied using clear and simple procedures.

Lastly, and with respect to the third pillar that consists of having the different members of the World Bank Group operate as **one cohesive World Bank Group**, we support the idea that this consolidation effort should entail the adoption of a collaborative approach based on the comparative advantages of each member institution.

We view an approach of this nature as being of critical importance, inasmuch as it facilitates the development of synergies among the different institutions of the World Bank Group. **Countries will therefore benefit from coordinated and cohesive activities by the World Bank Group.**

Enhancing the consolidation of “one World Bank Group” also entails an intelligent distribution of tasks based on a coherent, integrated, and results-based approach.

We look forward to continuing discussions on the different operational aspects related to implementation of the World Bank Group’s strategy, to be presented by the Bank’s management at the 2014 meetings of the Development Committee.

We still believe that continuing the internal reform process started by the Bank in the areas of **governance, gender parity, streamlining of procedures, and diversification of the modalities of and conditions for intervention** by the Bank, in particular, are all areas that can contribute to the success of this ambitious strategy.

Statement by Mr. Fahad Almubarak, Governor, Saudi Arabian Monetary Agency, Saudi Arabia

Our meeting is taking place at a time when the world is facing new challenges and opportunities in the aftermath of multiple crises, including the global financial crisis and the transition that has taken place in some of the Arab countries. While there are concerns about instability in certain regions, overall, there is greater confidence today than when we last met. There are positive signs of growth in Europe, USA and Japan and recent growth projections of the global GDP by IMF and the Bank—2.4% in 2013, 3.2% in 2014 and 3.5% in 2015—are encouraging. At the same time, however, there will be challenges for emerging market economies once advanced economies begin to return to conventional monetary policy. Amidst these challenges, sustained growth of the largest emerging economies would be critical to global growth, trade and jobs.

This positive picture is nevertheless dampened by volatility in the global economy, uncertainty about the fiscal and debt situation in the US and Europe. These developments could have serious negative effects on the emerging markets and the Arab region and alter the global economic outlook.

There has been meaningful progress on the Millennium Development Goals (MDGs), particularly the achievement of the goal of halving extreme poverty and the proportion of people without sustainable access to improved sources of drinking water ahead of the target date. Nevertheless, the average global poverty rate masks serious shortcomings and unevenness within and between countries. There are more than a billion people without access to electricity and affordable energy remains an issue in many low- and middle-income countries. Another billion lack adequate sanitation facilities. There are also lingering issues of hunger, malnutrition and maternal mortality. Ensuring long-term food security continues to be a daunting challenge. While the international community gives a final push to close the MDGs gap, it has also begun to debate the post-2015 development agenda. The overarching guiding principles for this agenda should be poverty eradication, shared prosperity and better quality of life.

The World Bank Group Strategy

The World Bank Group (WBG) has a frontal role in all of this. I welcome the new WBG Strategy, whose headline messages have been overwhelmingly endorsed by the Executive Board. I would like to thank President Jim Kim for his leadership on this initiative and all others who have worked hard to shape these headline messages. But harder work lies ahead. Translating these headlines into implementation details will be critical, in particular how the WBG is going to go about pursuing the poverty and prosperity goals: internally, with clients, with development partners, and with other external stakeholders. I look forward to the organization structure, human resources and the finance and risk framework being adapted to support the corporate strategy. In that context, it is important to be clear on what the Bank Group is going to do more of, less of, and why. I would expect the Executive Board to continue to be engaged in the discussion of implementation plans and would like to offer three points of guidance in this regard.

First, the Strategic Country Dialogue (SCD)—the centerpiece in engagement with countries under the new strategy—should be held around country needs and priorities in the context of our dual objective of poverty eradication and promoting shared prosperity. It should strike a balance between corporate goals and country preferences. Moreover, if we want to work effectively as “One” World Bank Group, then it is necessary that both private sector and public sector financing arms of the Group be at the table during the strategic dialogue with the Government.

Second, flexibility and selectivity should be exercised in consultation with the country. In designing country assistance programs, it should be borne in mind that the Bank Group support is only a part, and often a small part, of the country's overall development program. For the Bank Group to be able to make the greatest impact in terms of the two overarching goals, its country programs will need to be in harmony with the country's overall development program.

Third, I welcome the Strategy's focus on “evidenced-based” solutions. Bank Group is at its best when it provides technical solutions that focus on critical areas such as infrastructure, energy, agriculture, etc. that are at the heart of development strategies. And in these areas, robust partnerships with the private sector are critical. Working with governments to create a conducive environment for private sector participation, and working with the private sector to promote corporate social responsibility, are both critical to sustainable public-private partnership.

WBG Finance and Risk Framework

A financially robust WBG would indeed be critical to the implementation of the WBG Strategy. A robust IDA17 replenishment would in particular be key to meaningful pursuit of the poverty and prosperity goals in the poorest countries. Management's assessment is that WBG's financial capacity will need to be strengthened and that a range of short- and long-term measures are being considered. I welcome that a vision is being developed to realign the WBG Finance and Risk Framework in support of the Strategy, which should help optimize the use of resources currently at the disposal of WBG institutions. I broadly endorse this approach, including the short-term measures aimed at accelerating growth in business revenues, a leaner cost base achieved through efficiency gains and better leveraging of external resources.

These measures should, however, be guided by some principles. First, any pricing measures for IBRD lending over and above cost recovery should be recognized as borrowers' contribution to the Bank's financial sustainability.

Second, trust-funded operations should be subjected to the same governance requirements that apply to operations funded by WBG's own resources and administrative expenses financed by Bank-executed trust funds should be fully mainstreamed in the administrative expense budget.

Third, movement of financial resources from one WBG institution to another (such as IBRD and IFC transfers to IDA) should not be at the expense of the transferring institution's own ability to deliver on its mandate.

In general, the issues of financial sustainability and financial capacity are inter-linked but it is useful to consider them independently. Financial capacity means having enough resources to deliver on respective mandates of WBG institutions while maintaining some cushion for counter cyclical lending and investment in times of need. This, in turn, is a question of capital and borrowing headroom keeping in mind the need to maintain AAA ratings. The policy based equity-to-loans ratio is inevitably one of the factors influencing financial capacity. Financial sustainability, on the other hand, is a question of balancing revenues and expenses while leaving enough for IDA transfers and building reserves. Prudent management of this balance requires both income and cost-efficiency measures. The Note that we have been provided focuses on short-term financial sustainability measures, which I can endorse. However, WBG should undertake an integrated analysis of both capacity and sustainability issues and the options to address them.

Implementation of the Gender Equality Agenda

I am pleased to note that robust progress has been achieved on the gender equality agenda, and achievements against key targets have exceeded those laid out in the Corporate Scorecard and the IDA Results Measurement System. I also appreciate IFC's adoption of a new gender strategy and its mainstreaming in the IFC Performance Standards.

I take note of the three frontier areas—gender-based violence, inequality in work and entrepreneurship and legal discrimination—in which management proposes to do more work. I agree with this focus but would like to add a word of caution. We live in 'One World' that includes many cultures, often multiple cultures within the same country. Being a multilateral institution, we must respect this diversity. As a matter of conscious policy, we respect and care for the cultures and traditions of indigenous peoples. We should have the same respect for the rest of the humanity.

Statement by Mr. Ahmed Bin Mohammed Al Khalifa, Minister of Finance, Kingdom of Bahrain³

Let me start by stating my constituency's strong support for the new World Bank strategy with its ambitious twin goals of ending extreme poverty within a generation and boosting shared prosperity through equitable economic growth, inclusion, and sustainability.

The Bank has been grappling with these issues for decades and we are keen that the renewed focus on these twin goals will, once and for all, put the Bank on a clearer course that will yield a real and palpable impact on the poor and vulnerable.

³ Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syria, United Arab Emirates, Yemen

We also specifically welcome the emphasis on working as ONE World Bank Group (WBG) which will certainly help maximize the Group's impact and reach through its multi-pronged approach; a WBG that embraces synergies, while preserving the uniqueness of each individual institution, yet truly operates as ONE WBG.

As we move forward, we hope that we will ultimately have a client oriented WBG that understands global challenges and geopolitical realities. A Bank that is agile, innovative, responsive, and timely, results and solutions oriented with high quality cutting edge expertise, bundled products and state of the art delivery systems.

Obviously, beyond just formulating a strategy, we also need to pay special attention to ensure its successful implementation. This should take into consideration increasing selectivity, customizing support to member countries, ensuring flexibility, speeding up delivery, taking smart operational risks, and increasing emphasis on face to face engagements. All of these will certainly be key drivers for the success of this strategy and for the Bank's goal of becoming a global "Solutions Bank" par excellence, with transformational impact on the ground.

We also welcome the strategy's recognition of the need to ensure that the Bank is refocused on these strategic objectives, by aligning its country strategies and activities, its capital and human resources, result measurements, budget management and monitoring and evaluation tools to meet these critical goals.

The WBG, in our view, is undergoing a process of radical change that is unprecedented. Thus, as we adopt this new strategy, there, clearly, will be a need to set some interim goals and timeframes for delivery on: both these larger objectives and the implementation of both the strategy and the required institutional changes. Specifically, we need to ensure that work with countries is not disrupted and that country dialogue and WBG contributions keep flowing smoothly in the interim period. In addition, it is vital to ensure that there is full country ownership, quality data, improved capacity and, last but not least, we need to give a lot of thought to how to deal with countries where the gap in achieving one of the goals far outweighs its twin.

We recognize that we are talking about the strategy in the absence of much clarity on the details of some key ingredients, namely the implementation plan and the WBG's financial framework. Nevertheless, potential changes need to ensure an increasingly efficient institution that has a duty to remain financially sustainable to be able to deliver fully on its goals of helping countries fight poverty and achieve equitable growth. As the elements of the multipronged approach to tackling the Group's finances become better defined, one of the things that they need to reflect is how to leverage the Group's financial resources with global partners and the private sector and how to ensure the long term sustainability of IDA.

The significance of this new strategy is of immense importance for us, not only globally, but also on the level of our own region. People's lives have too often worsened during the recent periods of global financial, fuel, and food crises. A huge part of our own region is additionally going through a process of political transition or bearing the brunt of these changes in neighboring countries. The situation in MENA is, in our view, unprecedented in recent history at least, and the challenges of political transition, and even turmoil, need a special approach by the WBG.

This situation in the region certainly merits a WBG sub-strategy that gives special attention to MENA's uniqueness, the ever fluid circumstances and turmoil of its day to day existence, the human suffering of many of its people who are either strangers in their own countries or displaced to safer neighboring ones, its human and natural diversity, its growing voices, the capabilities and needs of its people and its youths, its strategic role in the overall global context and its potential contribution to global peace. Indeed the

scale of “change” is creating conditions that should be of considerable concern to all of us – globally, if not dealt with in a timely manner.

It is in this region, and it is now, that we believe the “Solutions Bank” could certainly have major impact on the future development of the MENA region as a whole, with its combined strength, global research, knowledge, financial resources, results focus, and convening power.

We also wish to note that we firmly believe that the private sector is the engine for growth and job creation. The private sector is critical for helping in development challenges in the region to take the load off the public sector in addressing these challenges. There is an urgency for IFC to scale up its activities and continue to do so first within the WBG and in partnership with other regional and global players, especially, with increase in its risk appetite in fragile and conflict affected countries. More focus is also needed in the MENA region on infrastructure, access to finance, and services (especially education) sectors, as well as improving the investment climate.

Let me also say that we would like to take this opportunity to emphasize the importance of the gender empowerment and social inclusion agenda in general and in FCS in particular. Post conflict and transition periods are often considered an opportunity to rebuild countries, not only physically but also in legislative and institutional terms. We need to support countries to pay more attention to gender and social inclusion issues that are culturally appropriate.

Global prosperity is a one for all proposition. Our interconnected world, our shared goals, and our dependence on each other make it impossible for any country or region to achieve its development goals, without our collective commitment and support. We believe that the WBG can serve as a great platform for us all to advance this global public good. The World Bank alone cannot achieve these ambitious and lofty goals, of course. We therefore reiterate the need to energize the Bank’s joint commitment to working closer with its global partners, including international and regional organizations and institutions, private sector, CSOs and others. We must use our individual strengths for the collective good.

Translating this new strategy into concrete and measurable action on the ground will be of immense importance to our region and others around the globe.

Thank you and we look forward to a very enriching discussion.

Statement by Mr. Mitsuhiro Furusawa, Vice Minister of Finance, International Affairs, Japan

To realize a free, prosperous and stable international community, Japan has been working to address global development challenges through the combination of assistance through international organizations and bilateral assistance. Japan also actively accumulates and disseminates expertise on development issues by hosting international conferences where stakeholders from all over the world gather.

Japan has long prioritized assistance in infrastructure to promote development and economic growth of developing countries by such efforts. In addition, Japan has been recently laying emphasis on assistance in areas such as healthcare and disaster risk management, where Japan has comparative advantage based on long years of its experiences. We believe that Japan’s contribution will add to developing countries’ growth. Their growth will, in turn, help us grow together with them.

As follows, I would like to explain Japan’s recent efforts in development assistance and offer our views on the ongoing World Bank Group (WBG)’s reform efforts.

Japan's Support for developing countries

Through development assistance, Japan will strengthen partnerships with developing countries which share universal values such as freedom and democracy. At the same time, Japan is focusing on assistance in those areas where Japan has comparative advantage in its technology and expertise to support economic and social development of the developing countries.

(1) Myanmar

To support Myanmar, which has been advancing reforms toward democratization and national reconciliation, Japan has led the international community towards comprehensive arrears clearance of Myanmar in close cooperation with the WBG, the IMF, and others. In May this year, Japan has fully cleared arrears on yen loans and stated to provide financial support worth a total of 91 billion yen, including yen loans of about 51 billion yen and grant aid and technical assistance totaling 40 billion yen. Japan highly appreciates the WBG's swift implementation of the first International Development Association (IDA) assistance for the power sector. We expect that the WBG will continue to actively provide support in close cooperation with bilateral donors, including Japan, and regional development institutions.

(2) Africa

The Tokyo International Conference on African Development (TICAD) was launched in 1993 under the leadership of Japan. TICAD has since become a platform where we discuss a wide variety of issues related to African development with the support of co-organizers including the WBG, the United Nations and others. TICAD V, which was held in Yokohama in June this year, brought together a total of at least 4,500 participants. Among them were representatives of 51 African countries including 39 heads of States and Governments; 31 development partner countries and Asian countries, representatives of 72 international and regional organizations; and representatives of the private-sector and nongovernmental organizations. Japan announced at TICAD V an initiative to provide 100 million dollars over five years in assistance through a WBG trust fund in order to promote maternal, newborn and child health, nutrition, employment and support business start-ups in post-conflict countries and fragile countries as well as agriculture which is one of the primary sectors in the region. In addition, with our focus on infrastructure, regional integration and private sector development in Africa, Japan announced expanding the framework for co-financing with the African Development Bank (EPSA: Enhanced Private Sector Assistance for Africa). Japanese companies are pinning hopes on Africa as a growth center with various business opportunities, while Africa is hoping for Japanese companies' expansion into the region. We expect that, through these measures, Japanese companies and Africa will enhance collaboration and create a mutually beneficial relationship.

We welcome the recent agreement on the replenishment of the African Development Fund. We expect the AfDF to step up its activities, in line with Africa's vision to become a prosperous continent with high-quality growth.

Development challenges

(1) IDA-17 Replenishment

In the process of ongoing negotiations for the next replenishment of the International Development Association (IDA), an introduction of innovative contribution methods such as contribution in the form of loans from donors is currently under discussion. We welcome the introduction of the loan contributions, as it would increase financial resources available to the IDA, and such resources can be utilized more

efficiently for transitional support for countries such as India in which many people still live in extreme poverty despite the growing average income. We would like management to appropriately evaluate the loan contributions provided by donors.

As part of the IDA17 replenishment discussion, we are considering the best way to support fragile countries. We believe that it is important not only to seek to expand the allocation of funds but also to ensure that specific support measures are planned under frameworks of support for individual countries and the results are appropriately monitored. Moreover, in order to use the financial resources as effectively as possible, we should continue to fully take into account the advantage of the PBA (Performance-Based Allocation) which encourages client countries to enhance their governance.

(2) Healthcare

Healthcare serves not only for protecting people's health and lives, but also for building the foundation for economic and social development. In this regard, we need to develop systems of universal health coverage whereby all people can receive healthcare services at an affordable cost when needed.

Japan has experiences of more than 50 years in universal health coverage since it introduced universal insurance system in 1961. The system has built the foundation for our steady economic development by providing all of the population with fair and reasonable healthcare and medical services. Facing the rapid aging of society, Japan is making efforts to make the system work more effectively in order to enhance sustainability. In regard to this, in order to help developing countries utilize experiences and knowledge concerning Japan's universal insurance system and other such systems, Japan and the WBG have been undertaking a joint study. We plan to compile policy recommendations, and, in December this year, to hold a meeting to disseminate the outcome of the joint study.

With regard to recent developments related to healthcare, at TICAD V held in June this year, Prime Minister Abe expressed an intention to make universal health coverage (UHC) into a "Japan brand." In addition, in his address before the General Assembly of the United Nations in September this year, the Prime Minister pointed out the importance of improving access to medical care and enhancing maternal, newborn and child health by promoting the UHC.

We are resolved to address these issues in cooperation with the WBG by making use of the advanced knowledge of Japan and the WBG in such fields as maternal, newborn and child health and improvement of nutritional conditions.

(3) Disaster Risk Management (DRM) and global environment issues

Large-scale natural disasters, once they occur, take a heavy toll on the lives of people. They also significantly damage years of development efforts in moments. The poor and vulnerable are most exposed to such disaster risks. Actions should not fall behind nor follow an occurrence of disaster. It is thus vital to provide appropriate support for actions in advance to prepare for future disasters. From this perspective, we welcome the adoption of "natural disaster risk management" among the special themes of IDA17.

To promote sustainable development, I would like to emphasize the importance of development efforts which adequately reflect the idea of natural disaster risk management: mainstreaming of disaster risk management. Japan has valuable knowledge on disaster risk management based on many years of experiences in both the public and private sectors. We expect that the Tokyo DRM (disaster risk

management) hub, created for the purpose of disseminating such advanced knowledge, will play a role in transferring Japan's technologies and experiences of disaster risk management.

Global environment issues, if left untouched, could also impede sustainable economic growth by increasing natural disaster risks. Japan has been supporting international efforts to preserve the global environment, including addressing climate change. Particularly important is the role of the GEF (Global Environment Facility) which has been engaging in a broad range of activities in an innovative approach for more than 20 years. With discussions about the sixth replenishment of the GEF under CEO Ishii currently taking place, the international community needs to make concerted efforts to actively address such issues. Japan hopes that the GEF, by leveraging its strength, will bring about global environmental benefits with positive impact over a wide range of fields including climate change and biodiversity conservation as well as the Minamata Convention on Mercury and demonstrate strong leadership in cooperation with the WBG and other partners.

World Bank Group's reform

(1) Organizational reform

Under the two strategic goals of "ending extreme poverty" and "promoting shared prosperity," which have been set to address global development challenges, the WBG shows us its future direction of transforming into a "Solution Bank." This transformation means a shift from its previous emphasis on just implementing projects and lays much emphasis on solving development challenges. The WBG is making reform efforts towards more efficient operation and management as an organization. We support the WBG's efforts under the leadership of President Kim.

The WBG should regularly review whether the current approaches are the best ones in addressing a wide variety of development challenges. Addressing development issues is always closely related to today's complicated international economic situation and global financial markets. Towards becoming a "Solution Bank," we hope the WBG to be an institution capable of designing a medium and long-term development strategy with broader perspectives taking into account the trend of the global economy and to what extent a financial crisis, should one occur, would affect the poor and vulnerable. Going forward, we expect the WBG to promptly formulate a concrete strategy to attain the two strategic goals.

On the WBG's organizational reform efforts, we recognize that management is considering establishing "Global Practices," which are supposed to encourage the whole organization to fully utilize knowledge scattered over various internal departments by restructuring the existing network. In the reform efforts, we would like management to always be mindful of their efforts to be going in the right direction, avoiding duplication and seeking clarity on accountabilities and responsibilities, as well as ensuring to create a favorable working environment for staff so that they can maximize their potential. We also expect that the WBG is committed to continuing its operation to achieve the two goals without any delay even in this process of implementing the reform.

Talking about Global Practices, we have emphasized that we should incorporate the perspective of disaster risk management into every aspect of development assistance, and thus hope Global Practices place emphasis on such a viewpoint.

We also have high expectations for the "One World Bank Group" initiative, by which the WBG including the IFC and MIGA can attain the strategic goals as one integrated institution. I would like to point out the importance of synergy effects exercised and solutions brought about by respective agencies under one WBG without undermining the strengths of IFC and MIGA.

(2) Ideas for financing for infrastructure investment

Recently, the WBG and other Regional Development Banks have been considering new schemes that are expected to meet growing global demand for infrastructures. With regard to Japan, the Japan Bank for International Cooperation (JBIC) plays a vital role to mobilize private funds for infrastructure projects in Asia and other regions through JBIC's loans and equity investments. We expect the WBG to contribute to the improvement of the investment climate by leveraging its expertise accumulated over years related to development assistance.

Financing schemes should always be efficient in addressing development challenges. We need to carefully review such schemes, when a new one is being created. Especially, in the infrastructure field, we need to recall that the WBG has provided support through the existing vehicles: IDA and IBRD. I would like to, therefore, reiterate that we need to carefully discuss and design a new one without depriving the WBG of limited human resources, while ensuring clear division of labor among various development banks without duplication. Japan will keep an eye on the ongoing discussions from such a perspective.

(3) Contribution in Human Capital

The WBG has just embarked on its organizational reform. Japan is committed to actively contributing to the important task of designing the future direction of the WBG including contributions in the area of human resources. A number of Japanese, as the WBG staff, actively engage in their missions at the frontline of development assistance such as those dedicating themselves to reconstruction of the economy in fragile and conflict-affected regions and those striving for improvement of the business climate in Africa. Japanese staff can make even more contributions to change the world for the better by mobilizing their expertise, spirit of teamwork, and capability of getting over challenges they may face in areas such as healthcare and disaster risk management.

Closing Remarks

Last October in Tokyo, we had the honor of hosting the Annual Meetings of the IMF and the WBG as Japan strove to reconstruct itself from the Great East Japan Earthquake and Tsunami. A large number of participants attended from all over the world, and they had productive discussions in a variety of meetings on critical economic and development issues the international community faced. The Annual Meetings were successfully concluded thanks to the cooperation of the WBG and the IMF as well as various countries. We are delighted to know that we are still continuously discussing disaster risk management and other important themes even deeper ever since the Annual Meetings in Tokyo, and concrete outcomes have been produced including implementation of specific measures based on the discussions above. We hope that those measures will bring about significant development results.

We hosted the Annual Meetings in Tokyo last year for the first time since 1964. Likewise, we hosted the Olympics and Paralympics in the same year, 1964, in Tokyo, and the other day it was decided that we will host the Olympics and Paralympics in Tokyo again in 2020. I would like to take this opportunity to express our gratitude for the support we received. We are looking forward to welcoming many people from all over the world again.

Statement by Mr. P. Chidambaram, Minister of Finance, India⁴

We are meeting at a time of subdued economic recovery in the developed economies, and when emerging economies are facing fresh challenges. The Eurozone and industrialized countries have shown some signs of growth but these are still tentative. Emerging economies, which had kept the global growth rate going, during the previous crises, have slowed down. Overall, the restoration of global economic growth on a sound and durable basis remains a challenge for all.

While global food prices seem to have eased over the last few months, rising fuel prices remain a cause for major concern. Recent political developments in some countries have created considerable uncertainty about fuel supplies in importing countries and this has increased the pressure on domestic prices and trade balances. The poor and the vulnerable have felt the brunt most.

The need for inclusive growth and job creation must continue to inform to our deliberations. The World Development Report on Jobs, released during the last Annual meetings in Tokyo, provided a good road map for governments to chart their policies and programs in the context of their own development needs and priorities. We have to continue to lay emphasis on that work and strive towards growth with good jobs for all. We have launched a massive skill development program to ensure gainful employment for our youth. We look forward to sharing the best international experience on skill development and hope to benefit from such an exchange in furthering our programs. The World Bank Group can play an important role in facilitating such an exchange of ideas and experiences.

Investment in infrastructure in developing countries is critical for sustained growth and good jobs. However, limited private capital flows for financing infrastructure and severe constraints on the capacity of multilateral development institutions have taken their toll on infrastructure development in such economies. In this background, we welcome the initiative of the World Bank Group for creating a special window for financing infrastructure development in the shape of “The Global Infrastructure Facility”. Some regional development banks have taken similar initiatives. All efforts in this direction are welcome in view of the huge global demand for infrastructure financing and the wide chasm that has to be bridged. However, we hope the new mechanism will be flexible, responsive and relevant to client countries and would fully leverage the strengths of the Bank.

We are in the midst of the IDA17 replenishment negotiations. IDA is a vital instrument for attacking poverty and the success of the negotiations is critical to the success of the new WBG strategy. We hope to see a robust IDA 17 replenishment which will strengthen the financial capacity of the World Bank Group and contribute to its achieving the twin goals.

We welcome the World Bank Group Strategy that specifies the path that is proposed to be followed to achieve the twin goals endorsed by us during the Spring Meetings 2013. We commend the President, WBG for his leadership and the management for their tireless effort in shaping the strategy, after extensive consultation with different stakeholders. We understand that the strategy captures well and synthesizes the various ideas, inputs and guidance provided during this process of consultation.

The broad framework of the strategy described in the paper appears comprehensive and robust. We endorse the various elements of the strategy, which will form the building blocks for the implementation plan and inform future discourse on the subject. We also agree that the path that is undertaken for achieving the goals must be sustainable, but the issue of sustainability should be decided by countries based on their national processes and contexts.

⁴ On behalf of Bangladesh, Bhutan, India and Sri Lanka.

We note that the implementation of the strategy will require a significant **scaling up of financial resources. The World Bank Group proposes to augment its capacity through increasing revenues, reducing expenses, stretching available capital and augmenting capital, as necessary.** We should strengthen the World Bank in a manner commensurate with the needs of its members. This is a sine qua non for successful implementation of the Strategy. One or two years of global turmoil can find the Bank terribly short on its ability to intervene effectively and fulfill its mandate. **We have to display greater ambition for meeting both the strategic and cyclical needs of the Bank.**

I fully endorse the proposal that the allocation of resources by the World Bank Group should be driven by its Strategy. This is the only efficient and effective way of deploying scarce resources in a manner that establishes a clear “line of sight” between the twin goals and the activities undertaken by the Bank. This will also facilitate allocation of adequate resources for transformative interventions.

Only the alignment of all WBG activities with the twin goals will provide the World Bank Group the clear “line of sight” that is essential for promoting selectivity at the country level, and according due importance to the needs and priorities of client countries. We support the deepening of partnerships with different development partners, both public and private, but such partnerships have to be grounded in the comparative advantage of the Bank and alignment with the twin goals.

We see the modernization and change process as a necessary complement to the Strategy. Only this will mould the Bank in a manner that is essential to the discharge of its responsibilities and the implementation of the proposed strategy. This will also usher in a culture of greater accountability and informed risk taking, both of which are essential to the task at hand.

We welcome the update on the implementation of the gender equality agenda at the World Bank Group and appreciate the progress made so far. However, much more remains to be done. There are huge gaps in data and statistics which call for extensive capacity building at the country level. Bank operations can always be made more gender informed. We must guard against tokenism and focus on mainstreaming gender in WBG operations coupled with a robust monitoring and evaluation mechanism grounded in an appropriate result framework. We welcome that the Strategy has given due importance to the gender equality.

A strategy will be as good as its implementation. Apart from aligning activities to the goals, speed and quality in implementation will be of essence. I have a few suggestions in this regards:

- a) Bank should further deepen decentralization for faster decision making within the Bank
- b) Procurement processes must be reformed to make it faster and simpler and,
- c) There should be further alignment of Trust fund activities to the twin goals: greater oversight of the Board on Trust Fund activities, and securing Trust Funds for proper project preparations especially for projects that are innovative or risky, could be of substantial help

We recognize the challenges ahead in the implementation of the strategy and assure the President and his team of our support in this effort. Constructive engagements with client countries and at the Executive Board are bound to make the implementation process smoother. We look forward to a clearer picture of the plan and its different components in the coming Spring Meetings.

Statement by Ms. Maria Kiwanuka, Minister of Finance, Planning and Economic Development, Uganda (African Group 1 Constituency)

The global economy continues to recover at a stable, but weaker rate. Aggregate output, which grew by 2.3 percent in 2012, is expected to post a marginal slowdown in 2013 to 2.2 percent. On the other hand, the performance of developing countries will remain positive, largely on account of growing domestic demand.

As for Sub-Saharan Africa (SSA), economic growth has been increasing and is projected to further increase by 4.9 percent in 2013 and in the next two years by 5.2 percent and 5.4 percent, respectively. This growth momentum is largely attributed to improved macroeconomic policies and management and heightened political commitment to poverty reduction and development. In addition, we have continued to scale up public expenditure on infrastructure and are increasingly attracting more *Foreign Direct Investment (FDI)*. This internally-driven progress has put our region's economy on a stable growth path. Notwithstanding this outlook on growth, poverty levels in the region remain widespread and high. Furthermore, infrastructure deficit has remained a major drag on our development efforts. The region also lags behind in meeting the *Millennium Development Goal (MDG)* of halving poverty by 2015, with rural areas bearing a disproportionate burden of the problem. Climate change and adaptation, particularly as they relate to the issues of soil erosion, access to safe water and ground cover pose daunting challenges to our countries. Other challenges faced by our countries include capacity limitations in project preparation and implementation, leading to cost overruns and completion delays. Furthermore, there is inadequate capacity to undertake the necessary associated socio-economic cost-benefit analysis of proposed solutions. This incapacity exists at both the country and regional levels.

Against this background, attaining the two goals of ending extreme poverty and promoting shared prosperity is an urgent imperative. In this regard, our Constituency statement focuses on the agenda for this year's *Development Committee Meeting*, in particular the changes we would like the WBG strategy to address.

1. World Bank Group Corporate Strategy and the Change Process

We welcome the World Bank Group (WBG) Corporate Strategy and support its overarching objective of delivering programs with the greatest development impact. We are encouraged that the Strategy calls for the WBG to operate as *One* entity with enhanced capacity. We also welcome the Strategy's emphasis on transforming the WBG into a '*Solutions*' Bank, emphasizing a development solutions culture embedded in widely disseminated knowledge of what works and how to deliver it.

We appreciate that the Strategy rightly recognizes the relevance of Africa to achieving its twin goals, as the continent lags far behind in meeting the MDG of reducing extreme poverty and hunger by half, despite the recent encouraging economic performance. We reaffirm our commitment to make our best efforts to use available resources to improve this performance in ways that would positively impact the lives of the poor in our countries. In this regard, we call on the WBG to strengthen its engagement with us and maintain a strategic focus on Africa and other areas that are hard hit by poverty.

In the implementation of the Strategy, we urge the WBG to embrace the demand-driven approach in its true sense and ensure that: (i) programs identified to assist countries are country-owned and country-driven; (ii) when engaging with clients during the *Systematic Country Diagnostic (SCD)* and the *Country Partnership Framework (CPF)* processes, staff attune themselves to be better listeners than advocates of what they consider best for the concerned countries so that solutions identified in this process match with countries' priorities and development objectives; (iii) diversity in staffing increasingly reflects the

diversity of its shareholders; (iv) the long-standing call of the African *Middle Income Countries (MICs)* for the WBG to develop instruments suitable to their needs be addressed appropriately; and (v) focus is placed on large-scale transformative initiatives both at the country and regional levels. In this context, we welcome the development of a *Global Infrastructure Fund (GIF)*, which we hope will help in addressing the pressing infrastructure gap in Africa.

Our countries are making progress towards meeting several of the MDGs, notably the goals on universal primary education, gender equality and empowering women, combating HIV/AIDS, TB, malaria and other diseases, and global partnership for development. Therefore, we believe it would be in order to use the WBG Strategy to support our countries in meeting the goals where they are lagging far behind.

We welcome the WBG's ongoing *Change Process*, which supports its *Modernization Agenda* towards making the WBG a more effective and results-oriented institution. We commend the efforts of the WBG's Senior Management and the Working Groups on the various change initiatives. We agree that these initiatives have the potential to enhance the WBG's effectiveness in achieving the goals and realizing its vision over time. However, this potential can only be realized if it is supported by the effective leveraging of human and financial resources, partnership and efficient use of knowledge and expertise. More importantly, the efficacy of the change process will be judged by its ultimate results. In this vein, we expect the *Change Process* to reduce and streamline the lengthy WBG internal processes and procedures, including the undue delays related to the 'no-objection' requests, that for long contributed to the high cost of our doing business with the Bank. Likewise, we call for the reforms taking place at the top to cascade to points of contact with clients for appropriate and effective engagement.

2. IDA 17 Replenishment and Financing for Development

Our countries continue to show commitment to reforms that support enhanced mobilization of domestic resources to finance, among other things, infrastructure and human resource capacity gaps. We recognize that these resources cannot be substitutes for *Official Development Assistance (ODA)*. We remain concerned that ODA, which many poor countries still heavily rely on, has taken a declining path in recent years. We therefore call for a strong support to *IDA17 Replenishment*. We see IDA as the key instrument for the WBG to meet the twin goals of ending extreme poverty and promoting shared prosperity.

A strong *IDA 17 Replenishment* is, therefore, essential for the WBG Strategy to deliver on the stated goals. In this context, we encourage the WBG to forge strong partnerships with both the public and private sectors. This also calls, among other things, for optimizing the synergies among the four WBG entities.

Relatedly, we are encouraged by the progress made in delivering interim country assistance strategies for Somalia, Sudan, and Zimbabwe. In this regard, we reiterate our call for the timely support of development partners to help these countries to benefit from the debt relief initiatives. In the same vein, we welcome the Strategy's focus on the *Fragile and Conflict-Affected Countries (FCS)*, several of which are in our Constituency, and call for innovative instruments and scaled up support to address the challenges faced by these countries.

3. Update on the Implementation of the Gender Equality Agenda at the World Bank Group

We acknowledge the achievements on the key targets on the *Gender Equality Agenda*, laid out for FY 2013. In particular, we welcome the progress made in mainstreaming gender in all the country assistance strategies and the increased gender-informed operations, especially in *Fragile and Conflict-Affected States (FCS)*. We are cognizant of the challenges ahead, including the unrealized MDGs and other

emerging challenges such as those associated with climate change and fragile situations. We, therefore, support the WBG gender specific commitments and proposals in IDA 17.

Relatedly, we welcome the Africa Region *Gender Action Plan FY2013/17*, with which the Bank seeks to advance development for both men and women in Africa through operations grounded in robust evidence and informed country dialogue. In this connection, we call for coordinated efforts of our development partners, including the WBG, to alleviate the plight of women and girls particularly in fragile and conflict-affected states. Our Governments remain committed to achieving gender equality, especially since women and girls make up the majority of the poor, and they continue to face numerous challenges including access to health services, education and finance.

4. Conclusion

In conclusion, we support the WBG Strategy, especially its focus on eradicating extreme poverty and promoting shared prosperity. The Strategy is pertinent to our countries, which are a long way towards achieving these goals. In this view, we reaffirm our commitment to making our best efforts to deal with these development challenges. We call upon our development partners to honor their ODA commitments and support a strong *IDA17 Replenishment*, which is critical for the success of the Strategy. We also call for adherence to the *Paris Principles on Aid Effectiveness*, which are anchored on predictability and reliability of development assistance and its alignment with national development priorities, to ensure long-term positive impact. Similarly, we call for the Bank to be a better listener to its clients and truly embrace the principle of demand-driven development programs in the implementation of the Strategy. Furthermore, we urge the WBG to ‘*walk the talk*’ and encourage staff not to offer conflicting and fragmented advice to countries.

Statement by Ms. Lilianne Ploumen, Minister of Foreign Trade and Development Cooperation, Kingdom of the Netherlands⁵

The global landscape has changed dramatically over the past decade. Increased trade with and investment in and among low- and middle income countries have created opportunities to leverage finance and knowledge for development and help countries move beyond aid. As a result, many LICs have made progress in reducing poverty and achieving other Millennium Development Goals (MDGs), and emerging economies have been driving forces of growth. Nonetheless, significant challenges remain. Extreme poverty is increasingly concentrated in fragile states, and development challenges remain significant in many emerging economies. To address these challenges, countries need to rebuild fiscal and monetary buffers and improve social safety nets and food security. We need to create productive jobs for men and women and build security in fragile and conflict-affected countries.

WBG strategy

Our constituency shares the World Bank Group’s (WBG) vision of ending extreme poverty and promoting shared prosperity in a sustainable manner. We welcome the renewed emphasis on poverty and the proposed transformation of the WBG. With the aim of transforming into a ‘solutions bank’ following ‘a science of delivery’ approach, we fully endorse working as ‘One WBG’ and re-aligning the entire budget towards the twin goals. Country needs and demand should remain centre stage. The proposed transformation implies, however, huge reform challenges.

⁵ On behalf of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, former Yugoslav Republic of Macedonia, Moldova, Montenegro, the Netherlands, Romania and Ukraine.

Dealing with persistent poverty and inequality – both in LICs and MICs – requires a daring approach. As economies grow, World Bank resources, both in IDA and IBRD are falling in relation to GDP of recipient countries. IDA levels declined from 1.6% in 1991 to just under 0.6% of the GDP of recipient countries today. At the same time, more and more countries are graduating from IDA. Therefore, IDA should shift the focus from adding more and more resources to deploying resources more effectively and leveraging private resources. We encourage the WBG to build on the experience of IFC in leveraging those resources.

The WBG may add value on the ground by using its convening power for coordination efforts, but it also needs to work in a synchronised manner with national governments and other development partners such as the UN, the wider donor community and civil society. The WBG should not shy away from sending clear messages in its dialogues with governments. Civil society is very much part of the picture, in supporting upward accountability and monitoring results. The WBG has a vast store of knowledge and capabilities, but customising development solutions requires cooperation and modesty.

Poverty is especially challenging in fragile and conflict-affected states (FCSs), which are home to a significant part of the poorest people. The WBG and other actors face a weak and delicate institutional environment in FCSs, although some progress has been made with the G7+ countries in the context of the Busan New Deal for engagement in fragile states. With poverty increasingly concentrated in FCSs, we encourage the WBG to strengthen its engagement in FCSs by acknowledging the high risk/high return environment of FCSs. This requires a fundamentally different risk approach and more daring and less risk-averse management.

Pockets of poverty in MICs are persistent, and solutions difficult to design. We urge the WBG to develop a MIC agenda in order to reach the twin goals by 2030.

On the operational side, we support the intention to optimise delivery by bridging the delivery gap between ‘global practices’ and tailor-made local solutions. Our constituency looks forward to implementing these ideas. The power of the WBG continues to be its client-focused approach. In light of limited resources, the WBG will need to select those interventions that have most impact. Reimbursable advisory services can be helpful in that regard, as these are based on the principle of effective demand. Furthermore, public money could be used to leverage private-sector financing and action in order to increase its impact on development.

The new strategy is right to emphasise environmental, social and economic sustainability. A failure to adequately integrate climate change challenges will lead to sub-optimal development results and only temporary benefits. Social inclusion is another key aspect. The Bank should redouble its efforts on the access-to-finance agenda, to enable people to engage with the local and world economy and work their way out of poverty. Lending reform and safeguards reform are needed to fully acknowledge the problems of our time and to move from a ‘tick the box exercise’ towards effective protection of the most vulnerable. This should be done by recognizing human rights issues and integrating incentives into program and project design. This also helps to keep the WBG accountable and transparent and to prevent unjust claims.

World Development Report 2014. We support the WBG’s increased focus on risk management: not ticking the boxes on a list of preconditions, but accountability on the basis of actual results. As the WDR points out, calculated risk-taking and appropriate risk management by all actors can lead to huge development dividends.

IDA17 replenishment

IDA17 is a crucial replenishment round. A number of issues with implications for the long-term shape of IDA are being discussed. Meanwhile, the replenishment is taking place in the context of a challenging and uncertain external environment and heightened fiscal constraints for several partner countries. Therefore, IDA17 needs a strong narrative to make the public case for IDA by focusing on IDA's successful contribution to poverty reduction (based on its country-based model and comparative advantages). With respect to graduation, the WBG should deal with perverse incentives for countries to retain access to IDA and focus on those in real need, while at the same time making graduation more attractive by facilitating TA or differentiated rates. We urge the WBG to take into consideration that for countries such as Armenia, Bosnia and Herzegovina and Georgia, access to financial markets is limited and costly. We expect that when needed, these countries will be compensated under IBRD on a one-for-one basis for previous loan access.

Modernisation and reform agenda

The modernisation and reform processes that different parts of the WBG have initiated over the last few years will prove useful, but more work lies ahead to implement the World Bank's vision. Further integration of the WBG is essential for solutions that make one and one equal 3, and at the same time reduce costs of overlap. In addition, it is important to work on increased synchronisation between IDA and trust funds, and to reduce unnecessary fragmentation.

Given constrained resources and the dismal economic environment in many member countries, it is all the more important for the WBG to set a clear example by bringing its remuneration and benefits policy in line with its development mandate. Resources – generated by members' interest payments and prior capital returns – spent on salaries and benefits cannot be used for scaling up development efforts. Therefore, we ask the WBG to bring its relatively generous policy more in line with the public development objectives it stands for.

Sound procurement is the cornerstone of development of any country. The current review of procurement policies is therefore important to our constituency. Procurement helps countries get value for their money and build capacity. We strongly believe that the quality of the end product and monitoring of contract compliance should be fully integrated into tender procedures. Furthermore, legal recourse and complaint mechanisms should be improved and clarified – for all parties concerned. At the same time, we urge the WBG to look through the lens of the client, limiting the compliance burden and preventing excessive and costly procedures.

The WBG has embarked on an ambitious path of modernisation, creating a WBG relevant for the future. Our constituency fully supports the vision and stands ready to cooperate in realising a solutions bank, more able than ever to assist clients in their sustainable development.

Statement by Mr. Daniel Kablan Duncan, Prime Minister and Minister of Economy and Finance, Republic of Côte d'Ivoire, on behalf of the Group II African Countries

My statement focuses primarily on the topics appearing on the agenda of our October 12, 2013 meeting, namely (i) the World Bank Group Strategy, and (ii) the Update on the Implementation of the Gender Equality Agenda at the World Bank Group.

World Bank Group Strategy

We welcome the WBG's strategy and are pleased with the discussions we held with the President and senior management during the many meetings organized by the Executive Board for the preparation of this new framework.

We strongly endorse the proposals outlined in the strategy and its key elements, which are designed to strengthen the WBG's capacity to achieve the two set goals. We believe that the two-pronged mission of ending extreme poverty by 2030 and promoting shared prosperity is an important contribution to the post-2015 development agenda with which WBG policies must be aligned.

It is our view that, if allocated substantial resources for its implementation and executed diligently, this strategy will enable the WBG to achieve the set goals and improve the living conditions of millions of poor people the world over in general, and in all the relevant regions, in particular. We also believe that the Bank should play a prominent role in supporting countries with their specific development challenges, in particular by helping them build resilience to future financial, economic, social, and environmental challenges.

We support the efforts of the WBG's management and staff in this regard. The WBG's shareholders will evaluate its success on the basis of its impact on the living conditions of the poor and a reduction in global inequality. This success is contingent on an effective, timely, and well-managed implementation of the strategy, the key components of which are the selectivity and coordination of WBG interventions; an evidence-based, country engagement model; the reform of the Group's internal organization, systems and procedures; appropriate incentives in a context of clear accountability and culture change; and an effective monitoring and evaluation framework to track progress, adjust actions, and assess performance. We welcome the ongoing strategic discussions with senior management on progress made and look forward to similar discussions between the Bank and its partners.

The WBG's financial package is a key aspect of the strategy, which must allow the Group to be effective and financially sustainable. We look forward to continued discussions on the issue of financial sustainability in the coming months. To that end, we ask that senior management provide us with more details on the financial options prior to the Development Committee meeting, in particular those that will facilitate better leveraging of financial resources with other development partners, including the private sector, with a view to enhancing the World Bank Group's capacity to achieve its objectives.

SECOND UPDATE (2012-2013) ON THE IMPLEMENTATION OF THE GENDER EQUALITY AGENDA AT THE WORLD BANK GROUP (WBG)

We welcome this update on the implementation of the gender equality agenda. This annual exercise is extremely useful and should, in our view, be continued. We wholeheartedly endorse the commitment of the World Bank Group's senior management to moving forward with this agenda.

Increased awareness and staff expertise at all levels are necessary for the effective implementation of the gender equality agenda. The benefits and importance of gender equality to ending poverty and promoting shared prosperity should also be communicated to the stakeholders. Adequate human and financial resources should be allocated to this agenda, and clear staff incentives to help foster a culture change and achieve tangible and sustainable outcomes would also need to be put in place.

The new World Bank Group strategy underscores the critical importance of gender equality to the promotion of growth and equity. However, gender equality must be mainstreamed into the overall WBG strategy in a more systematic manner. We welcome the fact that it was selected as one of the areas to leverage the World Bank Group's expertise and collaboration. We would like the Bank to make rapid progress in the areas identified for this agenda, namely (i) gender-based violence; and (ii) inequality in work; and discrimination under the law; either through its own efforts and/or in collaboration with partners.

We note with great satisfaction the achievement at the institutional level of a number of the objectives related to gender equality. Gender-related objectives must, however, be strengthened in order to be credible. We are keen to receive more details on possible options. We expect the Bank to share with the countries in our Group the criteria and procedures for mainstreaming gender into project implementation completion reports, with a view to receiving, in return, concrete suggestions in order to strengthen implementation and outcomes.

We urge the Bank's senior management to use the upcoming entry points in the "change and reform" process to further the "strategic efforts for the medium term" articulated in the update. Gender-related dimensions should also be integrated into the Systematic Country Diagnostic (SCD) and the new Country Partnership Framework (CPF), as well as into Performance Review Reports (PRRs). Efforts must be stepped up to generate gender equality data for mainstreaming into operations.

We welcome the Bank's recognition that special attention must be paid to fragile States, where outcomes for women and girls are especially lagging. We encourage increased collaboration between the Center for Conflict, Security, and Development in Nairobi and the gender teams at the IBRD and IFC, and urge them to examine and address the critical link between gender issues and fragility in the Bank's programs and projects.

Mainstreaming women's voice and participation into Bank activities is crucial. This issue is critical to improving gender equality, and the report will bridge the knowledge gap in this area within the Bank. Lastly, it is our hope that this report will have operational relevance and will provide specific details on the way to accelerate the gender equality agenda.

Statement by Mr. James M. Flaherty, Minister of Finance, Canada⁶

On behalf of our constituency, I want to begin by thanking President Kim for his strong leadership of the World Bank Group over the first year of his presidency.

Last Spring, Governors established ambitious goals of ending extreme poverty by 2030 and boosting shared prosperity. These are challenging and worthy goals. President Kim is now proposing a strategy to position the institution to deliver on these two goals. I am very supportive of the proposed approach, recognizing that it will take time and concerted effort to refine and implement all of the key elements of the strategy.

Canada's constituency stands ready to work with the World Bank Group on the new strategy, confident that it will enhance the institution's focus and effectiveness in addressing the development challenges of today and tomorrow, including those of the Caribbean states we represent.

⁶ 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.

We strongly support the planned move to One World Bank Group in order to increase systematically collaboration efforts across the International Development Association (IDA), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA). Working as One World Bank Group will allow us to better leverage the strengths of each agency and contribute to breaking down silos within the institution. In order to do so, we call upon the World Bank Group to harmonize and intensify its efforts in several key areas:

First, engaging and leveraging the private sector to reduce poverty and boost prosperity, together with our constituency and other stakeholders. The development architecture has fundamentally changed. Reducing poverty and promoting prosperity require effective partnerships that cut across issues, challenges and sectors—and these partnerships must include the private sector. This means creating the business environment necessary to attract investment and facilitate trade; unleashing the potential of entrepreneurs in developing countries to drive growth and create jobs; and investing in people to take advantage of growth opportunities.

Second, transforming agricultural investments, growth and productivity into greater food security and nutrition, especially for women and children. Canada has taken a global leadership role in the fight against hunger and malnutrition through efforts in sustainable agriculture development, as highlighted at this year's United Nations General Assembly. A robust One World Bank Group approach in agriculture could have a transformative impact on food security and nutrition.

Third, playing a catalytic role in sustainable extractive sector development globally. The World Bank Group has the potential to play a greater role in mobilizing, in partnership with the G-8, finance and knowledge needed by countries looking to leverage their own natural resources towards poverty reduction.

Fourth, continuing to focus attention on gender perspectives in the implementation of the new strategy. Gender equality and inclusion can and must intersect; all parts of the World Bank Group have a role to play in advancing economic and leadership opportunities for women.

Last, working together to enhance our support to the poorest and most vulnerable in fragile and conflict-affected regions. The World Bank Group, and IFC in particular, supported by Ireland and others, has already garnered some very positive experiences and demonstrated results in supporting the private sector in post-conflict countries in sub-Saharan Africa. We call on the World Bank Group to further support this work and explore the lessons learned for wider application globally. We also encourage others to support MIGA's new Conflict-Affected and Fragile Economies Facility, which will help leverage private sector investment in riskier environments.

We urge the Bank to continue to support small highly vulnerable economies in its new strategy. Of particular concern are the Caribbean countries in our constituency, which are small island states that are highly vulnerable to natural disasters and external macroeconomic shocks. This heterogeneous group of developing countries continues to struggle with the complexity of financing and implementing development solutions within the context of stagnant or contracting growth, declining competitiveness and unsustainable fiscal and debt positions. Over the past five years, a number of these countries have embarked on fiscal consolidation and structural transformation programs aimed at rebalancing their economies and creating the conditions for growth. However, to be truly effective, these efforts must also be accompanied by programs that allow the private sector to expand and emerge as the primary driver of growth. In this regard, we continue to encourage the World Bank's work, through the Caribbean Growth Forum, that seeks to assist these countries to develop and ultimately implement pro-growth strategies.

At the end of last month, the United Nations took stock of the current state of the Millennium Development Goals (MDGs) at the Special Event of the General Assembly. The outcome document, co-facilitated by Ireland, expresses the strong commitment of the international community to achieve the MDGs by 2015 and underlines the need to accelerate progress between now and then, targeting in particular those MDGs where results are further behind. The new World Bank Group strategy will have to play a key role in supporting these efforts as well as the design of the post-2015 development framework.

Some of the World Bank's existing borrowers are moving towards graduation, and there is scope for being more selective and targeted in delivering financial, technical and knowledge-based development solutions to clients. The World Bank Group will need to find ways to be innovative and catalytic in defining its evolving role. The drive to become a "Solutions World Bank Group" represents an opportunity to do this. This will enable the World Bank Group to enhance its support to client countries through customized development solutions by packaging finance and knowledge together with its services, and further developing this through effective evaluation of results.

We strongly support proposals to realign the World Bank's financial model to strengthen financial sustainability and expand its financial capacity. We look forward to further defining the underlying principles in the coming months, including a discussion at the Spring Meetings around specific measures to grow revenues, optimize the leveraging of available capital, and reduce costs.

Ensuring a Constructive and Progressive IDA Replenishment

The work of IDA has always been strongly supported by our constituency, and we look forward to the completion of the IDA17 replenishment process by December 2013. We note that IDA is poised to graduate several borrowing countries during the IDA17 period and recognize the important gains that the governments of these borrowing countries have achieved in lifting people out of poverty.

We also recognize that sizeable development challenges remain in these countries and encourage the Bank to adopt a long-term and whole-of-bank approach to ensure it continues to support the achievement of the goals of poverty eradication and shared prosperity in all its client countries. Notably, this includes ensuring that IBRD is equipped to address the issues faced by middle-income countries as well as increasing the use of private sector instruments within IFC and MIGA in IDA borrowing countries. We will also urge IDA to maintain a robust focus on integrating gender into its operations, and on meeting the unique needs of fragile and conflict-affected countries eligible for IDA assistance. Finally, we will encourage IDA to continue to ensure that its policies and operations reflect the perspectives of the poor.

Statement by Mr. Koenraad Geens, Minister of Finance, Belgium⁷

The World Bank Group Strategy

This Development Committee will discuss a new strategy for the World Bank Group (WBG) which is, at the same time, overdue, timely and forward-looking.

The strategy is overdue because the fulfillment of the World Bank Group's mission has always been too daunting to depend on improvisation and short-term reasoning. At last, under the leadership of President Kim, the entire Group will share strategic directions. Beyond words, these will be accompanied by

⁷ On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovakia, Slovenia and Turkey.

financial, budgetary, and organizational reforms. Furthermore, the strategy addresses a long-standing concern of our constituency: it promises a more selective WBG that engages in accordance with its comparative advantages, in partnership with others. The strategy also confirms the multidimensional nature of the development agenda and therefore corrects the image of an institution that equates development with economic growth and raised income levels alone. In this respect, we welcome the strategy's affirmation of the WBG's new goals of eradicating poverty and promoting shared prosperity in a sustainable manner. We concur with the strategy that economic growth, inclusion, and sustainability are needed to achieve the two goals, and emphasize the importance of creating good jobs for development in line with the international consensus on decent work, social protection and redistributive policies. We underscore that excessive inequality is not just morally objectionable, but also damaging for social stability and for growth itself. Finally, the strategy will enhance the coherence between the WBG's public and private support programs. It also sensibly plans to boost private sector support in a context of public aid flows that have long been dwarfed by private investment.

The strategy is also timely. The recent turmoil in emerging markets can largely be explained by volatility resulting from international interdependency. And today's violent intra-state conflicts, notably in the Middle East, are rooted in the denial of citizens' participation in, or enjoyment of the benefits from, their country's development process. The strategy aptly responds to challenges in the present day by making a strong case for inclusive development that addresses poverty as well as vulnerability.

Moreover, the strategy is in several ways forward looking. We strongly support its commitment to sustainable development in all its dimensions to protect the interests of future generations. The strategy also positions the WBG as a leading player to promote and protect global public goods and, as such, identifies a long-term agenda for the organization. In the shorter term, the strategy affirms the WBG as an actor that leads the way in the development landscape in terms of working towards results.

However, we could collectively be admiring the fabled emperor's new clothes. The World Bank Group strategy will be insignificant unless it addresses seven issues.

First, all client countries should be taken into consideration. The WBG must not be satisfied with easy wins and improved global averages. Countries with the highest needs and the lowest capacities, particularly fragile and conflict-affected states, clearly need more support than others. Countries with lesser needs, or with higher capacities, should still be able to count on the WBG's support, yet on adapted terms.

Second, the WBG must make selective choices to increase development impact. Selectivity in the strategy heavily relies on decisions at the country level. The Bank will have to ensure that its offer is not only consistent with country demand, but also with its comparative advantages. Moreover, the Bank will have to restrict its engagement to those areas which, based on evidence, can have the greatest impact on the WBG's two new goals. As this may, sometimes, be a tough call for country teams, we emphasize the need for appropriate guidance and support.

Third, the WBG will need to work more closely with other multilateral and bilateral partners both from the public and the private sectors. Their joint effort and engagement in countries will have to be mutually complementary with the aim to achieving the broadest development impact while maximizing effectiveness.

Fourth, the WBG should engage more closely with its ultimate beneficiaries, the poor. Too often, the WBG relies on the assumed trickle down effects of interventions that seem far removed from the poor's actual needs. We advocate better identification and targeting of poor and disadvantaged beneficiaries, we encourage polling of citizens ex ante and ex post WBG operations, we support efforts to promote

empowerment of citizen groups and accountability of governments, and we call for improved results frameworks that put the poor first and center.

Fifth, the institution needs a change of culture. The lingering focus on commitments of funds must be replaced by a more robust culture of results and development impact. The One World Bank Group approach will bring another important cultural change that staff will also have to face. We therefore welcome the ambitious ongoing and planned human resources reforms as a critical element that can influence values and incentives. Improved organizational, managerial, and individual accountability can strengthen the WBG's reputation of excellence. As one of the World Bank Group's most important assets, staff are entitled to competent leadership, collaborative teams, career opportunities, and space to innovate.

Sixth, financial sustainability will be critical for the successful implementation of the strategy. The WBG will have to take measures on costs, revenues, and financial capacity to increase its financial resilience as well as grow its ability to do more, while striking an appropriate balance between volume, on the one hand, and results and selectivity, on the other. This will require a better control of the Institution's costs and a more efficient use of its resources. Such measures should nevertheless not be taken in a way that would be detrimental to the WBG's oversight institutions, its fiduciary standards, or its safeguards. On the revenue side, we support the expansion of revenues by growing existing business and developing new sources of income generated internally. We expect the WBG to mobilize additional means through external private and public sector sources. We, nevertheless, expect that this external funding will be geared towards directly contributing to the achievement of the twin goals. In that spirit, we underscore that the replenishment of core IDA resources is paramount. We would also be ready to have our Board examine the possibility of establishing a Global Infrastructure Facility with a view to crowding-in available public and private resources. Initial seed contributions from shareholders should nevertheless not be a substitute for IDA contributions.

Finally, as the success of the strategy will essentially hinge on its implementation, we are looking forward to receiving, as soon as possible, a detailed implementation paper that will include a timeline and the sequencing of the various initiatives to be taken. This will allow us to monitor the progress accomplished towards the WBG's twin goals, both at the operational level and at the organizational level through a revised corporate scorecard.

Update on the Implementation of the Gender Equality Agenda

We welcome the second Update on the Implementation of the Gender Equality Agenda and commend the Bank for its commitment to further advance the Agenda. While we acknowledge the usefulness of this Gender Update, we would like to suggest that future Updates be submitted to the Board of Directors for discussion.

This year's Gender Update rightly underlines that closing the gender data gap remains a major challenge, requiring scaled-up efforts from all stakeholders. We, therefore, fully agree that working on the gender data gap should remain a priority in the short term as well as in the longer term. We call upon the Bank to step up its efforts to address this critical constraint in a more comprehensive manner. Continued efforts are needed to address gender equality in lagging sectors and in fragile states.

We very much welcome the Bank's intention to refresh its gender strategy and fully integrate the gender equality agenda in the implementation of the new corporate strategy. In view of the pressing need to improve the opportunities of people who are disadvantaged on the basis of their gender, we believe there is urgency in renewing the gender strategy.

Finally, future progress will also depend on increased attention to and concrete action in frontier areas, such as gender-based violence, inequality at work, and discrimination under the law.

Statement by Ms. Justine Greening, MP, Secretary of State for International Development and Mr. George Osborne, MP, Chancellor of the Exchequer, United Kingdom

Global Economic Context

The economic outlook for Europe and the UK is better than when we last met. Britain and much of Europe are back in growth. But vulnerabilities remain, and the Bank must continue to demonstrate strong leadership and stand ready to provide the increased financing potentially needed as the global economy rebalances. Many low income countries have made impressive economic gains over the past ten years. But strong global growth also depends on helping the very poorest countries to lift themselves out of poverty. The UK strongly backs the vision for eliminating world poverty set out in the report from the UN High Level Panel on the post-2015 Development Agenda, and welcomes the Bank's endorsement of the report. We commend the Bank's engagement on the pro-business agenda of tax, transparency and trade at the pre-G8 summit 'Open for Growth' event this year. We urge the Bank to continue to enhance its impact on private sector and economic development, through its One World Bank Group approach.

Humanitarian needs remain a constant – Syria

The UK has committed £500 million to help those affected by the conflict. This is our largest ever response to a humanitarian crisis and it supports work done by UN agencies and NGOs in Syria and in neighbouring countries. It is now imperative that the international community comes together to prevent the four million Syrian children directly affected by the conflict from becoming a "lost generation". We must support the next generation of Syrians to live a life without conflict and to give them a chance of a better future. UNICEF is leading the development of a comprehensive strategy for children and young people and we all have a responsibility to ensure it is implemented. To this end, the UK has already committed £30 million to provide trauma care and education to these vulnerable children to help provide them with the skills they will need to rebuild their society in the future. We urge others to follow suit. Above all, we must push for safe, unimpeded access for humanitarian workers so they can reach people in desperate need inside the country. We recognise the efforts and sacrifices made by people in the region and commend the continued efforts of the Bank and IMF to help neighbouring countries cope with the crisis and lay the groundwork for shared prosperity and development in the future. The international community must step up its humanitarian funding if Syria and the region are to have a peaceful, viable future.

World Bank Strategy

We commend President Kim on his first fifteen months in office and his new vision for the World Bank Group. We strongly support the direction President Kim is taking the Group and the twin goals of ending extreme poverty and tackling shared prosperity. As President Kim has outlined, the new goals must be pursued in a way that takes account of environmental, social and fiscal sustainability. To maximise its impact, the new strategy must genuinely reform the way the World Bank Group works, and focus its efforts where it can make the greatest difference, leaving no country behind. We look forward to the Group demonstrating how plans will translate into real change and how progress will be tracked. Articulating the results the Group achieves must be a top priority. We welcome the Bank's commitment to fundamentally shifting its budget process to link resources to priorities and identify cost efficiencies. We also welcome the work being done to identify ways to improve the Group's financial sustainability,

and to expand and adapt its services as the needs and demands of client countries evolve. We welcome the progress the Group has made in addressing the needs of girls and women, focussing on results, addressing climate change and delivering effectively in fragile states. Over the coming months, the Group must take action to maintain and accelerate gains in these areas. We also encourage plans to ensure that new Country Partnership Frameworks are grounded in a robust analysis of the key barriers to achieving the twin goals, and that the different parts of the Bank Group work together to support countries to address these strategically, focusing on the most transformative interventions where the Group has a comparative advantage and which are essential to achieving the overarching goals.

IDA

IDA is the Bank's primary vehicle for assisting its poorest countries. The UK is committed to supporting IDA 17 and ensuring the replenishment process delivers an ambitious package of results, a strong value for money and cost efficiency offer, and increased ambition in what the Group commits to deliver on economic development, gender, fragile states and climate change. The final IDA 17 agreement and focus must be closely linked to the Bank's new strategy. To ensure that Group is able to fully deliver on 'Maximising Development Impact' for the poorest, all stakeholders need to respond and step up in their commitment to IDA 17.

Statement by Mr. Luis de Guindos, Minister of Economy and Competitiveness, Spain⁸

GLOBAL CONTEXT

The 88th Meeting of the Development Committee takes place five years after the beginning of the worst global financial crisis since the Great Depression, as we start to see some encouraging signs of normalization in economic conditions. Experience and recent events have taught us to be cautious and remain vigilant, though.

From the longer-term perspective of development, these thirteen years since the turn of the millennium have witnessed the fastest reduction in poverty in human history, with half a billion fewer people living below an international poverty line of \$1.25 a day. However, this evolution in the developing world has been uneven. Despite significant increases in connectivity around the world, many low-income and middle-income countries are kept to the side of this positive development trend and continue to face substantial levels of extreme poverty and of rising inequality.

In this context, the World Bank Group has a paramount role to play. Thus, at the 2013 Spring Meetings we endorsed the two ambitious goals of eradicating extreme poverty from the world by 2030 and promoting shared prosperity in a sustainable manner.

WORLD BANK GROUP STRATEGY

Today, in order to achieve these goals and assume the shareholders' responsibilities of what a "One" World Bank Group implies, we need to decide how we want the institution to pursue them. In this respect, we endorse the new *World Bank Group Strategy* proposed by President Kim.

⁸ On behalf of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Kingdom of Spain, and República Bolivariana de Venezuela.

This new *World Bank Strategy* should pave the way for repositioning the institution as the leading player in the development community by aligning all its activities with the two goals, while trying to maximize its development impact leaving no one behind. We believe that the World Bank Group is capable of drawing on its comparative advantages and vast stock of knowledge to deliver transformational and customized development solutions. These must help client countries focus their efforts, within the context of country ownership and national priorities, on those activities with the greatest potential impact in meeting the two goals while taking calculated risks.

In this respect, we welcome the 2014 *World Development Report*, which presents an important and relevant message on the need to shift attention from risk avoidance to risk management.

Operationalizing our goals at the country level to maximize development impact is a critical aspect of the new Strategy. We concur with the need for change in the organizational structure and culture of the World Bank Group to work as a “One” World Bank Group by creating synergies among its components and by increasing the use of multi-sectorial approaches. We are optimistic about the evidence-based and selective country engagement model proposed by the Strategy. But we need to be sure that the *Systematic Country Diagnostic* identifies the most critical constraints to, and opportunities for reducing poverty and promoting shared prosperity in a sustainable way, whilst the *Country Partnership Framework* should provide the clients with enough flexibility to choose among different available World Bank interventions. Country ownership will be better guaranteed in this way, and the scheme will be more fruitful. Regarding organizational change, we advocate a rapid implementation to avoid unnecessary losses of energy and focus within the organization.

The World Bank Group’s staff is a critical element of the new Strategy. We need to provide human resources with enough flexibility to be sure that the right people are in the right place at the right time anywhere around the globe. We need to encourage Staff to embrace change that may imply sacrifices as well as open up new opportunities, and we must provide them with innovative ways to support this process. The most important capital that the World Bank Group has is not financial, but human. Bank staff is the source of knowledge and experience that makes this institution unique. We should preserve the best of them and make sure that we have a more diverse and inclusive workforce at the end of this process of change.

GLOBAL PARTNERSHIP

The twin Goals cannot be met alone. In the current context of limited resources for the World Bank and for the development agenda, we need to bring together the resources, expertise, and ideas of other actors across the development spectrum. We encourage the World Bank to promote and deepen a new *Global Partnership* not only with other public or multilateral development institutions, but also with the private sector, to ensure a significant impact that allows the accomplishment of the twin Goals and contributes to the new post-2015 Agenda.

FINANCIAL SUSTAINABILITY

The Strategy is to be implemented by July 2014. Nevertheless, we cannot stress enough the relevance of the announced new framework for medium-term financial sustainability for the success of the Strategy. We look forward to the formulation of this Financial Strategy in the coming months.

In this regard, we would like to emphasize the importance of ensuring the World Bank Group’s financial sustainability in order to guarantee that the World Bank’s resources are commensurate with its leading role in the development community, and to allow the institution to achieve transformational development impact. We agree that improvements in financial efficiency could be attained by reducing costs, growing

revenues and promoting synergies among the World Bank Group units. The new financial framework should be closely integrated with the development of the *World Bank Global Practices* to ensure cost-effective implementation.

We take note of the new Global Infrastructure Facility (GIF) that seems to be an innovative solution to crowd-in available public and private resources, leveraging them to satisfy infrastructure needs of clients; but we need to be sure to understand the implications of this instrument before endorsing it. We should recognize that other multilateral institutions have promoted similar initiatives and we would expect Senior Management to reach out and learn from those experiences and work together with others when possible.

IDA 17 AND GEF 6

We recognize the vital historical role that IDA has played in the reduction of poverty in IDA countries in all continents. We are aware of the importance of the ongoing IDA replenishment discussions and of the need to secure sufficient funding for the continuing work of the World Bank Group in these countries.

Achieving this goal in the context of the current global economic constraints will require important efforts from donor countries and from IDA recipients in order to address the risks of external shocks that could derail some of the achievements accomplished to date.

Likewise, the issue of environmental global commons is critical for development, especially when facing the challenges that climate change and environmental degradation pose to the development community in general and to poor and fragile countries in particular. We therefore look forward to a successful GEF replenishment and hope that all donors fulfill their commitments to both initiatives.

GENDER

Finally, regarding the update on the implementation of the gender equality agenda, we recognize the progress made on the four priorities laid out in the 2012 Development Committee paper, including the integration of gender into the World Bank Group's work.

However, the challenges ahead are significant, and they will require scaling up the efforts made to date in order to achieve and sustain positive results on the ground. We welcome the two-stage proposed strategy, which intends to improve performance in the short term with a sharper focus on implementation and results; and the need to work on a renewed strategy in the medium term that will align the World Bank's efforts promoting the gender equality agenda with the new strategic World Bank Goals, the commitments being made under IDA17, and the post-2015 development agenda.

Statement by Mr. Joe Hockey, Treasurer of the Commonwealth, Australia⁹

We meet at a time when the global economy shows signs of a continued but possibly fragile recovery. Most advanced economies continue to face considerable fiscal pressures and developing economy growth is steady but vulnerable.

⁹ On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu.

For developing economies, sustainable economic growth will require continued focus on addressing impediments to growth such as poor infrastructure and unfavorable investment climates. In this context, the World Bank Group must step up efforts to demonstrate its relevance and deliver development results.

At the same time, we must strive for greater efficiency to free up scarce resources for those most in need, and to improve the effectiveness of World Bank Group operations.

We also gather at an important juncture for this institution. At the Spring Meetings, the ambitious goals of eliminating extreme poverty and promoting shared prosperity were agreed. Realising these goals will involve a virtuous cycle where people are better off and we all benefit from countries that are stronger, more resilient, more inclusive and more productive. But these goals, with their prospect of a more prosperous future for the world, will be meaningless unless the strategy is actively pursued to achieve them.

We support the World Bank Group Strategy presented for endorsement because we believe it will transform the Group into a more effective development institution that can deliver on the goals.

Through better integrating its constituent institutions and better leveraging its global knowledge for local solutions, the World Bank Group can truly be an effective ‘Solutions Bank’; ensuring value for money; greater effectiveness and efficiency; and improving partnerships.

We welcome the Strategy’s emphasis on knowledge and partnerships. This will improve the World Bank Group’s capacity to contribute to the global development agenda and to work together with other important fora such as the United Nations and G20. We particularly encourage the World Bank to work with G20 members on the G20 agenda, under the Presidency of our constituency member, Australia. This should be done in close collaboration with the IMF, OECD and other international organisations.

We support the elements of the change agenda outlined – for example efforts to align policies and practices, to harmonise strategic planning and the budget and to improve leadership and human resource management. However, we are also keen to see the talk turned into real development gains which are sustained over time. The foundations are there. It is time to move ahead with the changes that will lead to real improvements on the ground through practical action in areas such as procurement.

We know that there will be some tough decisions to be made and we encourage the World Bank management, together with its Executive Board, to move forward with doing what it takes to achieve a more innovative and effective institution.

One such issue will be the components of a new financial strategy to support the implementation of the World Bank Group Strategy and achieving the twin goals.

We understand the fiscal pressures facing many donor countries are unlikely to ease in the near future. IDA17 will require us to overcome resource constraints while maintaining momentum towards the long-term vision and goals that we have agreed. As part of an integrated package of World Bank Group interventions, a well-defined Global Infrastructure Facility – which has clearly stated objectives to overcome key impediments to investment, and that complements existing mechanisms and knowledge – has the potential to contribute to improved development outcomes.

In implementing the new strategy, the World Bank Group must not lose sight of the rich diversity of its members. Global aggregates should not be the only measure of success. The World Bank Group will need to keep a focus on small members too. Our constituency spans a vast area from landlocked

Mongolia to the small island nation of Tuvalu, and we believe it is essential that the World Bank Group's goals are inclusive of the needs of all countries. We would welcome, as implementation progresses, further detail on how the World Bank Group will adapt its new way of doing business to support the unique needs of small island states.

As well as implementing a new way of doing business, the World Bank Group needs to provide a smooth transition from existing arrangements and ensure delivery of current missions. This includes pursuit of the World Bank's Gender Equality Agenda which recognises that gender equality, an important goal in its own right, is also 'smart economics'. We welcome the Gender Update, which highlights progress, as well as challenges to implementing this agenda. As a constituency we are well aware that there are significant development gains to be made from increasing gender equality and that improving women's workforce participation has the capacity to raise economic prosperity and achieve inclusive growth. We encourage the World Bank Group to take further steps to support countries to address constraints to gender equality, including those relating to control of economic resources, for example through innovative analytical tools to support better policies and on the ground action.

Most importantly, we ask that the World Bank Group continues to show its commitment to the economic development of our constituency member countries. For many of our developing members, climate change and disaster risk management remain urgent priorities. There also remains untapped potential for private sector innovation and development for which we seek the support of the whole Group in order to encourage sustainable economic growth.

We welcome progress in delivering programs and operations to our members and look forward to constructive engagement with all members of our constituency over the coming months.

Finally, as shareholders, we must monitor and track the results of the Bank's efforts. We welcome work on a Group-level scorecard so we can track progress towards implementing our goals. The world will not stay the same – and new challenges will emerge. So as it moves ahead with the changes to implement its new corporate strategy, the Bank also needs to ensure whole-of-Group processes are in place so evolving challenges which may hinder the achievement of the goals are identified and acted upon.

Statement by Mr. Jacob Joseph Lew, Secretary of the Treasury, United States

This year the Annual Meetings come as we are setting the course for our collective efforts to eliminate extreme poverty and foster inclusive growth. World Bank President Kim has put forward a bold vision, recognizing the importance of transforming the Bank so it can contribute more effectively to the fight against poverty. The United States reaffirms its commitment to partnering with the World Bank and other shareholders to achieve our shared goals. To reach our goals we must continue to prioritize engagement with the world's poorest countries including fragile and conflict affected states. We are working closely with other shareholders to negotiate a strong replenishment of the International Development Association (IDA-17), the single biggest source of development finance for low-income countries. While the path to eliminating extreme poverty and fostering greater equality will differ from country to country, several areas will deserve special focus and attention.

Power Africa

Africa is emerging as a pole of global growth, but without access to reliable electricity, this growth will be constrained. Working with African governments, the World Bank, the African Development Bank, and private sector investors, President Obama has set out the ambitious objective of connecting up to 20 million new households and businesses and increasing power production capacity by 10,000 megawatts

over the next five years. Together, we can help countries in Africa improve their regulatory and investment frameworks to mobilize private resources, thereby attracting needed investments in generation, transmission and distribution. By spurring investments in clean power and renewable resources, we can help facilitate sustainable economic growth, which is good for Africa and the global economy.

Food Security

With 75 percent of the world's poor still living in rural areas, we must continue our focus on agriculture, nutrition, and food security if we are to reach our goal of ending extreme poverty. The World Bank has led the way in scaling up support through collaborative efforts like the Global Agriculture and Food Security Program (GAFSP) which brings together a broad coalition of donor and client countries, civil society, the private sector and multilateral institutions in an innovative model of collaboration. GAFSP has awarded nearly \$1 billion to 25 countries, reaching more than 10 million smallholder farmers and their families. We encourage new and existing partners to come forward with additional financial support for GAFSP.

Gender

Gender equality is not only a moral imperative, but an economic one. As the World Bank's own impressive analytical work has repeatedly shown, competitiveness, economic development and women's empowerment are closely intertwined. Yet the World Bank can do so much more to meaningfully address gender-specific constraints and opportunities in its operations and to track disparate impacts. We reiterate our call for the World Bank to develop a new gender index that regularly assesses countries on how well their laws and institutions perform on promoting the productive potential of women and girls.

Climate Change

The development gains of the last several decades are increasingly at risk due to the impacts of climate change, particularly as many of the poorest countries in the world are vulnerable to rising sea levels and increases in average temperature. President Obama articulated our commitment to addressing this challenge at home and abroad in his Climate Action Plan (CAP) earlier this year including a call to limit global public financing of coal plants. We welcome the World Bank's leadership in helping countries find a low-carbon growth path, as highlighted in its new Energy Strategy, including the decision to end financial support for greenfield coal power generation projects except in the rarest of circumstances. We urge other development institutions to mirror the World Bank's policy in this regard. We encourage the World Bank to scale up its efforts on climate change including through sustained policy engagement with countries on reforms such as reducing fossil fuel subsidies. The Climate Investment Funds and Global Environmental Facility are important tools in advancing the climate change agenda and the development of the Green Climate Fund (GCF) has the potential to be an important complement to this effort.

Reform Agenda at the World Bank

Addressing these development challenges will require a reformed World Bank that can respond nimbly to the needs of its diverse members, while maintaining high fiduciary, social, and environmental standards. Given the depth and breadth of the proposed reforms, proper sequencing of reforms, a focus on execution, systematic tracking of key metrics, and continued outreach will be necessary.

The World Bank must also deepen its efforts on critical cross-cutting issues such as gender equality, climate change, and fragile states. Advancing these agendas will require sustained senior leadership backed by adequate financial resources and personnel, as well as appropriate incentives.

We applaud the World Bank's commitment to increase citizen engagement in its programming. Elevating the voices of citizens will strengthen the World Bank's critical ongoing efforts to promote good governance, transparency, and accountability.

We welcome the World Bank's greater focus on the private sector, as it is these investments that will drive future transformations, spurring growth and job creation. We appreciate the International Finance Corporation's important role in mobilizing the private sector, working alongside the World Bank to promote country-owned reforms that create a better investment environment.

We support work force reforms to provide the right mix of incentives, flexibility, and accountability to motivate innovation and exceptional performance on behalf of clients. We also urge the World Bank to prioritize diversity in its work force and make stronger efforts towards meeting its diversity and inclusion goals.

Building on its recent capital increase, the World Bank must maximize the impact of its existing resources in the implementation of its new strategy. We support ongoing analysis and work to optimize the World Bank's use of its existing financial resources and look forward to further discussion of these issues. Due consideration should be given to achieving cost efficiencies within the administrative budget, strengthening the revenue base, and leveraging the existing capital base.

We again welcome President Kim's efforts to reposition the World Bank so that it maintains its position as the world's preeminent development institution with a greater emphasis on learning and results. We look forward to working with President Kim, the World Bank's shareholders and other stakeholders to achieve our shared goals.

Statement by Mr. Hernán Lorezino, Minister of Economy and Finance, Argentina¹⁰

The global economy remains fragile. While signs of recovery have emerged, we are still facing times of uncertainty and important challenges persist. Unemployment is still high (particularly among the youngest) and there are many needs unattended. For instance, the investment requirements in emerging markets economies over the next decade are still great. According to the World Bank, the annual financing gap for infrastructure in developing countries accounts for US\$700 billion.

In the current juncture it becomes imperative to take necessary measures to revitalize global growth, particularly by taking care of the requirements of the real sector of our economies.

In that vein, investing in infrastructure becomes paramount. The benefits of these investments, including their positive externalities (job creation, value chains, etc.) are well known.

We believe that there is scope for the World Bank Group (WBG) to scale up its financial support to infrastructure projects. In this sense, we welcome the Global Infrastructure Facility (GIF) that is currently being developed, and we expect that it will help the Bank to leverage resources for infrastructure investment, both from public and private sector. However, at this stage we still need to see more details on its operationalization and implementation.

¹⁰ On behalf of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay.

In order for the Bank to remain relevant in our region, increasing this kind of investments is vital. Over the last couple of years we have seen other development partners taking the lead and increasing their presence on this field. However, the Bank has enormous experience and resources that can provide comparative advantage in this arena that should be preserved.

On the WBG strategy, we commend and support the President for clearly setting the twin goals of eradicating extreme poverty and boosting shared prosperity by 2030.

For the Strategy to be successful, it should remain inclusive and flexible. The achievement of these twin goals should be focused on client needs as expressed by their national development programs and priorities.

In the last decade, South American countries have demonstrated what it takes to achieve inclusive and equitable societies. These accomplishments were possible through prudent countercyclical policies, low and sustainable levels of public external debt, large international reserves, and redistributive fiscal policy (improving the progressiveness of the taxation system and invigorating the social security programs). We are committed to protect and strengthen the gains achieved in the past decade in terms of economic growth and social inclusion.

However, it also requires a strong political conviction and states determined to implement policies to achieve income and wealth redistribution in a large scale. The lesson that South American countries have obtained in the last twenty years is that attention should be paid to whether growth reaches the whole population, particularly the most vulnerable ones. Therefore, the challenge lies in implementing a pro-development policy agenda and not a merely pro-growth agenda. As we have stated, the role of states is to assure that growth benefits are equally distributed and enjoyed among the members of society.

In that vein, it is crucial that the World Bank Group increases its focus on quality job creation and social inclusion. For the global recovery to be sustainable, the world needs to create 600 million new jobs over the next decade, and we expect the Bank to help countries to address this issue.

Important consideration should be given to the implications and consequences that the new Strategy poses for Middle Income Countries (MICs).

We agree that the level of ambition set of in the Strategy calls up for a significant scaling up of financial resources. Therefore, MICs are key partners. They are not only the main source of knowledge creation but also the main contributors to IBRD's net income.

In that sense, increasing Bank resources through, for instance, loan pricing, could pose additional pressure for MICs which still have large pockets of poverty and are suffering both the scarcity of resources from the Bank and the increasing danger of a strong trend reversal of capital flows.

In sum, we agree with the importance of leveraging the resources that the Strategy requires. However these should not be achieved at the expense of countries that are also facing significant challenges both on domestic and external spheres.

Finally, on the gender equality agenda, we welcome the progress on implementation of *the Gender Equality Agenda at the World Bank Group*. We believe that addressing gender inequality is one of the key components towards achieving a more egalitarian society. We consider that for meeting the WBG Strategy twin objectives, gender inequality should be tackled effectively and with no delay. Gender disparities are highly correlated with poverty and we agree that it negatively affects people's ability to take advantage of available economic opportunities.

Statement by Mr. Zhu Guangyao, Vice Minister of Finance, The People's Republic of China

The complicated international financial and economic situation has brought not only new challenges to the global poverty reduction and development agenda, but also more important mission to the World Bank Group. We are delighted to see that since the day he took office, President Kim has been reaffirming the core mandate of the World Bank Group—poverty reduction and development, and subsequently developed clear goals and a consolidated corporate strategy and deepened internal reforms. We appreciate and support these efforts. Here, I would like to take this opportunity to make four brief comments on the implementation of the World Bank Group strategy and reforms, based on China's own development experience and its cooperation with the World Bank Group in the past years.

Firstly, the World Bank Group needs to focus on strengthening its capability in addressing global development issues. This includes the capacity to transfer resources to the developing countries and provide development financing; the ability to advocate equitable and just international economic rules and create favorable international development climate; and the competence to draw lessons from global research findings and lead the global development thinking, so as to maintain and expand its impact across the world and avoid being marginalized.

Secondly, the World Bank Group should pursue innovations in its operational philosophy and business model. In terms of operational philosophy, it needs to go beyond the traditional development assistance model of categorizing countries simply into recipients and donors. Rather, it should adopt a development cooperation philosophy set on an equal basis. With regard to business model, it should continue to develop new products and services, simplify procedures, and increase efficiency, effectiveness and influence, in an aim to meet the increasingly diversified needs of member countries at various development stages.

Thirdly, adequate financial resources are the guarantee for implementing the World Bank Group strategy and achieving the goal of poverty reduction and development. The task of global poverty reduction and development is still arduous, requiring a huge amount of funding. The World Bank Group should significantly increase its business volume, and boost financial assistance to the developing countries. We support the Bank Group's efforts to enhance its lending capacity through increasing revenue, cutting expenditure and moderately increasing its financial leverage. But we are of the view that capital increase is the most fundamental way to strengthen the Bank Group's financial capacity. The international community is expecting the World Bank Group to make greater and more substantial contributions to poverty reduction and development at the country level through concerted actions, thus demonstrating and strengthening its influence and convening power, and mobilizing greater and more extensive social support for the achieving of the twin goals.

Fourthly, the staff is valuable assets of the World Bank Group and talent guarantee for effective implementation of the strategy and the forms. The Bank Group should further strengthen its human resource management, improve the talent selection, evaluation and development mechanisms, maintain competitiveness of staff compensation and benefits, ensure attracting and retaining talents in global development field, and create a favorable environment for them to best perform. Meanwhile, the Bank Group needs to pay attention to identifying talents from all countries, in particular, the developing countries, promote talent diversity, and continue to keep its human capital advantages, thus effectively serving the implementation of the strategy.

Statement by Mr. Guido Mantega, Minister of Finance, Brazil¹¹

Today we meet while the world economy is still on a fragile path to recovery. Confidence and production indicators of large industrialized economies show that their recent stimulus policies are indeed bearing fruits. We welcome this good news, with only one caveat: lack of appropriate mechanisms to avoid inherent side-effects of such policies to developing nations still persists. It is of particular concern that expansionary policies have not been followed by appropriate mechanisms to avoid volatile capital flows - and these have created distress to developing economies. Also, it is worrisome that the current domestic imperatives for changing policy stances in developed economies still fail to consider the actual and potential effects on developing nations. It is worth remembering the lessons of recent History: our destinies are intertwined; only in a thriving world community can individual nations achieve sustained growth and development.

This belief formed the fundamental pillars underpinning the foundation the Bretton Woods Institutions. In this regard, the World Bank Group (WBG) was created to be a key part in the process of allowing the reconstruction of the basic infrastructure and productive sector, and allowing a fast recovery of industrial nations in a coordinated effort that proved very fruitful indeed. Since then, the world economy has prospered, but many nations - and large segment of even some prosperous ones - have been left behind. We all know that inequality, particularly of opportunities, is not just a matter of justice and a moral imperative, but also a *sine qua non* condition for the sustained, sustainable, peaceful, and cohesive development of the community of nations.

The lessons from History were the main reason why in our last meeting we supported the new strategic goals set by the new WBG leadership: extreme poverty reduction and shared prosperity. This strategic direction has the potential of making the WBG a more influential and relevant in supporting the international community to eliminate poverty and promote shared prosperity. But this potential can only become reality if we remain focused, if we remain financially strong, and if we continue to move towards a more democratic governance structure.

Now that the proposed strategy is becoming concrete, we see that the focus continues the correct one. For even though we have reasons to celebrate the achievements of Millennium Development Goals (MDGs) in many developing economies, we cannot ignore that a very significant part of the world population still struggle with food security and lack of access to basic public goods and opportunities to overcome their difficulties. Positioning itself to be a key player in accelerating efforts to the achievement of MDGs, and in the shaping and implementation of the post-2015 agenda is certainly what we expect from the WBG.

Appropriate refocusing should also be at the center of our restructuring process. And we welcome the proposed changes in the structure and the functioning of the Group, centered in the provision of financial and technical supports which are driven by the two overarching goals, underpinned by evidence-based interventions, and in response to client demands. Furthermore, we strongly support the proposed approach to better explore the synergies among the institutions of the WBG with the ultimate goal of creating a true *One World Bank Group*. We urge that the new budgeting process and budget allocation, the knowledge development and flows, and the human resources policies in the WBG be consistent with these overall goals; and that client-driven country partnership strategies continued to be basis of the Group's policies and interventions.

¹¹ On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname and Trinidad and Tobago.

Our financial capacity needs to be strengthened if we want to succeed in this new strategic refocusing. A strong IDA-17 replenishment is of utmost importance in supporting our core mission, and we support the proposed turn-around regime that can benefit post-conflict countries. We welcome the initiatives to leverage the financial resources of IBRD and IFC, and we look forward to innovative solutions. We should maintain all options open – including the strengthening of their capital basis.

Finally, achieving our new strategic goals and refocusing the institution towards them require extraordinary efforts towards improving the voice and representation. Without a legitimate governance structure – an essential pillar of a true partnership – there is no hope of achieving the goals that we set for ourselves. And the little progress achieved in our last negotiations indicates the need to start these conversations way ahead of our 2015 deadline.

Statement by Mr. Pierre Moscovici, Minister for the Economy and Finance, France

In the spring of this year, I welcomed the reform momentum introduced by President Kim and the initial proposals he presented for the future of the World Bank Group. These ambitious and realistic proposals reflected a determination to remodel the Group's role by refocusing on the Group's strong points and to reshape its relationship with its clients on the basis of the broad range of challenges and opportunities with which they are presented.

Following this *Common Vision* endorsed by the shareholders, the *Strategy* presented for this year's Development Committee meeting is the second key stage in this process. The third stage, which I see as even more important, will naturally follow: putting this strategy into practice in such a way that it runs through all the Group's actions.

Before detailing three priorities for this Strategy, I would like to say again that we have total confidence in the World Bank Group, which we see as a vital global instrument to put an end to world poverty, especially in the poorest countries. And it is in these countries – which suffer from a more restricted access to international financing, lower institutional capacities and a more limited appeal to the private sector – that the World Bank really makes a difference. It is in the poorest countries that we expect the new *Strategy* to secure the greatest gains in efficiency, effectiveness and engagement.

This means, as the *Strategy* states, that the World Bank Group must first make greater use of its comparative advantages. I would like to highlight two aspects of these.

Firstly, the Group needs to make the most of its position. Given that the Group works on all five continents, is active in all the sectors essential to economic development, and is established in the most challenging countries, it has the ability to unite the development community and drive the emergence of a consensus and pathway for action. The Group has a critical role to play in areas that are global by nature, such as climate change, and multi-stakeholder, such as regional projects.

Secondly, the Group needs to consolidate its crisis response role. I am pleased to note that the Group met its shareholders' expectations when it played a decisive role in response to the financial crisis, the food crisis in the Horn of Africa and the Malian crisis. It responded swiftly, effectively and in a concerted fashion to challenges that called for urgent action. I particularly welcome the Bank's involvement in the *Together for a New Mali* Conference on 15 May this year. Other crises lie ahead, and I would mention in particular the serious impact the Syrian conflict has had on Lebanon and Jordan. What matters now is gradually shifting from reaction to prevention by making the tools and practices developed in the heat of emergency situations part of a long-term crisis prevention system.

On an operational level, I believe that two things are vital for improving the World Bank Group's effectiveness: a more results-based management and a closer co-ordination with the other development stakeholders.

Firstly, I encourage the Bank to move from a culture of resources to a culture of results: to improve the efficiency of its human resources management, budget processes and even the project cycle itself in order to align the Bank's actions more closely with its strategic priorities. For example, the Board of Directors should evolve to complement its role in *ex-ante* project approval with a strengthened approach combining goal-setting and *ex-post* evaluations of whether goals have been achieved.

Secondly, I would like to urge the World Bank Group to develop its teamwork capacities. No single institution, however central, can hope to solve the multitude of development challenges. Stakeholder co-ordination and the ability to make use of everyone's assets and experiences are not just useful – they are essential. **In this respect, I welcome the proposals presented in the *Strategy to improve co-ordination among the different branches of the World Bank Group*.** France has long advocated closer Group unity over and above significant, but insufficient, measures such as financial transfers from the IRDB and IFC to IDA. It was high time to pool the support activities. We hope that this *Strategy* will truly introduce shared goals and a complementarity of resources across the different Group branches in every region, every sector and every country.

More generally, it is critical that the World Bank Group scale up its partnerships with other development stakeholders. In fragile and conflict-affected countries, this means improving the way it works with the United Nations, with each institution having a complementary role: emergency aid and medium-term reconstruction, security and economic development. This also calls for closer co-operation with the regional development banks and, in Sub-Saharan Africa, between IDA and the African Development Fund, whose resources are being replenished this year and whose shareholders are targeting very similar goals. The Southern and Eastern Mediterranean Rim is another region where complex challenges and the high number of stakeholders involved should prompt us to work together as a team. And that is not to mention the crucial importance of partnerships with the private sector. Not only will closer co-operation improve the overall effectiveness of our collective action, but it is quite simply no longer acceptable to make poor countries pay for a lack of co-ordination.

Last but not least, I am pleased to see support for the idea that the World Bank should remain a bank, that it should be managed as such, and especially that its capacity for action and response to countries' needs can but be increased by more efficient financial management. I welcome the proposals presented today for the reform of its financial model. I will raise four points in particular.

Firstly, it is vital to increase the efficiency of budget expenditure. This does not mean imposing constraints for the sake of constraints, but rather developing a more efficient budget management process by analysing the main line items and drawing on the *Strategy* to reallocate resources geared to priorities.

Secondly, this move should be underpinned by an open-minded discussion of how to improve the World Bank's revenues. I refer first of all to the loans that the IBRD grants to various kinds of countries, and which I believe could be more finely tuned to national characteristics and the circumstances of the recipients. I am also referring to the other services provided by the Bank, especially technical assistance and more generally the sharing of its outstanding development experience. We could work together on how to more systematically improve the return on these technical assistance services.

Thirdly, we need to think about how to optimise the Bank's balance sheet. This past year has seen progress in collective thinking on multilateral development bank ratings. We are looking forward to input from the entire World Bank Group on how to harmonise its financial ratios and target the correct leverage

of its resources. What sort of sustainable engagement capacity could the Bank have in the medium term, without an increase in capital? What concentration of country risk can the Bank sustain across its major borrowers? Could strengthening the financial ties between multilateral development banks improve risk sharing and, as a result, the institutions' financial soundness? We encourage the Group, in the coming months, to consider these important questions.

Lastly, and this issue transcends the purely financial arena, we need to work together in detail on the structure of the World Bank Group. Current discussions on the implementation of graduation strategies in certain middle-income countries, whose income has increased but who still must cope with considerable poverty, have brought to light certain limits of what might be too much of a binary model. We need to think about the distribution of roles between IDA and the IBRD – which includes developing a real graduation policy – and more generally between all the Group's branches and with other instruments. Naturally, the ultimate goal of all these discussions must remain a more effective fight against poverty, as set out in the two goals adopted in the spring and by the *Strategy*, with the central focus of stepping up the World Bank Group's efforts in the poorest countries.

Statement by Mr. Dirk Niebel, Federal Minister for Economic Cooperation and Development, Germany

For the World Bank Group (WBG), the 2013 Annual Meeting is one of the most important ones in recent years. After adopting our ambitious system of goals at the Spring Meeting, we are now discussing and adopting a Strategy for the WBG. The Strategy will provide a framework for the WBG to reach its goals – in an ecologically, financially and socially sustainable manner. So in the Development Committee, we are taking important decisions about the WBG's future course, both in terms of issues and in organizational terms. These decisions will have a decisive influence on the Group's work and capacity in the coming years and on its ability to meet global challenges. The same goes for our first debate on the fundamentals of the WBG's future financial strategy, which we want to adopt at the 2014 Spring Meeting.

The current crisis in Syria, the great challenges arising from the revolutionary change in the Arab world, the volatility of international goods and capital markets and the more and more frequent extreme weather events all show just how important it is for the WBG to be able to strengthen countries' resilience against financial, economic and environmental crises.

The new Strategy provides the basis for a WBG that is able to meet today's challenges. Last year, President Jim Kim already launched bold change at the WBG in order to focus it on the new global agenda. The WBG's initiative on the African Great Lakes region in cooperation with the United Nations and the WBG's leading role on climate issues, e.g. in the drafting of the Turn Down the Heat report and in the Sustainable Energy for All initiative, are evidence of the WBG's great potential.

We want a strong, effective, efficient WBG that has powerful answers to achieve our common goals: reducing poverty and fostering shared prosperity in an environmentally, economically and socially sustainable manner. To that end, we need to stabilize crisis regions and achieve food security. However, we must not lose sight of our planet's natural boundaries. And above all, we must take determined action against climate change. I am pleased that President Kim has assumed a leading role on sustainable development, which has met with international attention. This is an issue of special importance for all political forces within Germany. The WBG can count on Germany's support in this field. So I would like to convey our express recognition and thanks to President Kim for his work.

World Bank Group Strategy

Germany was actively involved in the drafting of the new WBG Strategy. Many questions that we consider crucial to international development are also at the center of the draft WBG Strategy. The Bank's evolving into a global "solutions bank" with a strong focus on private sector development that works to eradicate global poverty and facilitate green and inclusive growth is vital for the WBG to be successful. This especially applies to increased and effective involvement in fragile and conflict-affected situations. In future, the WBG will also need, to a greater extent than before, to speak and work as one WBG. If the WBG makes use of synergies and develops solutions for the entire Group, it will be able to make even more efficient use of its resources. We have also been campaigning for this in the current IDA 17 replenishment negotiations.

The greatest risks to successful development, poverty reduction and shared prosperity are posed by political, economic and financial crises, the impacts of climate change, and the increasing scarcity of natural resources. These factors are a particularly serious threat for people at the bottom of the income pyramid. We will only be able to attain lasting development achievements if economic growth creates employment that also benefits the poor. So we welcome the fact that the WBG's new goals combine growth and distribution issues. Progress in this field must be measurable so that we can make sure that no individual, no group and no country will be left behind.

But if economic growth takes place at the expense of our world's vital natural resource base, it is not sustainable either. So all our activities need to be in line with environmental sustainability and climate protection requirements. These goals need to be integrated in future country analyses and strategies. They should be monitorable, for instance through sustainability indicators in the Corporate Scorecard and in country-specific results matrices. These core tasks of the WBG must be financed from the WBG's core resources. In Germany, there is a broad consensus within society and among policymakers that everything we do must be sustainable – in social terms but also in ecological terms. This is also a crucial factor when it comes to the mobilization of funds for poorer countries.

In addition, the WBG needs to put a strong focus on preventing global economic crises and environmental disasters. Additional efforts are also needed with a view to mainstreaming gender equality in the WBG's work. We expect that these aspects will be given priority as the new Strategy is implemented, and that related progress will be monitored on a regular basis.

Financial sustainability

The new Strategy needs to be complemented and reinforced by efforts to secure the WBG's financial sustainability. So I welcome the first discussion paper that has been submitted by management for our Annual Meeting.

We support the process for drafting, by the 2014 Annual Meetings, a new financial strategy on this basis. That strategy will rely both on cutting expenditure and on making better use of existing resources and taking action to increase the WBG's income. We are living in a time of multiple development challenges and great global risks. The WBG needs to maintain its room for maneuver and financial capacity to realize its strategic goals.

This includes increased efforts to mobilize private-sector and shareholder resources in order to support vital infrastructure investment in line with the new Strategy. In all these efforts, the WBG must ensure full application of its successful environmental and social safeguards and decision-making structures.

Further tasks in relation to the Strategy's implementation

The world has changed fundamentally over the past 20 years. So the WBG needs to differentiate its work accordingly. It needs to find answers to increasingly diverse challenges in different countries. Greater weight should be given to engagement with fragile states. But other groups of countries, too, continue to be important. The majority of people in absolute poverty are living in middle-income countries. The WBG can, and it must, continue to support these countries. But it also needs to consider itself a catalyst. The focus must not be on providing financial resources but on advisory services and the transfer of knowledge. The Bank's business model as a credit cooperative can only work if graduating countries assume more global responsibility.

The new Strategy will only become significant through implementation. So the focus of our attention must now shift to implementation. We need a clear set of goals and indicators so that we can monitor the results of the Strategy's implementation over the coming months and years and adjust our course in time if necessary. A revised Corporate Scorecard for the entire WBG will be of particular importance in this regard. The WBG's human resource management, too, needs to be aligned with the new Strategy, especially in terms of creating effective incentives in the areas of managing for results, joint work in *one* WBG, exchange of knowledge, selectivity, and cooperation with other development partners. In the course of its reform, the WBG will also need to revise the principles of its procurement policy and its environmental and social safeguards. This needs to be done through a transparent and open process.

Unless the WBG systematically continues its reorganization process, the new Strategy will not be successful. The WBG will only be able to meet the complex challenges it is facing if it adapts its business model and eliminates fragmentation and silo thinking. In this context, the establishment of what is termed Global Practices will be of great importance. The WBG needs to incorporate global knowledge and experience in its operations. It needs to increase the extent to which cross-border challenges such as resource conservation, international security and food security are taken into account in its country operations. And it needs to mainstream private-sector approaches throughout the entire Group's work. This requires new management arrangements and governance structures.

IDA replenishment negotiations

For the WBG goals to be achieved, it is crucial that the International Development Association (IDA) does its work effectively and successfully. So in the current replenishment negotiations, the WBG will need to highlight even more clearly what contribution IDA will be making under the new Strategy. We believe that IDA needs to enhance its support for sustainable and inclusive development in fragile and conflict-affected situations. In order to create scope for that, it is important that IBRD, too, offer transition support to graduating countries. In addition, it is vital that sustainability become an integral part of all operations at IDA, too. As the WBG supports environmental sustainability and takes action against climate change and its consequences, it must not settle for lower standards than those already in use at other institutions. After all, the poorest countries and regions would suffer most under increased global warming.

Systematic implementation of the Strategy and improved financial capacity, as well as a stronger focus on results, systematic use of synergies and more group-wide cooperation will make the WBG more effective and efficient and enhance its role in the international development architecture. In this way, the WBG can become a global "solutions bank."

Germany will continue to be actively involved in the WBG's reform process. We want a strong WBG that uses its abilities and knowledge as assets to play a central role in the development agenda, a WBG that

efficiently and effectively delivers on its global responsibility. Germany will be happy to continue to work closely with President Kim and his team in addressing this agenda.

Statement by Ms. Ngozi Okonjo-Iweala, Coordinating Minister for the Economy and Minister of Finance, Nigeria¹²

Global Economy

We welcome the emerging signs of recovery among developed countries, including the strengthening of growth in the Eurozone. The projected pickup in growth in high income countries would help facilitate the restoration of the growth momentum in the developing countries and emerging market economies, especially combined with the recent easing of commodities and energy prices. We are however concerned that this prospect could be undermined by the near term risks associated with the delays in addressing US fiscal challenges which has resulted in the widespread uncertainties and ambiguities that are further compounded regarding the exit strategies from unconventional monetary policies by Advanced Economies. We urge for an early resolution of these issues to avoid any negative ramifications for emerging markets and the global economy at large.

World Bank Group Strategy

We welcome the proposed World Bank Group (WBG) Strategy which constitutes an appropriate response to a changing development landscape, requiring that the Bank becomes more dynamic and agile in addressing development challenges facing its clients. We re-affirm our support for the focus on poverty eradication and shared prosperity as the pivotal goals of the WBG's strategy.

In operationalizing the strategy, we welcome the shift in emphasis towards a 'Solutions Bank' underpinned by a new business model founded on creating global practices. This would enable an effective and efficient deployment of organizational knowledge and talent. We look forward to the operationalization of the new country engagement model founded on systematic country diagnostic. We also welcome the enhanced focus on partnership and the strengthened emphasis on working as one World Bank Group, to exploit synergies and complementarities. However, as changes are being made, extra care should be taken to preserve those aspects of this institution that have served it well in the past and which now constitute its main strengths. In particular, there must be continued attention to client focus, country ownership and results as the primary goal. This is vital for the future sustainability of the on-going reforms.

We also urge that Africa remains at the Centre stage, to help deepen and consolidate the encouraging progress being recorded. The continent is now going through a transformational phase marked by respectable rate of economic growth, drawing private sector interest. World Bank Group's support is needed to effect a smooth transition to sustainable growth that will accelerate the eradication poverty and boost shared prosperity. Continued attention also needs to be given to the complex and acute development challenges of Fragile and Conflict-Affected States in the region as well as other Low Income Countries. The WBG can be assured of our full support towards operationalizing this strategy at country-level, while taking full ownership of our development process

¹² On behalf of the Angola, Nigeria and South Africa.

Implementation will be critical to the success of the strategy. In particular, the reforms and the associated change process including reforms of the core internal HR, administrative, budget and finance functions, need to be sequenced properly in order to ensure seamless implementation. Communication is also vital in any successful reform process. Accordingly, we urge that the on-going reforms be periodically communicated to all stakeholders and especially staff, so as to attenuate the level of anxiety in the system. We look forward to the roll-out of the implementation in the months ahead.

The successful implementation of this ambitious strategy will require additional resources. We note the WBG's efforts to realize efficiencies and create an effective, leaner Bank, while looking at ways to grow the Group's business, in particular as it seeks to scale up long-term financing for infrastructure. With regard to the latter, we further note the WBG's efforts to tap into new sources of funding, including *crowding-in* and catalyzing private sector funding. In this respect, we look forward to the elaboration of the proposed Global Infrastructural Facility (GIF) which seeks to further leverage additional sources of financing, particularly for infrastructure in developing countries.

IDA-17 Replenishment

As the single largest provider of funds for economic and human development projects to LICs, we see IDA continuing to play an important development role in the years to come. While much progress has been achieved, there are key social and human development challenges that need to be addressed in low income countries, as well as in fragile and conflict affected situations, including the building social and physical infrastructure, strengthening institutions and governance, as well as supporting inclusive growth. Accordingly, we reiterate our call on current and prospective donors alike to ensure a robust IDA-17 replenishment. A robust IDA-17 which timing coincides with the operationalization of the Bank's new strategy, is an essential imperative to the successful implementation of the twin goals in the poorest countries. It is also critical in supporting the post -2015 sustainable development agenda.

WDR: Managing Risk for Development

We welcome the 2014 World Development Report, which brings to the fore the imperative of managing risk as a powerful instrument for development. Both developed and developing countries have witnessed numerous and unprecedented crises, which differed in nature, form and magnitude in the last decade. This WDR is therefore timely and provides useful messages on how countries could respond, given the different capacities and, resources as well as trade-offs that need to be made. We look forward to the operationalization of the 2014 WDR in the Bank's work with emphasis on assisting countries faced with competing priorities and trade-offs in realizing their development agenda through proper risk management, in line with their needs, capabilities and priorities. In this regard, we encourage the Bank to support the African Risk Capacity (ARC) - a recently established agency of the African Union that will provide African Governments with timely reliable and cost-effective contingency funding in the event of severe drought or flood by pooling risk across the continent.

Gender

We note and welcome the update on the Gender Equality Agenda. Although progress has been made on many fronts, it is important to keep the momentum going. We also believe that there is room for a stepped-up approach on how the Bank addresses gender, building on progress achieved through the implementation of IDA 16 and the operationalization of the 2012 WDR on Gender. In this regard, we endorse the mainstreaming of Gender in the work of the WBG, as articulated in the proposed WBG strategy. We believe that the proposed WBG's strategy provides a good platform to build on this momentum.

Statement by Mr. Johann N. Schneider-Ammann, Minister and Head of the Federal Department for Economic Affairs, Education and Research, Switzerland¹³

The World Bank Group strategy must strengthen the position of the World Bank as an inclusive global organization dedicated to development

The World Bank Group (WBG) is an indispensable platform of dialogue and action for the promotion of development worldwide. Its universal membership, its evolving governance structure, its competence and experience have ensured that all states, regardless from their level of development, are willing to engage with the institution and its other members through it. The interest of the G20 in cooperation with the WBG is an illustration of this relevance for the global dialogue on development policies. The Bank contributions to the debate on the post-2015 targets to be adopted by the United Nations are yet another manifestation of the same global role. The new Strategy should put the Bank Group on a strong footing to achieve the upcoming targets.

The new WBG strategy must be supported by all shareholders. It must reflect expectations and aspirations of the various constituencies of the WBG. No country should be excluded a priori from an active collaboration with the Group. In particular, the strategy must foster collaboration between advanced economies and middle income countries as this relation is critical for the world prosperity, as it defines the economic space open to the less developed countries and sets the conditions for poverty reduction and shared prosperity everywhere. Our mixed Constituency can contribute to building a wide consensus by balancing the interests of all its members and representing them effectively.

It should ensure the global relevance of the WBG

In the present world economy the financial power of the WBG is limited. The Group should therefore demonstrate its relevance mainly through the quality of its operations and the pertinence of the knowledge provided to clients and the international community as a whole. At the same time, recognizing its own limitations, the Bank Group will have to better coordinate its activities with other multilateral and bilateral organizations. The new strategy should therefore allow the Group to focus on actions in selected domains that are crucial for sustainable development at the global and local levels. The Bank has clear advantages in tackling global challenges and should continue to play a strong role in the delivery of Global Public Goods, such as climate change, private sector development, food security and nutrition, gender-balanced development, and connectivity.

We expect the Group to remain a partner of choice for designing and implementing development strategies, and for finding solutions to complex development problems in a large variety of countries, including in fragile and conflict-affected contexts. To maintain this position the Bank must focus its attention on a reduced number of issues. In these areas the Bank will facilitate the access of its clients to best policies and best examples of effective implementation and results. The proposed “global practices” will have to be more effective than the present sectorial anchors and networks in ensuring provision of knowledge, practical solution and appropriate design and planning of programs and projects across the World Bank Group.

¹³ On behalf of Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan and Uzbekistan.

The Group's professional excellence will only be ensured through an efficient human resources policy that provides the Bank Group with the necessary number of highly competent and devoted staff. Our Constituency will therefore follow with great attention the introduction of the new global practices while continuing to support the reform of the whole human resources policy.

It should improve the effectiveness of knowledge services and operations

The new strategy must foster the effectiveness of the organization. This can be done by encouraging the Group to concentrate its interventions especially at country and regional level. For this to succeed, it will need to engage even stronger in a dialogue with client countries in order to identify and prioritize the areas where the Bank can make a real difference and add most value. This dialogue might be more demanding than it used to be, but each party will benefit from a greater selectivity that will foster larger development impact. The Group will have to look for "transformational" operations that will address critical development challenges and introduce innovative policies with high development impact. The Group will have to increase its coordination with bilateral and multilateral development partners to ensure the effectiveness and quality of assistance to client countries.

Greater effectiveness should also result from a much closer and frequent cooperation between IBRD/IDA and IFC in the promotion of jointly identified development solutions that should be implemented by using both public and private resources. The Bank should realize the full potential of working as *One WBG*.

Broader integration of gender equality in policies and operations is also essential to development effectiveness. We are pleased with the progress achieved so far in mainstreaming gender equality into the Bank Group's strategies and project documents. The capacity of WBG staff to integrate gender into their specific line of work is progressing, even if some parts of the Bank Group still need some catching up. Now attention must increasingly shift towards implementation and measurable results on the ground. Women's economic empowerment is of crucial importance and we must redouble our efforts to better measure the results and collect gender disaggregated data in advancing this agenda.

The same is true for sustainability that needs to be systematically assessed in the design and implementation of programs and projects. The proper use and management of scarce natural resources has become indispensable for ensuring prosperity for the present and future generations. Only outcomes obtained while respecting the environment should therefore be considered in the Group assessment of results and effectiveness.

The World Bank Group plays an important role in strengthening the multilateral system by addressing aid fragmentation and the proliferation of funds. We expect that the World Bank Group strategy will make a difference in this respect. We are confident that the ongoing reform of the budgetary process will result in a better alignment of administrative resources with the strategy and its priorities. The integration of budgetary procedures with the measurement of results should create the framework of incentives that is necessary to support the internal reforms and ensure the implementation of the new strategy. Recipient- and Bank-executed trust funds must be an integral part of the same framework, and should be allocated in line with global strategic decisions and priorities defined by the country strategies. Donors providing these funds should be encouraged to accept and support this new approach to resource allocation. Donors providing these funds should be encouraged to support this new approach to resource allocation, while the Bank Group should take into consideration the accountability needs of donors.

A solid but simple system of results measurement will have to provide the feedback necessary to adjust strategic choices and operational tools and approaches to the reality of clients' demand and their capacity to achieve the ambitious objectives. IBRD/IDA and IFC/MIGA should progressively use harmonized standards for assessing the impact of their interventions, especially when they operate in a coordinated

way. A revised corporate scorecard and the full integration of the work of the Independent Evaluation Group in the periodic assessment of global and local effectiveness should provide the shareholders with the information necessary for ensuring the accountability of management and the Board.

It should secure the financial sustainability of all parts of the WBG

Financial sustainability of the Group crucially depends on its relevance and effectiveness. Clients are willing to borrow more and pay for services if the quality of the Bank Group products corresponds to their expectations and demands. Donors are expected to provide the necessary resources to IDA if its contribution to the development of the poorest countries is clearly demonstrated and if the rest of the Group, starting with IFC, can leverage in the best possible way the concessional finance provided to the public sector. On the other hand, the Bank has to strengthen its partnerships with and leverage more resources from the private sector as well as bilateral and multilateral organizations.

The financial sustainability of every part of the Bank Group deserves to be reexamined. The medium to long term future of IDA, its financing and its mission, is obviously at the core of this analysis, given that more and more countries are expected to graduate from low income status. It is also urgent to engage in a dialogue with IBRD clients about the financial model of this organization, its products and pricing to obtain a realistic assessment of the remuneration at which the Bank can provide its knowledge and experience when the demand for borrowing is limited. The IFC has shown a great potential for self-financed sustained and relatively fast growth so far. It has, however, progressively increased its investments in poor countries and in frontier markets, thus expanding its exposure to risks. This trend should be considered when assessing the opportunity costs of IFC transfers to IDA beyond the horizon of IDA17.

We should take advantage of the review of the WBG financing capacity to discuss with open mind the expectations of the emerging economies in relation to infrastructure financing (i.e. the creation of a Global Infrastructure Fund).

Finally, we welcome the ongoing efforts to generate budgetary saving through institutional synergies, increased efficiency in operations and clearer responsibilities in decision making. We believe however that at least part of the resources freed in this process should be invested to improve the quality of the Bank Group work and contribute to the financially sustainable expansion of its activities.

Statement by Mr. Anton Siluanov, Minister of Finance, Russian Federation

At our spring meeting we endorsed two key goals of the World Bank Group. The first goal calls for eradication of extreme poverty by 2030, while the second goal refers to shared prosperity and implies faster income growth of the bottom 40 percent of population in every country.

We underscored that these goals should be seen as general guidelines for the World Bank activities. While it is clear that eradication of poverty is the undisputed overall mission of the World Bank, achieving shared prosperity is a more complex, yet globally important, undertaking.

Now we are presented with a conceptual document which defines a World Bank strategy to attain these goals.

I believe that the proposed strategy deserves our support, as it adequately takes into account the accumulated experience, and reflects the process of evolutionary reform of the Bank in a rapidly changing external environment.

These rapid changes include the continuous decline of the relative importance of the World Bank as a financier of developing countries, as well as the steady growth of the developing countries themselves, particularly in their economic and institutional capacities. We all know that the overall amount of World Bank resource transfer is less than 1 percent of the borrowing countries' combined GDP; its share of their combined public expenditures for development is also insignificant. The key role in global decline of poverty over the past decade has been played by several large emerging market economies which relied mostly on their own resources and efforts. The role of development partners, including the World Bank, was important but by no means decisive.

Under these circumstances the Bank is fully justified in making selectivity, multi-sectorial approach, flexibility, adaptation to the client's needs, and expansion of partnerships the key elements of its reform process. All these aspects are clearly covered in the proposed strategy.

Specifically, we fully support the idea to concentrate efforts on the projects and operations of transformational nature. Also, we concur with the proposal to expand coordination and cooperation both within the World Bank Group itself, i.e. between the IBRD, IFC, and MIGA, and with all available development partners.

As long as coordination within the World Bank Group is concerned, we particularly underscore the need to increase efficiency and result orientation of IDA programs and operations. As a key element of the World Bank Group, IDA should remain its main instrument in low income countries. In this context we welcome the proposal to pay special attention to knowledge transfer in the course of IDA-17 replenishment negotiations.

Turning to cooperation with external partners, one cannot overlook the growing role of the G20 as a major international forum in the areas of finance and economy. In our view, enhanced coordination between the G20 and the World Bank is likely to bring about significant progress in making economic growth and development more sustainable. It is necessary to make a full use of the G20 as a catalyst of discussions and efforts, in order to underscore the global importance of development, and to strengthen global partnerships.

In this context I would like to underscore that the idea of a Global Infrastructure Facility proposed by President Kim is fully consistent with such approaches. That is why we support the idea and believe that the Bank should continue to work in this direction.

While we broadly endorse the strategy, we would like to make the following points.

Firstly, we need to underscore the key role of sustainable economic growth for poverty reduction. All redistributive schemes, including social safety nets, are viable only to the extent the economy generates additional resources for redistribution.

Infrastructure and energy are major elements of modern productive economy, and gaps in these sectors are considered the critical bottlenecks which slow down the growth. At the recent G20 Summit in St. Petersburg it was made clear that there is a global consensus about the importance of this issue, as well as a global commitment to address it. Therefore, these sectors should be given priority when transformational operations are considered. Other sectors of similar importance could be education and fighting infectious diseases, where the World Bank historically has also played a very important role.

Secondly, we need to be extremely careful while revisiting the issue of cooperation between the Bank and client countries. Specifically, we are looking for more detailed clarifications regarding the proposed

Systemic Country Diagnostics. It should be made clear, what will be role of the countries themselves in this process, to what extent their own development priorities will be taken into account, and what approaches will be followed should the country and the Bank disagree on some important issues.

The proposed model also includes new elements like Country Partnership Framework and Performance and Learning Reviews. We need to make these elements fully harmonized with each other in order to optimize administrative and managerial costs.

Speaking of country strategies, I feel it is necessary to commend significant progress made by the World Bank in this area over the past years. New country strategies are much more flexible, more closely synchronized with countries' strategic vision and budget planning, and do not longer attempt to micromanage all operations during the duration of the strategy. It is of critical importance that these positive results are fully embedded in the new model.

Thirdly, we are expecting practical steps in the reform of the World Bank matrix structure toward the so called Global Practices. It might be recalled in this regard that the proposed reform is far from being the first one over the past twenty years. Whether these reforms are successful will depend not only on the strength of commitment on the part of Management, but also on the adequate analysis of some inherent constraints which prevented successful implementation of the previous reforms.

For instance, it seems we still do not have a complete evaluation of the linkages between the far-reaching decentralization of the Bank and deficiencies in its matrix structure. When the Bank made staff stationed locally, efficiency of cooperation at the country level improved significantly; global mobility and agility of staff, however, was inevitably impaired.

Another critically important factor to be taken into account in the process of Global Practices design is the universal nature of the World Bank. It might be easier to list the areas where the Bank does not engage, than to compile a full inventory of its sectoral expertise and knowledge. Such knowledge can be roughly classified as either technical or institutional. Technical knowledge is more or less standard and rather easily transferrable, while institutional knowledge is closely connected to specific countries and regions.

Let me illustrate this point. For example, road and bridge construction procedures, as well as medical protocols, belong to the technical categories. Thus, experts can, and should, successfully apply this knowledge across the globe. On the other hand, tax systems which generate funds for road construction, as well as national healthcare systems, tend to be uniquely specific in each and every country, even among the most advanced industrial ones. Respective institutional knowledge cannot be easily replicated and applied in other countries.

Therefore, Bank experts on institutional issues find themselves more familiar with specific country practices, which in effect may limit their global reach. That is exactly why client countries are so unified and forceful about inappropriateness of the one-size-fits-all approach towards their institutional reforms.

Finally, **fourthly**, it should be mentioned that the proposed strategy does not cover the issue of anti-crisis support. We are all painfully aware that global, regional, and local economic and financial crises can wipe out country's achievements in the areas of poverty and inequality alleviation. From this angle, the World Bank ability to render meaningful counter-cyclical anti-crisis assistance, often on a rather short notice, is one of its unique comparative advantages. This issue needs to be adequately dealt with in the strategy as one of the priorities, with some forward-looking discussion on its future improvements.

Statement by Ms. Jutta Urpilainen, Minister of Finance, Finland¹⁴

- The Nordic-Baltic Constituency remains committed to President Jim Yong Kim's and the Bank Group's ambitious drive for reforms to deliver on the goals of eradicating extreme poverty and promoting shared prosperity in a sustainable manner.
- We are pleased to note that the Strategy adopts a holistic approach to addressing development challenges in line with the ongoing work on the new post-2015 global development goals. At this point of time, however, our attention must shift from developing the vision and strategic direction to a concrete roadmap for implementation. Turning words into action is the important challenge going forward. The WBG will need to make delicate choices between competing priorities, which in itself requires a clear results and implementation framework.
- Eradicating extreme poverty and promoting shared prosperity in a sustainable manner requires attention to environmental, social and economic sustainability. We are pleased to see the importance of gender equality throughout the strategy and urge the Bank to retain a focus on gender equality in all its activities.
- Delivering on the goals of consigning extreme poverty to history and fostering shared prosperity requires countries to mobilize domestic resources and political will. A sustainable private sector growth will be crucial if these two goals are to be achieved. Increasing transparency in the national financial system is one important means to achieve this outcome. Joining the efforts taken at the global level enables the development community to reap the benefits of a fair and just international economic system.

A Common World Bank Group (WBG) Strategy

The Nordic-Baltic constituency is pleased with President Kim's commitment to advance the twin goals of eradicating extreme poverty and promoting shared prosperity in a sustainable manner. We appreciate that the World Bank Group and staff have over the past few months worked in good cooperation with management, shareholders and stakeholders towards the concrete implementation of a common strategy for the whole WBG. We look forward to continued cooperation in the important work ahead to translate the strategy into action, and modernize and reform the Bank from a "knowledge bank" to a "solutions bank".

The strategy will position the WBG well vis-à-vis the ongoing endeavor to formulate the new post 2015 global development goals and secure a platform for the WBG to contribute significantly to the implementation of these goals. The Nordic-Baltic constituency believes that the strategy will enable the WBG to deliver and improve the lives of millions of people in poverty. The Bank plays a crucial role in delivering global development results and in supporting countries with their specific development challenges. Although much progress has been done, there is still much potential to improve effectiveness and efficiency further by strengthening cooperation between the different institutions of the Bank Group, and with other actors including the UN system. We are pleased that the strategy unifies the different institutions to operate as **a single World Bank Group**.

¹⁴ On behalf of the Nordic and Baltic Countries.

We commend the Bank for lifting **shared prosperity** as one of the main goals of the strategy, as we are currently witnessing an alarming increase in inequality accompanying the rapid advancement in the global economy. In this context we should not forget the important subjects of human rights, sustainability and gender equality, either. My constituency is happy to see that the strategy includes all of these elements.

However, the success of delivering on the goals as one collaborative WBG depends on how the strategy is **implemented**. Knowledge, resources, capacity and incentives must be aligned to ensure success in implementing the strategy and achieve its twin goals. The Bank should also strengthen the processes governing preparation and implementation of operations by building an internal learning and results-integrated corporate culture. Many steps have already been taken in this respect, not least with the significant internal reforms already in place. In addition to this, the overarching goals should guide the WBG to greater selectivity. To this effect, the Bank would benefit from a clear framework in for prioritization, since there are many competing actors and priorities.

In order to remain relevant the Bank needs to **use its resources in a more effective and efficient manner** rather than expand its operations and areas of engagement, i.e. through realignment of the WBG financial strategy to the overall strategy. We look forward to the financial strategy that is to be elaborated. This should clearly outline the expected increase in demand for WBG resources following upon implementation of the strategy. Building a more effective WBG delivering well targeted and high impact services does not automatically imply expanding the financial volumes of the operations.

There are three elements of the Strategy that, to our mind, merit specific attention. These are the above mentioned issues of *sustainability*, *gender equality*, as well as *mobilizing domestic resources*.

Enhancing Sustainability

The Nordic-Baltic Constituency particularly welcomes the strong emphasis on environmental, economic and social sustainability and the clear recognition of their importance in achieving the two goals of the strategy. As the Bank has stated itself, sustainability ensures that today's development progress is not reversed tomorrow and that the pace of progress does not fade in the future.

The **environmental sustainability and climate change dimension** is a key element of the strategy. The reason is clear – environmental sustainability, including climate change management and the promotion of inclusive green growth, is a prerequisite for long-term sustainable economic growth and poverty reduction today and for future generations. We continue to urge the Bank to actively contribute to the work on Sustainable Development Goals and to frame its new strategy with flexibility in the context of the formulation of the post-2015 agenda.

Importantly, in its actions the WBG must also retain a focus on **social sustainability** in order to ensure that future generations will not bear the negative consequences – economic, environmental or social – from today's choices and actions. As pointed out in the *World Development Report 2013*, a disproportionate share of the unemployed is young people. One of the consequences of the current economic crises has been the dramatic increase in youth unemployment. This is not only a risk of a lost decade of economic growth, but a risk of a **lost generation**. Globally we have over 600 million young people 'idle', meaning they have no working, nor studying opportunities.

Knowledge and skills are key to jobs and productivity. This also means that youth do not drop out of school without developing the **basic skills needed for the labor market**. Fostering job creation through the creation of an enabling environment, and maintaining sound public finances, will in turn ensure **sustainable economic growth**.

Nowhere is the need for sustainability more evident than in **Fragile and Conflict affected states**. These issues feature prominently in the draft strategy, and rightly so. Through *The New Deal for Engagement* fragile and conflict affected countries have created a promising tool for bringing about viable change, but they will need the continuous support from the WBG and the international community. In this context it is important that conflict analysis reflects gender issues as well as women's full and equal participation in conflict resolution and peace building.

Reinforcing Gender Equality

We strongly support the WBG in its efforts to promote gender equality. The strategy rightly points to the need to remove barriers and enhance the voice and agency of the excluded. We welcome that the discussion on the connection between inclusive policies and growth is now squarely placed within the overall framework of human rights and dignity, and the expansion of the gender equality agenda in the WBG. Gender equality of opportunity and rights is a core development objective in its own right, but as smart economics gender equality it is also necessary for unleashing all potential for development and for economic growth. We urge all Member States to **keep a focus on gender equality in all national programs**, and we urge the WBG to support governments in this endeavor through all its activities.

The new WBG strategy highlights the critical importance of gender equality in promoting growth and equity. Gender equality needs to be integrated throughout the WBG strategy and its implementation in a systematic manner to move from acknowledgement into action. The bar for what is considered to be gender informed is too low and should be amended. Advancing the gender agenda also **requires a strong commitment and greater gender awareness and competence among staff at all levels of the WBG**, from senior management to local staff. Attention to issues related to women's economic empowerment is key in this regard. Promoting women's voice and agency is crucial and the flagship report underway will fill an important knowledge gap.

We also note and appreciate the progress that has been made in implementing the gender equality agenda within the WBG. The update highlights the important steps that have been taken, but also brings out the need for continued attention and hard work. More needs to be done to integrate gender issues throughout the entire project cycle, and to strengthen follow-up and measurement of results. A key issue is to translate this new knowledge into improved operations and better domestic reforms. A new WBG gender strategy will be an important step that can build on progress already achieved, while further strengthening and deepening this important agenda.

Mobilizing Domestic Resources

Delivering on the goal of shared prosperity requires a well-functioning domestic financial system that promotes financial transparency. Sound and transparent institutions as well as predictable and non-distortive tax systems are needed to increase the general trust and willingness to pay taxes, and efficiently collect and allocate public resources. Mobilizing domestic resources and enhancing greater transparency is critical to development.

The work to promote **greater tax transparency and information exchange** is already on its way at the global level. There is a strong and unified recognition to the fact that in current times of economic hardship, ensuring fair taxation and combating illicit financial flows is more important than ever. To name a few examples, we welcome that the G20 at the 2013 G20 summit in Saint Petersburg committed to ensuring fairer taxation by supporting the work to establish an automatic exchange of tax information by February 2014. The EU has a longstanding reputation in the work against tax fraud. Likewise, the OECD has conducted important work against base erosion and profit shifting. We urge the WBG to step

up its efforts in this work, in collaboration with others and in areas where it provides a clear added value. This will enable the developing community to reap the benefits of a fair and just international economic system.

Related to, although not the same as, the issue of distortive tax systems is also the issue of **illicit financial flows**. Illicit financial flows present a problem to development when money that is illegally earned, transferred or used is transferred across borders. Often times such illicit financial flows are used to finance crime, corruption or terrorism, and result in a loss of revenue and tax morale.

Finally, I would like to conclude my statement by noting that reaching the two goals remains a challenge in the global context. The global economy has transformed itself rapidly over the two past decades, as has the face of poverty and prosperity. In our view, the Bank's comparative advantages are its unique ability to combine global knowledge, development solutions and financing, across all regions, leveraging both private and public partners, generating global public goods and exploiting the synergies between its different affiliates. We remain committed to support the Bank in its continuing efforts to strengthen its role and contribution to our common global challenges.

Statement by Mr. Ignazio Visco, Governor, Bank of Italy¹⁵

Today's approval of the World Bank Group strategy is a first important step towards achieving the twin goals of ending absolute poverty and promoting shared prosperity within a framework of environmental, social, and financial sustainability.

The President deserves full support and strong guidance from the Board of Governors at the outset of the implementation of the strategy.

In this spirit we are pleased to offer our reflections.

Selectivity and comparative advantage of the WB Group

A key guiding principle for WB Group interventions should be their alignment with countries' development plans. However, in practice the Group has not always been as selective as it should have been in responding to clients' development needs, and sometimes it has stretched this principle in areas where it had no strong expertise.

The lack of selectivity is particularly acute for the World Bank operations. As a consequence, in recent years, we have witnessed a faster than expected reduction in lending volumes, a growing amount of undisbursed funds, and a somewhat declining quality of projects.

The new strategy is a unique opportunity to rethink the balance between the desire to respond to clients' demand and the necessity to provide services of the highest quality for development.

Management's effort to achieve selectivity by matching the WB Group comparative advantages with clients' key development needs is most welcome.

¹⁵ On behalf of Albania, Greece, Italy, Malta, Portugal, San Marino and Timor Leste.

This approach has already produced several innovations in the Bank's business model: a new framework to engage with countries rooted in an evidence-based assessment of their specific needs; a new organization of the thematic units into a limited number of Global Practices to help the Bank to focus its resources where they have the highest development impact.

This design requires now a thorough implementation, and this will pose new risks and challenges.

First, the re-emergence, within each Global Practice, of the "wholesale model" that provides almost everything to every client within each Global Practice. The remedy is a constant and systematic application of selectivity in the choice of projects.

Second, the lack of communication among Regions, which, in the past, has prevented a smooth flow of knowledge across all Bank units, could remain a problem even with Global Practices. This risk can be mitigated by establishing effective coordination mechanisms to share development solutions among Global Practices.

Third, the absence of a clear accountability line, given that in the new model, both Regional Units and Global Practices will share responsibilities in delivering solutions to clients. An effort to define accountability among units is therefore necessary.

Finally, the objective of having a flexible budget allocation process, allowing for a rapid deployment of resources where they are most needed, might be in contrast with the goal of keeping adequate technical skills in areas crucial for the Bank's core business. Adequate mechanisms should be established to ensure a balance between these two objectives, while avoiding the rigidity of the past and satisfying the budget constraint.

The countercyclical role of the World Bank Group

Traditionally, the World Bank has played a countercyclical role especially during downturns. In the midst of the financial crisis it was able to lend 66 billion of dollars in a single year (2010), almost three times the level recorded in the pre-crisis years. The new strategy does not acknowledge this important role of the WB Group, which, however, is useful and should be retained. This is especially true, in the current environment, which is characterized by high volatility in financial markets and reliance by many Bank's clients on short-term capital flows to finance current account imbalances. Nonetheless, maintaining a countercyclical capacity has far reaching implications for the Bank's business model.

In particular, the Bank needs to keep an adequate buffer of unused financial reserves to be able to quickly intervene when needs arise. The buffer is an implicit burden on the efficiency of the Bank and it has to be factored in when setting loan prices. Prices need to include an insurance premium for the potential countercyclical lending.

Working as a Group while keeping individual brands

The new strategy rightly emphasizes the need for a strong and effective coordination among the four entities of the WB Group. Much has to be done to strengthen synergies and better coordinate efforts to provide clients with development solutions. In this context, we highlight the importance that the "gender agenda" needs to keep across the entire Group.

However, the four institutions have different mandates, corporate cultures and business models through which they reach out to different clients.

In particular, the IFC has managed to increase the visibility of its brand and today commands much respect as a reliable and valuable partner for private sector entities in developing countries.

This asset needs to be preserved.

The Financial implications of the new strategy

The President's endeavor to set a new course for the WB Group needs to build on three key elements: a set of goals, a coherent strategy, and a consistent financial plan.

The first two elements are almost in place, the third one has not been fully developed yet. Management's ongoing effort to put the Bank on a more solid and sustainable financial path is highly commendable. This is the first time that a comprehensive plan to shape a more efficient Bank is in the making.

In the past we voiced some concerns on the financial strength of IBRD. Consequently, we are pleased to see, today, a plan to boost the Bank equity base in the next 10 years, via an increase in revenues and a reduction of costs. A stronger equity base, combined with a more efficient use of the Bank's capital, will permit a significant step-up of its lending capacity.

However, it is important to ensure full coherence between this plan and the financial needs of the new strategy without calling for a new capital increase and while maintaining a prudent risk profile.

Prepared Statements Submitted by Observers

Statement by Mr. Takehiko Nakao, President, Asian Development Bank

On behalf of the Asian Development Bank, I thank the Development Committee for the invitation to attend its 88th meeting as an observer. Today, I would like to discuss three issues: first, the views of the Asia-Pacific region about post-2015 development agenda; second, the mid-term review of ADB's long-term strategy; and third, progress of the multilateral development banks, or MDBs, on transport since Rio+20.

A. Development Challenges in Asia: Views from Asia-Pacific Region

Last month, ADB joined with UNESCAP and UNDP to launch our eighth joint report on the Millennium Development Goals – the MDGs – in Asia and the Pacific.¹ The assessment shows that while no country will achieve all goals, neither will any country fail on all of them. The region has made remarkable progress in reducing income poverty, increasing access to safe drinking water, and achieving gender parity in education. It has achieved near-universal primary school enrolment, and primary completion rates indicate clear progress. The spread of infectious diseases has been contained, and the loss of forest cover or areas with protected status has been reversed.

But the region still faces a significant unfinished agenda. People in the Asia Pacific region remain vulnerable to extreme poverty, jobless growth, and hunger and food insecurity. The bias against women and girls persists, as evidenced by continued strong son-preference in most countries and differential access to health services and nutrition. The incidence of non-communicable diseases is rising, and improvements in maternal and child health are limited. We also see growing concerns around the quality of education as access alone does not result in productive work opportunities.

The region's challenges were only partially addressed by MDGs, and new challenges are emerging. Growing inequalities in income and opportunities are emerging as a major development challenge. These increasing inequalities have reduced the impact of economic growth on poverty reduction and can potentially impede the growth process itself. With unplanned urbanization, municipal capacities are stretched. And our changing demographics – with both an aging population and a youth bulge – reveal deficits in social protection and job creation. The quest for growth is increasing the pressure on natural resources, while the growing exposure to disasters and threat of climate change could reverse hard-won development gains. Emerging challenges need greater attention in a fast changing Asia and Pacific region where aspirations today are higher than 20 years ago.

To respond to these challenges, based on extensive regional consultations conducted with government officials, civil society representatives and academia, the regional MDG report calls for bringing together the three pillars of sustainable development – economic prosperity, social equity and environmental responsibility. A post-2015 global agenda should be underpinned by inclusive and environmentally sustainable growth, customized to national development needs. It should also be backed by identified sources of finance, founded on partnerships, and monitored with robust statistical systems. Development priorities identified during the regional consultations include strong support for the core agenda of eradicating poverty, and the requisites for meeting that agenda – food security, job opportunities, health,

¹ In partnership with UNESCAP and UNDP; see <http://www.adb.org/publications/asia-pacific-aspirations-perspectives-post-2015-development-agenda> for the full 2012/13 Regional MDG Report.

quality education, sanitation, access to safe water and infrastructure. It is also essential to prioritize accountable and responsive governance and environmental responsibility.

B. Mid-Term Review of Strategy 2020

Now let me turn to my second topic – the review of ADB’s long-term strategy framework, Strategy 2020. Strategy 2020 was approved by ADB’s shareholders in 2008 as the main corporate-wide strategy and planning document. It provides a clear mandate and direction to ADB in its vision of an Asia and Pacific region free of poverty, with three strategic agendas of inclusive growth, environmentally sustainable growth, and regional integration. As the mid-point of Strategy 2020 approaches, ADB is undertaking a review with the objective of improving our responsiveness and effectiveness.

ADB’s operations rose to more than \$65 billion during 2008–2012, the first 5 years of Strategy 2020 implementation, representing an increase of about 75% over the 5-year period preceding the strategy’s adoption (2003-2007). Non-sovereign private sector operations more than doubled over the same period. ADB assistance has supported faster growth in DMCs, helped fill their infrastructure gaps, and contributed to their progress on poverty reduction and the MDGs. ADB obtained positive ratings in external performance reviews.

ADB’s support for infrastructure development is the main contributor to Strategy 2020’s agendas. Infrastructure operations comprised 72% percent of ADB operations during 2008-2012. These operations supported economic growth and improved the enabling environment for private sector investments, encouraged greater direct foreign investments and enabled greater innovations. Infrastructure investments supported inclusive growth by creating jobs and economic opportunities and linking the poor to markets. The share of infrastructure projects addressing climate change and contributing to regional integration increased significantly.

The review also identifies areas needing major improvements. Success rates of completed projects have not yet reached the 80 percent target that ADB set. Delays in project startup and implementation have been noted and require serious attention. Procurement processes are still prolonged. Steps are being taken to improve project readiness, procurement and implementation. Skills shortages continue in specific technical areas as well as in project management and project finance.

Strategy 2020 identified nine key challenges facing the region which could derail its progress—poverty, increasing inequalities, demographic transition, stress on environment, infrastructure deficit, less than optimal regional integration and financial systems, insufficient innovation, and weak governance. These challenges remain valid. In fact, some of these challenges have become more pressing now, including increasing inequalities and climate change. The vast potential for regional integration is still not being harnessed fully. Large gaps for infrastructure financing remain. In addition, some new issues have become more prominent, such as higher vulnerabilities and the “middle income trap” faced by some DMCs.

Sovereign credit ratings have improved in several developing member countries (DMCs) in the region since the adoption of Strategy 2020, which has enhanced their capacity to borrow for their development needs both locally and internationally. However, due to substantial variations in institutional capacity, and development needs, the role of multilateral development financing remains critical. Moreover, following the serious liquidity crunch stemming from deleveraging in the aftermath of the 2008/9 financial crisis, it has become clearer that public sector investments and finance will need to play an important role to sustain growth. Some DMCs regard ADB’s present financing as being too small to adequately meet their large development needs, especially for infrastructure.

Moving forward, ADB's potential future strategic priorities will focus on (i) continued support for infrastructure investments as a major focus of ADB operations; (ii) increased emphasis on inclusiveness; (iii) stronger support for climate change and environment; (iv) more proactive support for regional cooperation and integration; (v) stronger relevance for middle income countries; (vi) stronger support for private sector development and private sector operations; (vii) better mainstreaming of knowledge solutions; (viii) ensure adequate financial resources; (ix) delivering best value for money; and (x) strengthening skills, incentives and institutional arrangements to ensure that ADB can effectively respond to the varying DMC needs. These strategic priorities will be further refined as we consult with all stakeholders on this midterm review.

C. Progress since Rio+20 with Focus on Transport

My third topic is transport. Transport is integral to the activities, goods and services needed to improve people's lives.

During last year's Rio+20 Conference, ADB participated in a group of eight MDBs in jointly pledging US\$175 billion for transport in developing countries, over the next 10 years. This commitment will support more sustainable forms of transport, such as public transport and non-motorized transport in cities, and railways and water for long distance freight transport. Our commitment was widely recognized as one of the biggest achievements of the Rio+20 Conference.

Since then, our institutions have been working hard to maintain the momentum of the Rio+20 outcomes. In May this year, the heads of transport operations of each of our eight MDBs met for the first time in The Hague, and agreed on an operational plan to jointly implement our commitment.

Among the MDBs we have established a technical working group to develop a common monitoring and reporting framework on sustainable transport, and to prepare a first progress report on the sustainability of our transport operations by end of this year. This group met in August at the EBRD headquarters in London, and has already made significant advances against the aforementioned tasks. Further work is being undertaken as we speak.

Such efforts are also contributing to the wider efforts of the international community to firmly embed transport within the Post-2015 Sustainable Development Framework.

At ADB, we assist our DMCs in building transport infrastructure and services that contribute towards low-carbon, safe, and accessible and affordable transport systems. Transport has been one of the ADB's main sectors over the last four decades, comprising nearly 32% of total ADB lending.

Once again, thank you for this opportunity. ADB remains firmly committed to working with all partners for an Asia and Pacific free of poverty.

Statement by Mr. Kanayo F. Nwanze, President, International Fund for Agricultural and Development

The end of extreme poverty is within our grasp, and can be achieved in our lifetimes. But as the international development community works together towards a world free from poverty – and the hunger, social exclusion and lack of hope that so often attend it – there is an opportunity to do even more,

creating the conditions for people to move from extreme poverty to sustained prosperity, instead of following the more common road from extreme poverty to less-extreme poverty.

There has already been encouraging progress on the poverty reduction front. The first Millennium Development Goal target, of reducing by half the proportion of people living in extreme poverty, has already been met. Progress, however, has been unevenly distributed, and while the goal has been achieved in South-Eastern Asia, Latin America and the Caribbean and Northern Africa, it remains unfulfilled in sub-Saharan Africa and Southern Asia. Moreover, today there are still 1.2 billion people living in extreme poverty, and 842 million suffering from chronic hunger.

Reaching these people and helping them achieve sustained prosperity will require addressing the cross-cutting issues that impact the development agenda, particularly gender inequality, climate change, food insecurity and malnutrition. These are all areas where the International Fund for Agricultural Development (IFAD) has expertise through its day-to-day operations.

Poverty is predominantly a rural issue

IFAD is unique in being both an International Financial Institution and a specialized agency of the United Nations, dedicated to eliminating rural poverty and hunger. The projects and programmes we support have helped more than 400 million poor rural people to grow and sell more food, increase their incomes, strengthen their food security and improve their livelihoods. Today, IFAD supports 253 projects in 96 countries across Africa, Asia and Latin America, worth more than \$12 billion.

To ensure that those who have already emerged from poverty are able to remain out of poverty, we must focus our efforts in rural areas, and on smallholder farming. Today, despite rapid global urbanization, poverty remains deeply and stubbornly entrenched in rural areas.

IFAD's core business has always been to enable poor rural people to overcome poverty and hunger. As a result, our work is closely aligned with the first MDG. It contributes indirectly towards most of the other MDGs as well, because poverty and hunger are at the root of so many of the world's problems.

Gender equality is a cross-cutting issue

IFAD has long recognized that there will be no substantial progress in poverty reduction and food security unless there are greater efforts to promote gender equality and empower women.

Today, women account for around half of participants in IFAD-supported projects. Given the critical role women play in community welfare, IFAD's board last year approved a Policy on Gender Equality and Women's Empowerment to mainstream gender initiatives at IFAD. The policy's objectives are to improve economic empowerment, representation and decision-making, and workload balance of women.

IFAD vigorously supports women in community-development projects; women make up around 75 per cent of the people trained in business and community management in IFAD-supported projects, and almost 70 per cent of the users of rural financial services. IFAD works to strengthen existing livelihoods, such as in Cambodia where women are receiving technical training to raise chickens and pigs, and to produce vegetables. IFAD-supported projects also help women develop new areas of expertise and livelihoods, such as in Yemen, where young women are training as veterinary professionals, breaking with tradition in a male-dominated area. And IFAD promotes economic empowerment by increasing women's control over assets such as land. In Ethiopia, for example, a project has helped more than 50 per cent of women-headed households obtain land certificates.

The impact of climate change on women

Climate change has increased the rate of migration of male populations away from rural areas, leaving women with greater responsibilities, both in farming activities and within the community, which significantly increases their workload. In addition, the type of work traditionally done by women – such as gathering firewood – has become even more time consuming in this era of climate change. IFAD-supported projects help rural women and men become more resilient to the varied effects of climate change, and to change their behavior for the benefit of the planet and themselves.

In China, Eritrea, Kenya, Nigeria and Rwanda, IFAD is supporting biogas systems that convert waste into energy. The methane produced by manure is 22 times more damaging than carbon dioxide, but it is less harmful when it is burned, and provides a source of renewable and affordable energy. The use of clean-burning gas instead of wood for cooking reduces the health damage caused by smoke inhalation, while simultaneously reducing pressure on forest resources. Women, who traditionally spend long hours collecting firewood, have time to generate income from the animals that generate dung for the digesters, but also produce meat, milk, wool and eggs.

IFAD's Adaptation for Smallholder Agriculture Programme (ASAP) is a fully-integrated programme that channels climate finance directly to smallholder farmers. It allows IFAD to scale-up proven climate change adaptation methods, such as mixed crop and livestock systems that integrate the use of drought-tolerant crops and manure – increasing agricultural productivity while diversifying risks across different products. And it allows IFAD to build new elements into its programming, such as early warning systems for pests and disease.

For example, in Lesotho, IFAD is supporting a project that provides farmers with market price information and with timely weather forecasts so they can protect their livestock from extreme heat in summer and extreme cold in winter. This reduces the risk of livestock losses and strengthens rural value chains.

Gender equality and women's empowerment has been a priority for ASAP from the start. ASAP-supported interventions have notably contributed to operationalizing the objectives of giving women an equal voice in decision-making and reducing workloads, in addition to addressing economic empowerment.

Gender equality improves family nutrition

As we consider how to reduce poverty and increase prosperity, we must consider how to improve nutrition. Poverty, hunger and malnutrition too often go hand-in-hand, perpetuating each other in a vicious circle.

IFAD-supported projects allow farmers to diversify their production away from basic staple crops and towards vegetables, fruit, livestock and animal-based foods. Vegetables and fruit provide essential micronutrients such as vitamin A and iron, necessary for good health. Livestock products are an excellent source of high-quality protein and essential micronutrients such as vitamin B, iron and zinc. In addition, the higher-value products command higher prices than staple crops, allowing families to increase their incomes. And IFAD's support of processing and storage facilities allows farmers to safely store what they don't sell immediately after harvest, increasing food availability during the hungry season.

IFAD has also been at the forefront of using chronic malnutrition (height-for-age or stunting) as an anchor indicator of impact. Chronic malnutrition is also used as a proxy indicator for achievements in the area of gender equality because of its strong correlation with women's empowerment. Going forward, IFAD has

included such impact indicators in its overall results framework. These include acute, chronic, and underweight malnutrition and the length of the hungry season. And we are also developing indicators of women's empowerment.

Empowering women is one of the most effective ways of reducing chronic child malnutrition. Women are the primary caregivers in rural households. A woman's education, health, nutritional and decisions-making status also have a significant impact on the health and nutritional status of children. When women earn money, they are more likely than men to spend it on food for the family.

At a time when the post-2015 global development agenda is being developed, we have an opportunity to put the measures in place that will allow us, once and for all, to eliminate the scourge of poverty and hunger and to create a world of prosperity and well-being. Doing so demands not just investment and determination, but a commitment to rural areas and smallholder agriculture, and to the female farmers of the developing world.

Statement by Mr. Guy Ryder, Director-General, International Labour Office

Summary

- With expectations for growth weak or weakening in most parts of the world economy, the global employment rate has slipped to 55.7 per cent, almost a full percentage point below the pre-crisis rate. Global unemployment is expected to reach 202 million in 2013, of whom 73 million are young women and men. Diminished growth as forecast by the IMF will widen further the global jobs gap.
- In addition, some 870 million women and men are not earning enough to lift themselves and their families out of poverty, measured at the \$2 a day per person line. The ILO welcomes the focus of the World Bank Group's new strategy on the goals of ending extreme poverty by 2030 and promoting shared prosperity by fostering income growth of the bottom 40 per cent of the population in every country. Reaching these twin goals can only be achieved by creating more and better jobs.
- An essential condition for moving out of a prolonged global slow growth trap is the rise in purchasing power that would be released by a sustained increase in the share of the world's workforce earning enough to escape the risk of severe poverty. A positive trend in this regard is that by 2017 the share of "middle class" workers is expected to have risen to 33 per cent while those living on under \$4 a day will have fallen to 48 per cent from 92 per cent since 1991.
- However, the slow pace of overall job creation, and in some countries continuing net job destruction, coupled with falls in real wages in some countries and a lag behind productivity growth in most others, has kept consumption in check and exacerbated the global weakness in demand stemming also from weak investment and fiscal consolidation.
- Following a brief pause in the immediate aftermath of the crisis, the highest incomes have resumed their upward rise in most advanced economies. In many developing countries, growth has also been accompanied by rising inequality and disparities, often with a geographic dimension in the form of lagging regions.

- Evidence is accumulating that shifts in the distribution of labour income between households and in factor shares between capital and labour have affected the strength, sustainability and balance of growth. Negative feedback loops between labour market developments and private sector investment and fiscal balances risk a vicious spiral of slowing growth. Integrating macroeconomic and financial policies with employment and social policies that foster inclusive growth is now widely recognized as the way forward.
- G20 Leaders stated in St Petersburg that, “Strengthening growth and creating jobs is our top priority and we are fully committed to taking decisive actions to return to a job-rich, strong, sustainable and balanced growth path.” Jobs are central to a new framework for both macroeconomic policy for recovery and long term development. In order to deliver growth and rising living standards, those jobs have to be productive and of a quality that enables working families to put the spectre of dire poverty behind them – what the ILO has called decent work.

Slowing global growth increases the scale of the global jobs challenge

With expectations for growth weak or weakening in most parts of the world economy, the global employment rate has slipped to 55.7 per cent, almost a full percentage point below the pre-crisis rate. Global unemployment remains substantially above its pre-crisis level and is expected to reach 202 million in 2013, of whom 73 million are young women and men. The crisis has led to a rise of 32 million in the number of unemployed over the past five years.

On current growth forecasts unemployment will continue to drift up in 2014 and on average, there will be 2.5 million more unemployed every year until 2018. Adding together the increase in unemployment with the drop out from employment, the 2013 jobs gap compared to 2007 is over 70 million.² The diminished growth prospects forecast in the latest IMF World Economic Outlook will lead to a further widening of this global jobs gap. Slower growth in emerging economies will reduce the pace of job creation needed by a growing labour force with adverse consequences for first time job seekers.

The youth unemployment rate is expected to reach 12.8% in 2013, as high as during the peak of the crisis in 2009, and will continue to rise, reaching 13.0% in 2015, with a growing share out of work for more than six months. Furthermore, the numbers of young people not in employment, education or training has increased to 15.8 per cent of the youth cohort in industrialized countries in 2012. Young women and men in work are also often only able to find low paid temporary and part-time jobs.

Looking beyond 2015, the world’s labour force is expected to grow in the period up to 2030 by some 470 million. As argued by Managing Director Christine Lagarde³, it is essential to lift the rate of women’s participation in the work force. Together with narrowing the jobs gap that has grown since 2007, the longer term global challenge is creating 600 million new jobs in the next fifteen years. The IMF has stepped up its analytical work on employment and growth and the ILO looks forward to working together to support countries in addressing the jobs challenge and in building and strengthening social protection systems.

² In addition to the rise in recorded unemployment since 2007 of 32million, some 39 million people have dropped out of the labour market as job prospects proved unattainable, leaving a jobs gap of over 70 million in addition to the 170 million existing level of unemployment in 2007.

³ Women can help grow the world economy

<http://blog-imfdirect.imf.org/2013/09/23/lagarde-women-can-help-grow-the-world-economy/>

Furthermore, some 870 million women and men are not earning enough to lift themselves and their families out of poverty, measured at the \$2 a day per person line. The twin goals of eradicating extreme poverty and lifting the incomes of the lowest 40 per cent of the world's population, as forcefully proposed by the World Bank President Jim Yong Kim⁴ can only be achieved by tackling the jobs challenge directly. The quality as well as quantity of jobs matters greatly.

Declining Poverty and an expanding “middle class” in emerging economies

One positive trend that has persisted through the crisis is the reduction in the numbers of people living in extreme poverty in developing economies. There has also been an expansion of the middle-income group albeit at a slower pace than during the previous decade. In 1991, an estimated 12.7 per cent of developing country workers lived on incomes of between US\$4 and US\$13 per day. By 2017 this share of “middle class” workers is expected to have risen to 33 per cent while those living on under \$4 a day will have fallen to 48 per cent from 92 per cent.⁵

Nevertheless, in emerging and developing countries, the share of informal employment still remains high, standing at more than 40 per cent in two-thirds of countries for which data is available. The policy challenge for many countries is to consolidate earlier gains, notably by facilitating the transition to the formal economy and building adequate and sustainable social protection systems. An essential condition for moving out of a prolonged global growth trap is the rise in purchasing power that would be released by a sustained increase in the share of the world's workforce earning enough to escape the risk of severe poverty. Slowdown in emerging economies threatens to stop or reverse this trend.

Increasing inequality contributing to weakening growth

Income inequalities within countries have widened over the past two years, resuming the trend that preceded the onset of the global financial crisis. Evidence suggests a widening of wage inequalities, as following a brief pause in the immediate aftermath of the crisis the highest incomes have resumed their upward rise in most advanced economies. The World Bank has also confirmed that in many developing countries, growth has been accompanied by rising inequality and disparities, often with a geographic dimension in the form of lagging regions.⁶

Some countries have however bucked this trend by introducing determined strategies to raise the incomes of those at the lowest end of the spectrum. Between 1999 and 2010, the share in the Brazilian population in the middle income ranges increased by 16 percentage points, poverty rates fell and income inequality narrowed. Ambitious labour and social policies, such as minimum wage increases, extension of social protection, the formalization of employment, public employment programmes, and increased investments in health, education and infrastructure drove this important progress.⁷

The slow pace of overall job creation, and in some countries continuing net job destruction, coupled with falls in real wages in some countries and a lag behind productivity growth in most others, has kept consumption in check and exacerbated the global weakness in demand stemming also from weak

⁴ World Bank Group Strategy, (DC2013-0009), September 18, 2013

⁵ Employment and Economic Class in the Developing World, Steven Kapsos and Evangelia Bourmpoula, ILO Research Paper No. 6, International Labour Office, June 2013

⁶ *ibid*

⁷ Repairing the social fabric: World of Work report 2013, ILO

investment and fiscal consolidation. Weak labour market performance in many countries is thus an additional drag on recovery and a contributory factor to the growing risk of a prolonged period of sub-par economic growth.

Inclusive growth key to recovery

Negative feedback loops between labour market developments and private sector investment and fiscal balances increase the risk of a vicious spiral of slowing growth. Evidence is accumulating that shifts in the distribution of labour income between households and in factor shares between capital and labour have affected the strength, sustainability and balance of growth.⁸ The prolonged period of productivity growth exceeding wage growth, coupled with policy changes that have reduced the redistributive effects of social transfers and taxes, has weakened consumer demand or led to unsustainable household borrowing in many countries. This is a fundamental cause of the weakness of investment in the real economy; a trend that persists despite low interest rates, readily available liquidity and business-friendly reforms.

A key foundation for sustained growth and development is therefore a path of productivity growth (supply) that is matched by increased household purchasing power (demand), coupled with a savings ratio that supplies sufficient investment finance to generate the innovations and structural changes needed to fuel employment and productivity growth. While national economies can grow through exports, the world economy cannot. A coordinated effort to reverse rising inequality and un- and underemployment is essential if a slow growth trap is to be avoided.

Productivity growth is driven in large measure by shifts in employment from lower to higher productivity jobs as well as by investments that increase the quality and quantity of capital in an economy. Growth is thus facilitated by the adaptability of employment patterns which in turn depends upon the ease with which workers are able to change to better jobs without risk of prolonged unemployment and becoming trapped in poverty. Investment in training and the entry of young workers into secure employment are critical areas. Social dialogue and collective bargaining are important mechanisms for ensuring that the benefits and costs of structural change are fairly shared.

Recent adjustment programmes in a number of countries hard-hit by the crisis have undermined collective bargaining and reduced employment security. Especially at the present time of weak economic growth it is important that adjustment policies do not entrench unemployment/underemployment or further weaken the contribution of wages to recovery.

Integrated policies for sustained and inclusive development and growth

The mix of integrated policies for sustained and inclusive development and growth will vary between countries at different levels of development. Institutional structures especially in the labour market also display a wide range of characteristics. However, the policy agenda for urgent action to avoid the risk of becoming trapped in a slow growth trough contains many features common to most countries. The challenge of integrating macroeconomic, financial, and labour market policies to foster growth and employment was recently addressed at a joint meeting of Employment and Labour and Finance Ministers of the G20.⁹ They highlighted:

⁸ Global Wages Report 2012/3: Wages and Equitable Growth, ILO

⁹ Communiqué of the July 19th G20 Labour and Employment and Finance Ministers' Meeting in Moscow

- Fostering a sound domestic investment and business climate, especially for SMEs, start-ups, and venture business;
- Delivering reforms to foster growth and job creation, address labour market segmentation, reduce informality, and promote inclusive labour markets, while fully respecting workers' rights and social protection;
- Implementing labour market and social investment policies that support aggregate demand and reduce inequality, such as broad-based increases in productivity, targeted social protection, appropriately set minimum wages with respect to national wage-setting systems, national collective bargaining arrangements, and other policies to reinforce the links between productivity, wages, and employment;
- Implementing policies to increase labour force participation, including among youth, women, older workers, and people with disabilities, as well as reducing structural unemployment, long-term unemployment, underemployment, and job informality;
- Promoting well-targeted cost-effective and efficient active labour market programmes, focused on skills training and upgrading, especially for the vulnerable groups.

A global framework for sustainable development

Governments, multilateral development organizations and a wide range of business, labour, academic and civil society bodies are engaged in a profound reflection on the shape the global framework for sustainable development should take after 2015. The World Bank's debate about its strategy, initiated by President Jim Yong Kim, comes at a time when ambitious goals can be set and strengthened policies and delivery mechanisms designed.

Widespread public consultations and expert analysis led by the UN system has confirmed that jobs must be central to a new framework.¹⁰ Furthermore, the jobs have to be productive and of a quality that enables working families to put the spectre of dire poverty behind them – what the ILO and UN has called decent work. The ILO welcomes the focus of the World Bank Group's new strategy on the goals of ending extreme poverty by 2030 and promoting shared prosperity by fostering income growth of the bottom 40 per cent of the population in every country. The emphasis on strengthened engagement and partnership is equally encouraging.

The stress placed by the World Bank's new strategy on "Progress in building shared prosperity is incompatible with increasing inequality"¹¹ matches the ILO's long standing mandate for the promotion of social justice. The ILO will step up its work with the World Bank to support country specific policies and investments that strengthen growth, job creation, social inclusion, and sustainability. Recognition of mutual competencies and strengths in team solutions will be vital. An encouraging start has already been made on shaping collaboration on research and enhanced statistical capacities.

¹⁰ A Million Voices: The World We Want : A Sustainable Future with Dignity For All, UN, 2013

¹¹ World Bank Group Strategy, p 2.

Statement by Mr. Ahmad Mohamed Ali, President, Islamic Development Bank Group

On behalf of the Islamic Development Bank (IsDB) Group, I would like to express my sincere thanks and appreciation for the invitation extended to us to participate in the 88th meeting of the Development Committee which is an important platform for discussing global development issues and providing solutions.

The IsDB Group wishes to reiterate its commitment to further leverage its partnership with the international development community to foster the socio-economic progress of its member countries and mitigate the impact of the global economic crisis on their economies. I take this opportunity to share the IsDB Group's point of views on global development issues and the actions we have taken to assist our member countries to respond to them.

Global Economic Development

Since the collapse of Lehman Brothers and the eruption of the global financial crisis five years ago, the global economy has passed through several phases. In the early years of the crisis, there was a two-speed global economic recovery: one by the emerging economies, which experienced strong and high growth, and the other by advanced countries that recorded slow but weak growth.

The trends seemed to be reversed in recent time as growth in advanced countries is picking up fast while it is declining in major emerging markets especially the BRICs, which have recorded increasing volatility in their financial markets due to uncertainty surrounding the U.S plan to unwind unconventional stimulus measures that has triggered outflows of portfolio investment and market turbulence. This policy intention has also caused rapid currency depreciation in Asia region, including India, Indonesia, Thailand and Malaysia. If not contained, it could trigger another round of economic crisis and disrupt the global economic recovery as well as adversely affect IsDB member countries' socio-economic conditions.

In order to address some of these challenges, BRICS nations announced an intention to create a collective fund of US\$100 billion to defend their currencies which have recently sharply depreciated against the US dollar.

Economic Prospects of IsDB Member Countries¹²

Growth in the 56 IsDB member countries is expected to average 4.3 percent in 2013 and 4.7 percent in 2014. Member countries from SSA and CIS regions are expected to experience higher growth in 2013 while those from the Asia and MENA regions are expected to record a slowdown in their economic growth rates.

Sub-Saharan Africa (SSA) member countries continued to show a high degree of resilience against global economic recession. With a gradual recovery of the global economy, the SSA member countries will achieve a robust average growth rate of 6.3% in 2013 and 6.5% in 2014 due to the following factors: increase in demand for commodities in the international markets; rising domestic demand associated with increasing incomes and urbanization; growing public spending especially on infrastructure projects; increasing trade and investment with emerging and developing economies; and increasing foreign investment in extractive industries.

During the ongoing political turmoil, economic growth in the Middle East and North Africa (MENA) region fell slightly in 2013 to an average of 3.2%. But oil-exporting countries such as Libya and Iraq

¹² Based on World Economic Outlook (Update), July 2013 and IsDB Regional Economic Outlook Report, 2013.

recorded the highest growth rates of 20.2% and 9% respectively, albeit from a relatively lower base. The growth rate in non-oil-exporting countries in the region is expected to rise to 3.6% in 2013 underpinned by high commodity prices in the international markets.

Asian member countries' economies are expected to expand moderately by an average of 5.4% in 2013 and 5.5% in 2014, slightly down from 5.6% in 2012. The mild upturn is expected to be driven largely by strong domestic factors in 2013, improving external factors and a strengthening global economy in 2014. The pace of the Asian member countries' economies in 2014 will remain robust supported by resilient private consumption demand as the region grows.

Following the initial rebound in 2010-2011, growth in the CIS member countries is expected to stabilize and remain relatively subdued in 2013 at 5.7%. Continued income growth, favorable labor market dynamics, and declining inflation have all provided an added impetus to domestic demand in the region. The fragility of the world economy including weak external demand continues to weigh on the economic prospects of the region, which remains exposed to a worsening of the global situation, particularly in Europe.

Having said these, there are broad developmental issues that IsDB member countries are facing such as: low economic diversification; lack of inclusive development; inadequate infrastructure development; structural unemployment especially among the youth; and low agricultural productivity resulting in food insecurity.

IsDB Group Responses

To address these challenges, the IsDB Group has financed a number of activities as well as embarked on new initiatives and programs as follows:

(a) Scaling-up Approvals

The IsDB Group's commitment to fostering the socio-economic progress of its member countries was evident from the increase in the total financing approved by the Group of \$9.8 billion in 2012 compared to \$8.3 billion in 2011. This represents about 18.4 percent growth in total financing, attributable mainly to an increase of 47.1 percent in trade financing.

Infrastructure is a priority area of the Bank's interventions in its member countries. Approvals for this sector in 2012 amounted to \$2.6 billion, targeting electricity generation and transmission, water and sanitation, and housing and transportation infrastructure. In the energy sector, the focus was on the development of indigenous renewable energy resources and the promotion of energy efficiency enhancement initiatives. In line with the IsDB Group Infrastructure Strategic Plan, interventions in the transportation sector were predominantly in Least Developed Member Countries (LDMCs) in sub-Saharan Africa (SSA) and Central Asia. Regional transport corridors continued to receive priority attention too.

At the regional level, 68.3 percent of concessional financing was approved for SSA member countries while the MENA region received the bulk of ordinary financing in 2012. The LDMCs understandably accounted for around 75.5 percent of concessional financing and only 14.3 percent of non-concessional financing.

In addition, in order to catalyze strategic engagements with member countries, the IsDB Group launched a Member Country Partnership Strategy (MCPS) initiative in 2010, which is the foundation of its dialogue with member countries that envisaged achieving four key outcomes: (i) Country ownership; (ii)

selectivity of interventions focused on client needs and impact; (iii) leveraging internal IsDB Group synergies; and (iv) partnering with other development financing institutions. By the end of 2012, the IsDB Group has initiated seventeen MCPSs, which are at various stages of completion and implementation. Of these, eight MCPSs are under active implementation, while six MCPSs have either been completed or nearly completed but awaiting implementation. The IsDB Group launched interim MCPSs in member countries undergoing socio-political transformation, namely in Egypt, Sudan, and Tunisia.

Through its **Reverse Linkage (RL)** program, the IsDB Group is also playing a catalytic role and leveraging its unique position in member countries by bringing together two or more countries to benefit from each other's proven solutions and by partnering with other institutions in order to build capacity in priority areas of development. In this regard, under the RL, training programs have commenced in (i) Science, Technology and Innovation Policy and Technology Management for Socio-Economic Transformation; (ii) Techno-preneurship; (iii) Training Program in Rice Breeding; and (iv) ITAP - MIDA Capacity Building Program for Investment Promotion for government officials in IsDB Member Countries.

For instance, under the initiative of Energy for the Poor, the IsDB Group is facilitating the sharing of Turkey's experience with five African member countries. It is also helping the Government of Mauritania to restructure the agricultural sector based on the experience of Morocco.

And under the MCPS for Malaysia, a number of programs have so far been conceived or prepared under the RL initiative including the cooperation between Malaysia and Sierra Leone (value-addition in the palm oil industry); Malaysia-Mauritania (oil sector, Islamic banking and finance industry); Malaysia-Uganda (public administration and financial management, national planning, and enhanced public services delivery); and Malaysia-Turkey to assist in the launching and issuance of Sukuk for Turkey, Indonesia, Nigeria, Niger, and Senegal.

On 19 September, 2013, the IsDB Group inaugurated a Country Gateway Office in Ankara, Turkey. The Country Gateway Office is expected to assist in the streamlining of IsDB Group priorities in the country and the effective implementation of active operations. It will help toward improved portfolio management, brand enhancement, as well as supporting IsDB Group affiliated institutions in the identification, appraisal, and implementation of projects.

(b) Intensifying Resource Mobilization and Promoting Islamic Finance

The Islamic Development Bank's Board of Governors (BoG) at their 2013 annual meeting in April in Dushanbe, the capital of Tajikistan, approved to more than triple the Bank's authorized capital to about US\$150 billion, reflecting the Bank's strong balance sheet and the growing economic development needs of its 56 member countries. The BoG also increased the Bank's subscribed capital from US\$27 billion to about US\$75 billion.

Finding new sources of funds either through the market or through co-financing with development partners has proven to be fruitful and a pre-requisite to the scaling up of the IsDB's operations, especially for financing various development goals of the Bank.

The IsDB launched its inaugural Sukuk issuance program in 2003. In 2005, it established a US\$1 billion Medium Term Note (MTN) Program to tap in to the global capital markets in a more regular manner. The program allowed the IsDB to issue Sukuk in various currency denominations. Sukuk can be issued either via public issuance which is normally denominated in US dollars on a fixed or floating rate basis or via private placements, tailored specifically to the investors' preference in terms of currency, tenor or fixed / floating rates.

The Sukuk program was first upsized from US\$1 billion to US\$ 1.5 billion in 2009 and then to US\$3.5 billion in September 2010. This was followed by a further increase to US\$6.5 billion in June 2012 in tandem with the funding requirements of the IsDB to support its operational growth. The IsDB is in the process of upsizing its MTN Program further to US\$10.0 billion.

In promoting Islamic Finance, the BoG of the IsDB allocated US\$4 million for 2013 for Islamic Finance Technical Assistance operations in the form of grants. Also, an amount equivalent to 2% of the forecasted IsDB net income for the financial years 2013 and 2014 will be allocated for Islamic Finance Technical Assistance operations in the form of grants for the years 2014 and 2015 respectively.

(c) Addressing Youth Unemployment

Approximately half of the population in Arab countries is below 25 years old and the region is plagued with structural youth unemployment. It is estimated that the direct opportunity cost of youth unemployment to the region is US\$40-US\$50 billion annually.

It is therefore critical to address this high level of unemployment given its implications on socio-economic stability and development of the region. In this context, the IsDB approved US\$250 million for the **Youth Employment Support (YES)** Program to help affected member countries in the Arab region to combat chronic youth unemployment, of which a total of US\$200 million was approved for projects in Tunisia, Egypt, Libya and Yemen in 2012. These projects are being undertaken with institutions in the respective countries with a view to generating employment opportunities for the youth.

Furthermore, the Sustainable Villages Program (**SVP**) which was launched by the Islamic Solidarity Fund for Development (ISFD) in 2012 is an integrated, innovative, and inclusive model of community-driven development which is geared toward empowering rural communities to combat extreme poverty. Overall, US\$120 million was approved for SVP comprising US\$60 million as loans from IsDB / ISFD; US\$1.2 million as an IsDB TA grant; US\$58.8 million from recipient countries and development partners. The first two projects were approved in 1432H for Chad and Sudan, while Mozambique and Kyrgyzstan became the second set of beneficiaries in 1433H.

Another youth-focused program which is implemented by the ISFD is the **Vocational Literacy Program for Poverty Reduction (VOLIP)** which is aimed to reduce poverty, particularly among women and youth in rural areas through the provision of functional literacy skills and access to micro-finance. VOLIP has an envelope of US\$500 million, with US\$100 million coming from the ISFD and IsDB. In 2012, nearly US\$48 million was approved for four countries (Chad, Tajikistan, Tunisia and Yemen) and 37,000 youth are expected to benefit from the initiative. This brings the total beneficiary countries to eleven and total cumulative approvals to US\$144.6 million.

Cumulatively, through these interventions 39,000 out-of-school children will be given a second chance to attend school and complete basic non-formal education; 18,000 teenagers and young adults will acquire vocational skills that will enable them to access the labor market or setup their own microenterprises; and 29,000 female workers will be provided with various educational courses (literacy proficiency, vocational training, business skills development, etc.) and microfinance services to develop their income generating capabilities.

(d) Hosting the Secretariat of the Deauville Partnership Initiative

Following the 2011 political events in several Arab countries, the G8 requested the World Bank, African Development Bank (AfDB), European Bank for Reconstruction and Development (EBRD), European

Investment Bank (EIB) and the IsDB to articulate a collective response to address the new challenges facing these countries.

Subsequently the “MDB Action Plan” was submitted and endorsed by the G8 Summit held in May 2011 in Deauville, France. The G8 also initiated a long-term Partnership (which became known as the Deauville Partnership) with the G8, regional partners (Kuwait, Qatar, Saudi Arabia, Turkey and the UAE) and 10 IFIs (AfDB, Arab Fund, AMF, EBRD, EIB, IsDB, IFC, IMF, OFID and the World Bank) to support Arab countries in transition (presently, Egypt, Jordan, Libya, Morocco, Tunisia and Yemen).

At a follow-up meeting of Deauville Partnership Finance Ministers held in September 2011 in Marseille, the 10 IFIs endorsed the economic framework of the Deauville Partnership, which focuses on country-led programs in the following areas: (i) governance, transparency and accountability of economic activities; (ii) social and economic inclusion; (iii) economic modernization and job creation; (iv) private sector-led growth; and (v) regional and global integration.

In doing so, these IFIs decided to set-up a Coordination Platform, which also includes the OECD, to further leverage their collective resources and coordinate support to Arab countries in transition.

After consultation with the G8 Chair (the U.S.), IFIs selected the IsDB as the host for the IFI Coordination Platform Secretariat from September 2012 for a period of one year. The Secretariat led the IFI preparatory process and reporting to two major G8 Deauville Partnership events, namely, the G8 Deauville Partnership Foreign Affairs Meeting held on 28 September 2012 in New York during the UN General Assembly, and the G8 Deauville Partnership Finance Ministers Meeting held on 12 October 2012 in Tokyo during the Annual Meetings of the IMF and World Bank Group, where the IsDB presented an update and progress report on behalf of the IFIs.

Also, on 16th September 2013, the G8 Deauville Partnership Investment Conference was held in London, UK, which was hosted by the Government of the United Kingdom. The Conference indicated that since 2011, the IFIs have collectively committed more than \$23 billion of assistance to the Arab countries in transition, including US\$5.8 billion from the IsDB Group, in addition to billions of dollars of bilateral assistance from Gulf countries, Turkey and the G8.

(e) Knowledge and Advisory Services

The IsDB organized an Expert Group Meeting (EGM) on “Innovation and Economic Development” on 18-19 February 2013 at its headquarters in Jeddah. Experts from various countries and regional institutions were invited to exchange ideas and come up with recommendations which covered the key ingredients for successful innovation systems, how to replicate success stories through cooperation and partnership, designing innovations strategies in member countries and identifying ways and means to trickle down the benefits of innovation to the broader population.

The outcomes of the EGM deliberation were discussed at the 24th IsDB Annual Symposium on “Innovating for Economic Development in IsDB Member Countries” which was held on 21 May 2013 in Dushanbe, Tajikistan during the 38th Annual Meeting of the IsDB Board of Governors.

The symposium concluded with some major recommendations for the IsDB Group as follows: i) Set-up a funding mechanism for innovative ventures in member countries, ii) Establish information repository on innovations and creating a platform for innovators in IsDB member countries to exchange ideas and establish mutually-beneficial cooperation, and iii) Leverage partnership with member countries and other partners through facilitating the transfer of innovation models and adapting them to member countries’ national innovation eco-system using the Reverse Linkage initiative.

On the sidelines of the Symposium, the IsDB also organized an innovation exhibition which showcased innovation in member countries.

Meanwhile, in order to become a knowledge-based institution by 2020, the IsDB has established Communities of Practice (CoP) in key themes. An important aspect of any CoP is knowledge exchange and learning through practice and participation. The IsDB recognizes formal and informal Communities as valuable lubricants in the organizational machinery, and has recently endorsed seven Communities of Practices.

(f) Celebrating the 40th Year Anniversary

The IsDB will clock 40 years in 2014. On this auspicious occasion, the Chairman of the Islamic Development Bank Group, upon the endorsement by the Board of Executive Directors, announced at the IsDB Group's 38th Board of Governors (BoG) meeting, held in May 2013 in Tajikistan, that the Bank will undertake a comprehensive independent assessment of the IsDB Group over the last 40 years of operations.

The IsDB will also formulate a 10-Year Strategy and showcase it in celebration of the IsDB 40th Year Anniversary at the 39th Annual Meeting of the Board of Governors which will take place in Jeddah, Saudi Arabia in June 2014. A high level Board of Executive Directors (BED) Committee has also been established to oversee the implementation of this initiative.

Concluding Remarks

To date, the IsDB Group has been intensifying its support to member countries by financing critical economic sectors to achieve high multiplier impacts on their economies. It has also exerted efforts in promoting and mainstreaming Islamic Finance in the financial systems of member countries to enhance productive financial intermediation for sustainable and inclusive growth.

Five years after the onset of the global crisis, the global economic governance system is still not perfect. I therefore call on all major stakeholders to revisit the factors that led to the crisis and come up with lasting solutions to them in order to avoid a repeat of the problem.

I am confident that this meeting will address key development challenges facing the world, and more importantly, provide solutions that the global community could adopt to tackle the surmountable challenges.

With these few thoughts, I would like to reaffirm the IsDB Group's commitment to working closely with the development community in its quest to provide resources to fight poverty.

Once again, I would like to take this opportunity to assure you that the IsDB Group is fully prepared to play its due role in supporting development efforts around the world, particularly in our member countries. This can be achieved by increasing level of coordination and taking advantage of synergies among all donors and regional partners.

Statement by Mr. Angel Gurría, OECD Secretary-General, and Mr. Erik Solheim, Chairman, Development Assistance Committee (DAC)

The development community has made considerable progress over the past two decades. The crowning achievement is our collective success in halving extreme poverty, the first of the Millennium Development Goals (MDGs). But we have also seen dramatic improvements in access to water; significant gains in fighting child mortality, malaria, and tuberculosis; and a precipitous decline in the proportion of urban slum dwellers.

However, progress towards the Millennium Development Goals (MDGs) has been highly uneven across countries and regions. Last year, the UN Task Team on the Post-2015 Framework found that “no low-income fragile or conflict-affected country has achieved a single MDG.” Even if these countries have improved their MDG performance and will continue to do so up to 2015, the Task Team’s findings point to a troublesome gap in terms of progress towards the MDGs between conflict-affected and other developing countries. However, there are some promising signs emerging. On 16 September of this year, Somalia became the first country to endorse a compact under the New Deal for Engagement in Fragile States, which will help place the country on a path to stability and strengthened development.

Moreover, despite impressive gains, more than one billion people still live in extreme poverty. There is increasing evidence that many of the people who were lifted out of poverty did not move up to a middle class but rather into an intermediate state of “vulnerability”. In fact, the number of Africans living on less than USD 1.25 per day has actually increased over the last 20 years. The global community should aim to get extreme poverty down to zero by 2030 and to keep it there.

There is also a risk that the positive gains we have made could be jeopardised by unsustainable environmental policies. The OECD’s *Environmental Outlook to 2050* documents the economic, social, and environmental consequences of maintaining a growth model that does not preserve our natural assets. Natural assets represent one quarter of national wealth in developing countries, compared to 2% in advanced economies. As carbon dioxide emissions continue to rise and biodiversity to fall, developing countries will be the hardest hit. The OECD’s “Green Growth Strategy” is an important tool to ensure that natural assets can deliver their full economic potential on a sustainable basis for developing countries.

It is clear that significant work remains to be done: we need a new vision, a new agenda and a unique framework to address economic, social and environmental challenges in a more integrated manner. Much energy has been focused on identifying these challenges within the UN process, and we are now very close to a consensus on how to end absolute poverty, deliver the MDGs for all and protect our natural resources. The question we face now is how to deliver on our commitments, how to achieve the MDGs, and how to design and implement the appropriate and effective policies to do the job.

A new vision for implementing a post-2015 framework

The OECD Strategy on Development recognises that the changing landscape of global development requires a new and more holistic approach. By integrating the diverse perspectives of developing countries and leveraging the wide range of expertise across the OECD—in fiscal matters, investment, trade, governance and education—the Strategy aims to forge a more inclusive and comprehensive approach to development based on a coherent set of domestic and international policies in both developed and developing countries. Indeed, in an increasingly multi-polar and interdependent world economy, a more coherent and comprehensive response to development challenges—and a more synergistic linking of agendas—is required.

Future development must be more inclusive and universal: prosperity should be shared and inequalities tackled. Poverty as measured solely by income or consumption does not capture the crucial challenges of

inequalities, social exclusion, marginalisation and vulnerability. Inclusive growth requires that all types of benefits from economic growth (material and otherwise) are fairly distributed across all levels of society and do not concentrate at the top of the ladder. The 2011 OECD report *Divided We Stand: Why Inequality Keeps Rising* found that income inequalities in developed and emerging countries continue to be at troubling levels. High inequalities matter, because they can become entrenched in our societies and in our cultures, preventing intergenerational social mobility and acting as a barrier to poverty reduction.

Inclusive development should follow a multi-dimensional approach. An inclusive development model addresses the wide-ranging constraints to economic and social development and weaves employment, the environment, gender and other policies into a holistic, over-arching development vision. The OECD's work on the Social Institutions and Gender Index (SIGI), for example, shows that gender inequalities resulting from discriminatory social institutions hamper progress in many areas such as food security, child health, maternal mortality and primary school completion. Gender equality matters in its own right but also as a prerequisite for the health and development of families and societies and as a driver of economic growth. Addressing environmental concerns is also key. The OECD's publication "Putting Green Growth at the Heart of Development" offers guidance on the design of policies that support improvement to the wealth and well-being of populations while respecting the environment.

The OECD already supports this vision of pro-poor and inclusive development through a number of its flagship initiatives.

- The new OECD Multidimensional Country Reviews being piloted in Myanmar, the Philippines and Uruguay seek to diagnose binding constraints to the multiple objectives of growth, sustainability and equity by looking at cross-cutting dimensions — or issues — rather than sectors.
- Through our *Better Life Initiative*, we have emphasised the importance of "measuring what we treasure": societal progress cannot be assessed simply by looking at the health of the economic system and at the pace of GDP growth. Rather, it requires looking at the quality of people's experiences, their consumption possibilities and their quality of life. It requires looking not only at objective features of people's experiences, such as their health and education, but also (as mentioned by the UN Secretary-General in the document "A life of dignity for all") at measures of subjective well-being and happiness.
- The *New Approaches to Economic Challenges* (NAEC) is an effort by the entire Organisation to draw some hard lessons from the crisis and to incorporate these lessons in our analytical tools and policy advice. As part of NAEC, the *OECD Initiative on Inclusive Growth* will help identify policies that can deliver improvements in living standards on different outcomes that matter for people's quality of life whilst highlighting policy trade-offs and synergies for inclusive growth.

Key issues for a robust post-2015 framework

To facilitate a robust framework for future development, two important issues merit particular attention: (i) knowledge sharing and coalition building, and (ii) the definition of a new development finance framework. The OECD contributes to these two issues, *inter alia*, through its support to the Global Partnership for Effective Development Co-operation and its work on modernising the overall system for measuring development finance.

Effective cooperation in the post-2015 world will require greater policy and knowledge sharing, a key function of the Global Partnership for Effective Development Co-operation, for which the OECD is proud to provide a joint Secretariat with the United Nations Development Programme (UNDP). This inclusive partnership offers impartial analysis on the quality and effectiveness of development cooperation and provides a framework for sharing knowledge, applying peer pressure, and ensuring mutual accountability towards our common objectives. It will hold its first Ministerial-level meeting in Mexico in the first half of 2014, at which its role in facilitating the “HOW” of the post-2015 agenda will be addressed.

Implementation of the new framework will not be possible without sufficient resources. Official Development Assistance (ODA) fell by 4% in real terms in 2012, following a 2% fall in 2011. There is also a noticeable shift in aid allocations away from the poorest countries and towards middle-income countries. However, despite the current fiscal pressures, some countries have maintained or increased their ODA budgets. For example, in its 2013-14 budget, the United Kingdom is increasing its aid to 0.7% of gross national income (GNI). Denmark, Luxembourg, the Netherlands, Norway and Sweden continue to exceed the United Nations’ ODA target of 0.7% of GNI. Encouragingly, a moderate recovery in aid levels is expected in 2013 on the basis of the OECD Development Assistance Committee (DAC) Survey on Donors’ Forward Spending Plans.

After decades of ODA dominance as the key instrument for national development, the structure of development finance has radically changed. Indeed, the volume of other development resources is increasing significantly, as more and more developing countries undertake their own development cooperation efforts and new sources of internal and external support emerge. Pursuant to the mandate assigned to the OECD at the *DAC High Level Meeting in London in December 2012*, the OECD is re-conceptualising its approach in tracking financing for development to include a broader view of external financial flows that goes beyond traditional ODA. While ODA remains a crucial instrument to support national development strategies, in particular in fragile states and least developed countries, other sources of development finance—non-concessional lending, loan and investment guarantees, equity and quasi-equity stakes, private flows, whether philanthropic, investment-related, or remittances—are playing an increasingly prominent role and therefore merit greater attention. In reshaping the measurement of these flows, our intention is to help ensure that the evolving contours of development finance best contribute to the post-2015 framework.

Affecting the mobilisation of resources for development are the issues of base erosion and profit shifting (BEPS) and illicit financial flows (IFFs).

- In developing countries, the lack of tax revenue resulting from BEPS leads to critical underfunding of public investment that could help promote economic growth and sustainable development. G20 leaders adopted the Action plan presented by the OECD to address BEPS issues in a coordinated and comprehensive manner. The *OECD’s Task Force on Tax and Development* is working towards that goal by providing a platform to discuss the specific BEPS concerns of developing countries and to help them in collecting taxes fairly and effectively. Demand from developing countries for this type of assistance has been very high. The OECD initiative on tax inspectors without borders is also aiming to provide support for developing countries’ needs in the tax field.
- Illegal transfers of financial capital out of a country also result in a reduction in domestic public and private expenditure and investment, which means fewer jobs, weakened public services, less infrastructure and, ultimately, less development. Their impact can be significant: illicit flows from developing countries likely outweigh development aid and investment. Key groups such as the G8 and G20 have made commitments to strengthen the integrity of the global financial and tax systems to prevent this leakage, through improved compliance on global anti-money

laundering and anti-bribery standards, as well as more support to developing countries efforts to trace, freeze, and recover stolen assets.

- At the OECD, we identified illegal financial flows as an issue of central importance in our Strategy on Development. We are working to help our members improve their policies to curb such flows in developing countries. Our analyses of ODA targeting and improved tax collection in El Salvador over the period 2004–10 found that donor support worth USD 5.3 million led to increased revenue of USD 350 million per year. Support to capacity building in the area of transfer pricing by the OECD Tax and Development Program to Colombia led to an increase in revenues of USD 2.5 million (from USD 3.3 million in 2011 to USD 5.83 million in 2012) at a cost of approximately USD 15 000. Similarly, DAC donor experience suggests that for each USD 1 spent on investigating the proceeds of corruption originating from the developing world, and transferred to OECD countries, up to USD 20 has been tracked and frozen, with a significant proportion of that sum repatriated to the treasury of the developing country in question. Tax and domestic resources need to be at the centre of a post-2015 development framework, and these findings show that development cooperation can play a key catalytic role.

Conclusion

We need to design a new vision, a new agenda and a unique post-2015 framework addressing economic, social and environmental challenges in a more integrated manner. The OECD stands ready to support on all fronts. Our Strategy on Development enables us to more effectively and systematically draw on our expertise to ensure that policies are based on evidence and designed to maximise impact and enhance coherence across areas of government. Our work in the Global Partnership for Effective Development Co-operation as well as in the OECD bodies and fora that fully engage non-member countries provides a framework for international, multi-stakeholder cooperation and mutual accountability on the reforms needed to enhance the quality of our policies and common interventions. The Organisation's expertise and experience in defining and measuring the changing landscape of development finance can also make a significant contribution to the post-2015 framework, by helping partners to hold themselves to account and design "better policies for better lives" that will work today and for future generations.

Statement by Mr. Mukhisa Kituyi, Secretary-General, United Nations Conference on Trade and Development (UNCTAD)

There has been much talk recently about economic "recovery" taking hold in developed countries and with it a return to "normality" for the world economy. In reality, that recovery is uneven and timid. Global output growth will barely exceed 2 per cent in 2013, measured at constant 2005 dollars, little changed from last year's weak performance. With a growth rate of around 4.5 per cent, developing countries will continue to make the largest contribution, accounting for two thirds of global growth; transition economies will grow at around 2.5 per cent, while developed economies will grow slightly above 1 per cent. The growth in international trade has also slowed sharply since 2010, to less than 2 per cent in volume this year, compared to an average of 7-8 per cent in the pre-crisis years.

This failure to gain traction leaves the recovery vulnerable to unexpected shocks and changes in investor sentiment. Moreover, many of the structural imbalances that lay behind the crisis have yet to be addressed. This means that a return to pre-crisis growth is not only unlikely to happen, but is also undesirable given that it was built on unsustainable global demand and financing patterns.

Employment conditions are symptomatic of the current precarious situation in developed economies. The total number of employed in those countries has declined from 510 million in 2007 to 500 million in 2012, creating a jobs gap or deficit that is larger and longer-lasting than in any previous crisis affecting these countries over the past three decades. This led to historically high unemployment rates, especially in the European Union (close to 12 per cent) and the United States (around 7.5 per cent). Unemployment performance has fared better in developing countries: among the G-20 emerging economies, only Mexico and South Africa had higher rates of unemployment at the end of 2012 than before the crisis: all the other countries managed to reduce that rate. However, in many developing countries the quality of employment has not improved, with underemployment and informal sector jobs persistent structural challenges.

As the developed economies continue to experience slow or stagnant growth, the resilience of developing economies is beginning to weaken. Following the crisis, the initial difference in the economic fortune of developed and developing countries led some to speculate about a “de-coupling” of the growth performance of the latter from the former. Developing countries were able to mitigate the impact of the crisis by means of expansionary macroeconomic policies and by relying on closer trade and investment ties with each other. The differential in growth rates between developed and developing countries increased sharply, reaching 6.2 percentage points in 2009, although it declined to around 3.5 percentage points in 2012-2013. In fact, as the external economic environment shows few signs of improvement and with the effects of expansionary policies now fading, the developing and transition economies are also struggling to maintain their growth momentum.

If the period of slow growth in developed countries does continue, it seems highly unlikely that developing countries will be able to rely on exports to those countries to return to pre-crisis growth rates. Developing countries have seen their share in global exports rise steadily over the past two decades linked, in particular, to the expansion of south-south trade. Much of this is, however, concentrated in Asia and is closely tied to the spread of international production networks. These networks continue to rely on developed countries as their ultimate markets. This suggests that south-south trade has not yet become an autonomous engine of growth for developing countries. Some care is therefore needed to avoid fuelling unrealistic expectations of GDP and trade expansion in those countries based on simple extrapolations of recent trends: while more active policies will be needed to secure lasting development gains from choosing a different growth path.

One shared challenge facing both developing and developed countries will be to ensure that wages keep pace with increases in productivity. Globally, the share of labour-income as a per cent of GDP has fallen dramatically in recent decades. However, wage income constitutes a large proportion of total income (about two-thirds in developed countries) and is still the most important source of demand for goods and services in many countries. Further reductions in the share of labour income will have dampening effects on household consumption with resort to higher levels of household debt unlikely to compensate this time around. The damage to sustained growth from this pattern of global underconsumption could worsen if the trend of too many goods chasing too few consumers triggers second-round effects through dampening investment, raising the threat of stagnationary pressures across the global economy.

This negative outcome is not inevitable. Coordinated macroeconomic policies in which surplus countries apply a stronger stimulus and no country adopts contractionary policies would deliver better results in terms of growth, income distribution, employment and global imbalances than current policies that place all the burden of adjustment on deficit countries. According to quantitative exercises on alternative policy scenarios conducted with the United Nations Global Policy Model, even if developed countries were to persevere with their current policy stance, developing countries could still improve their economic performance by pursuing a coordinated economic stimulus. From this perspective, encouraging regional cooperation and closer South-South ties would need to be an important component of their development strategies.

Prior to the Great Recession, buoyant consumer demand in some developed countries enabled the rapid growth of manufactured exports from industrializing developing and transition economies which, in turn, provided opportunities for primary commodity exports from other countries. This virtuous expansionary circle boosted global growth and seemed to vindicate developing and transition economies in adopting an export-oriented growth model. However, the model rested on a rising tide of household and corporate debt, and its viability is under question in the current context of balance sheet adjustments and slow growth in developed economies. Exports growth from developing countries also declined significantly from more than 11 per cent a year between 2002 and 2007 to less than 4 per cent since January 2011.

As discussed in UNCTAD's Trade and Development Report 2013, to address the prospect of a prolonged period of considerably slower export growth, policymakers in developing countries need to give greater weight to domestic demand as an engine of growth. Such a move towards a more balanced growth path could compensate for the adverse impact of slower growing exports to developed countries. Moreover, this more balanced growth strategy could be pursued by all developing and transition economies simultaneously without beggar-thy-neighbour effects. In fact, if many countries expand simultaneously their domestic demand, their economies could become markets for each other, fostering regional and South-South trade.

Putting in place the measures that are required to achieve this change in growth trajectory will need a policy rethink in several areas. It will require a move away from seeing labour as only a cost of production that needs to be kept low in order to compete on global markets and towards seeing it as a key source of consumer demand. Also, in order to avoid an import surge and subsequent payments crisis, it will be essential to strengthen domestic investment and innovation to ensure a convergence in domestic production and consumption patterns. This, in turn, means re-directing the financial sector, to ensure that enterprises can access the credit they need, at the right price, to transform their productive processes into ones that can meet the needs of local and regional consumers. Public investment will also be needed, to develop infrastructure, transport and education among other things. Industrial policies can help strengthen the competitiveness of domestic producers in domestic and regional markets, and to help gear production structures to the changing composition of demand as per capita incomes rise.

In their pursuit of more balanced growth strategies, countries will need to fully utilize the policy space still available following the Uruguay Round trade agreements and various regional and bilateral trade and investment agreements. Such agreements should also preserve adequate policy space for developing countries, including by allowing a greater degree of support to certain industries that are at an early stage of development.

In light of the obstacles faced by advanced economies to effectively reregulate their financial markets and institutions and given the absence of any significant efforts at the multilateral level to bring about greater market stability, developing countries need to find ways to protect their financial systems against the vagaries of international finance and to make them more supportive of productive investment.

The recent ebb and flow of capital to emerging markets since the financial crisis has served as a reminder that these movements have much more to do with financial conditions in the centre than with a specific host country's conditions or needs. Macro-prudential measures are increasingly seen as necessary to reduce the threat to growth and development from future rounds of financial instability. Given the scope of the potential damage, the use of controls on both inward and outward capital flows should not be excluded from the list of tools available to developing countries facing significant financial volatility.

The announcement by the US Federal Reserve in May 2013 of its intention to slow down the pace of quantitative easing has caused turmoil in the currency markets of many emerging economies, accelerating

an economic slowdown that had already been set in motion in the larger economies of the South. In the era of finance-led globalization, characterized by increased inter-dependence and instability, these events have demonstrated yet again that developing countries are still very vulnerable to economic and policy shifts in the advanced economies, and a further reminder that de-coupling in the South is a misleading description of recent trends.

Together with the policy changes described earlier for rebalancing away from excessive dependence on external markets for goods and finance, south-south cooperation can be a further critical element of a new development strategy. Appropriate regional arrangements can provide support to industrialization and economic diversification, as well as new external markets to complement domestic demand. In the current economic context in which southern countries can no longer rely on the northern markets for sustainable growth and development such arrangements would appear to have taken on even greater significance.

In this respect, south-south cooperation can support regional trade and productive integration. It can help overcome the obstacles that have hindered regional integration to date, by setting up new financing mechanisms for trade and infrastructure development, and supporting a more ambitious agenda that focuses on productive capacity building and structural transformation at the regional level. South-south cooperation can further support a new development strategy by filling the gaps in the current international financial architecture in critical areas for developing countries, such as macroeconomic volatility and external shocks.

Recent initiatives in the area of south-south cooperation have been very encouraging. In particular, it is worth highlighting the on-going discussions for the creation of a BRICS development bank to support infrastructure and development projects both in BRICS and other developing countries. Other important south-south initiatives worth mentioning include a BRICS agreement to set up an international reserve pool to work as an additional line of defence against external financial shocks, and initiatives to create local currency swap arrangements to address volatility and shocks in currency markets and support trade among participating countries.

Alongside the challenges facing developing countries in this uncertain and still evolving global economic environment, debt sustainability remains an important issue. As the discussion of tapering and exit from the unconventional expansionary monetary policy in developed countries is picking up, rates on long-term bonds have begun to rise. This is particularly true for developing countries that have expended a significant degree of their fiscal buffers in recent years to respond and mitigate negative shocks stemming from the global financial and economic crisis, which came on the back of the food and fuel crises in 2007-2008. At the outset of the crisis, many developing countries had a strong or balanced fiscal position but now, for many, their fiscal policy space has greatly diminished.

Since the outbreak of the global crisis the growth of the total external debt stock of developing countries has grown at a faster pace. In 2011 it reached \$4.8 trillion, marking a 10.7 per cent increase over the previous year; 2012 marks the third consecutive year that the growth of external debt of developing countries has exceeded 10 per cent following nearly a decade of average growth around 7 per cent. Along with rising debt stocks developing countries also experienced a slowing of output and export growth which has contributed to a worsening of key debt ratios over the past year: and although the external debt situation of developing countries as a group remains manageable aggregate statistics mask some important differences between regions and country groupings.

For many LDC economies in Sub-Saharan Africa, a combination of strong growth, prudent macroeconomic management, and debt relief has produced a sharp decline in debt burdens. However, the public debt ratios have been rising in many post-HIPC/MDRI countries in recent years. A number of countries that have completed the HIPC Initiative continue to be classified at a high risk of debt distress.

This is a worrisome trend particularly as it is accompanied by a decrease of ODA flows over the last two years, at a time when low income countries need highly concessional financing to maintain debt sustainability.

Debt sustainability depends upon a multitude of factors that include not only future growth, but also borrowing conditions, terms of trade, foreign exchange risk, interest rate risk, among other considerations. As such debt sustainability is part of a much wider policy discussion. However, a preemptive strategy supported by appropriate policies and standards can usefully focus on the prevention of future debt crises. In this respect, the implementation of the UNCTAD Principles on Responsible Sovereign Lending and Borrowing provides a step in the right direction.

Further to the efforts at the country level the international community must remain vigilant in providing assistance and debt relief to countries in need, especially as the post-2015 agenda takes shape. With the conclusion of the HIPC Initiative drawing near, lessons must be drawn from both the successes and shortcomings of the Initiative. As it is not realistic to assume that additional challenges will not arise in the future, the international community should make its best effort to learn from this experience to better prepare for debt crisis response in the future. In addition, the international community should more actively explore a rules-based approach to sovereign debt workouts to increase predictability and the timely restructuring of debt when required, with fair burden sharing, including the provision of minimum outlays in the budget for social protection. In this context, UNCTAD has set up a working group with the participation of all stakeholders to develop a debt workout mechanism.

Imbalances and instability in the global economy continue to threaten growth and stability at the national level, particularly, but not only, in developing countries. Addressing these problems remains to a large extent the responsibility of systemically important advanced economies. However, and even though the increased weight, in recent years, of developing countries in global output, trade, FDI and capital flows has been concentrated in a small number of them, this shift opens up new possibilities. For one, it gives greater weight to their voice and increases their bargaining power as a group for reshaping the rules and institutions that constrain the policy space available to countries that are latecomers to development. But perhaps as importantly, the international community should now realize that, with the structural shifts in the world economy, global economic partnerships should move away from unidirectional and asymmetrical relationships and embrace, instead, the logic and the spirit of truly international collective action.

Statement by Ms. Helen Clark, Administrator, United Nations Development Programme (UNDP) and Chair of the United Nations Development Group

MDGs: charting the way forward

In 2000, the Member States of the United Nations agreed on a bold vision for the future which reaffirmed the fundamental values of freedom, equality, solidarity, tolerance, respect for the planet, and shared responsibility. That vision, enshrined in the Millennium Declaration and rooted in the Charter of the United Nations, recognized the need to pool efforts as never before, and to advance simultaneously on the three pillars of the UN's mandate: development, peace and security, and human rights.

The Millennium Development Goals (MDGs) gave practical expression to this vision, and succeeded in placing people at the centre of the global development agenda. Their clarity, conciseness, and measurability provided a unifying framework for policymakers, development experts, and civil society, bringing diverse actors together around a common cause.

Since then, important progress has been made on the MDGs, and some targets, such as those related to poverty reduction and access to improved water drinking sources have been reached at the global level. Progress, however, has not been evenly shared across and within countries, and on some MDGs the shortfalls in global progress are considerable.

At last month's Special Event on the MDGs convened by the President of the 68th UN General Assembly, we heard clearly from Members States about their priorities for action – as articulated in the event's outcome document. Leaders conveyed a sense of urgency and determination to accelerate progress by the 2015 MDGs target date.

We also heard that countries remain deeply concerned about the unevenness of progress, the gaps in achievement, and the significant challenges which remain. More than a billion people still live in extreme poverty. Far too many people face serious deprivations in health and education. Biodiversity loss, the degradation of water, drylands, and forests, and the intensifying risks of climate change threaten to reverse achievements to date and undermine future gains. Countries called for acceleration towards the MDGs, emphasizing inclusivity and accessibility for all, and the need to meet commitments already made.

Member States were also decisive in charting the way towards the post-2015 development agenda. They called for crafting a strong, inclusive, and people-centred agenda, which would build on the foundation laid by the MDGs, and both tackle their unfinished business and address new challenges. This development framework should underscore the central imperative of poverty eradication and the need for integration of the three dimensions of sustainable development, as well as being unified in a single set of goals – universal in nature and applicable to all countries.

At this juncture, we have an opportunity for a paradigm shift in international development, which would build on the Millennium Declaration and expand on the strengths of the MDGs. The objective would be to eradicate poverty and its underlying causes within the context of sustainable development. The UN and the World Bank, working collaboratively, can support this process in the years ahead.

Accelerating and sustaining MDG progress

The greater the success of the MDGs, the greater the credibility of the post-2015 development agenda will be.

In April 2013, the Secretary-General launched the UN campaign “MDG Momentum – 1,000 Days of Action”, urging countries and their partners to step up efforts to meet the MDGs. This added impetus to the many initiatives underway in response to the call for acceleration made at the 2010 High Level Plenary Meeting on the MDGs.

Under the auspices of the UN Development Group (UNDG), the MDG Acceleration Framework (MAF) helps national governments accelerate their progress towards MDG targets which otherwise would be likely to be missed. More than fifty countries are currently using this approach to formulate and implement acceleration action plans. A range of MDG targets are being addressed, including some of the most difficult –such as hunger in the Sahel and maternal mortality across the world.

The MAF brings governments and other stakeholders together to identify and overcome bottlenecks constraining MDG progress. This results in collaborative action which cuts across sectors and silos. Last year, the United Nations System Chief Executives Board for Co-ordination agreed to review and provide joint support to country level efforts for accelerating progress. UN agencies and the World Bank are working together to do this.

Beyond 2015

Discussions on the shape of a new global development agenda are well underway. Countries themselves are highlighting the directions in which their own priorities are evolving – through the voices of their citizens, as well as in the aspirations of their governments as expressed in their planning documents and national vision statements.

Countries' knowledge and experiences of achieving triple wins for development, by simultaneously pursuing objectives of economic growth, environmental sustainability, and social equity, will inform the agenda. Making the most of such approaches and building resilience to shocks will be a major task of development in coming decades. As highlighted in the World Bank's 2014 World Development Report, governments have a critical role to play in managing systemic risks at the national level and providing an enabling environment for people and communities.

The vision and insights of a range of stakeholders are available to UN Member States considering the new agenda. *The Secretary General's report to the 68th session of the General Assembly*, 'A life of dignity for all', emphasized the integration of economic growth, social justice and environmental stewardship in the future development agenda. *The High Level Panel of Eminent Persons on the Post-2015 Development Agenda* has called for a universal agenda driven by transformative shifts, based on leaving no one behind, putting sustainable development at the core, transforming economies for jobs and inclusive growth, building peace and accountable institutions, and forging a new global partnership.

Reports by the United Nations Task Team (comprising sixty UN agencies); the World Bank; the Sustainable Development Solutions Network; UN Global Compact business partners; and the UN Regional Commissions have also provided analysis and important recommendations for the design and content of a new agenda.

The commonalities among these contributions far outweigh their differences. Together with publications from a range of civil society and academic partners, these reports are important inputs to the ongoing discussion in the Open Working Group on Sustainable Development Goals and the Expert Group on Financing Sustainable Development.

As well, the UN development system has facilitated an unprecedented global conversation on what citizens of the world would like to see in the post-2015 agenda. More than a million people have contributed to this process through 88 national consultations, eleven thematic consultations, and through an on-line platform which includes the MY World survey. Their perspectives have been incorporated in a major report.

In common with other inputs to the discussion on post-2015, those engaged in the global conversation have called for finishing the business of the MDGs and keeping poverty eradication at the core of the future agenda. They also want to see new challenges facing people and the planet addressed, including by integrating sustainable development in all its dimensions into the agenda. People also want more ambition on tackling inequality, including in incomes, persistent discrimination against certain groups, and growing vulnerability and insecurity stemming from inequalities and lack of opportunity.

The analysis coming from the consultations shows that better governance takes center stage in people's hopes for a better world. It is seen both as a development outcome in its own right, and something which makes it possible to achieve the MDGs and future development goals. People also want the new development framework to address violence, conflict, and disasters as constraints on development. The consultations reveal a clear understanding that there can be no development without peace and security.

The UN will continue to do its utmost to ensure that the voices, views, and ideas of people from all over the world are brought to the debate, making it a true “we the peoples” process. But it shouldn’t stop there. More than anything else, the consultations have revealed a huge appetite for engagement, not only in the design of the development agenda, but also in its future implementation. People want not only to articulate the problems, but also to help find solutions, and be involved in implementing them.

Echoing the Secretary General’s High Level Panel, there is a call for a data revolution — so that regularly updated, reliable, and disaggregated data is available to ordinary citizens about their communities, countries, and the world. People see this as the foundation for achieving greater accountability.

Addressing climate change

For the post-2015 agenda to be successful, the level of ambition on addressing climate change needs to be raised. Low-emission and climate-resilient development pathways need to be promoted, as is already being done by a number of developed and developing countries. All avenues need to be explored in the endeavour to keep the global temperature rise to below two degrees Celsius.

The United Nations is working towards a high-level climate change summit in September 2014 to lay the groundwork for an ambitious, legally-binding, global climate change agreement to be reached in 2015. It is our hope that the Summit will generate support for agreement to be reached in this timeframe.

UN and World Bank collaboration

The scope for collaboration between the UN and the World Bank is great – and it is needed. Both institutions are drawing similar conclusions from their analysis of global trends. We see potential for growth and development, but also considerable dangers posed by rising risks from multiple sources. We are converging on the shared view that eliminating extreme poverty within a generation is possible – and that this can be achieved in sustainable ways. We each acknowledge that we cannot do things on our own: partnerships are pivotal to development success. We understand that our respective Member States want greater access to knowledge, better advice on development options, and improved efficiency and agility in our operations. The considerable efforts towards creating a ‘One UN’ in the field have been driven by some of the same considerations underlying the concept of ‘One World Bank Group’.

This common ground between the two institutions is apparent from the dialogue unfolding in the UN on the post-2015 development agenda, from the strategic planning processes of several UN agencies, and in the *World Bank Group Strategy* which will be discussed at the Development Committee.

With fewer than 820 days to go until the MDG target date of 31 December 2015 is reached, the opportunity exists now for pragmatic UN-World Bank collaboration which delivers solid results for developing countries. Now is the time to step up our efforts to build a more just, secure, and sustainable future for all.

Statement by Ms. Geeta Rao Gupta, Deputy Executive Director, United Nations Children’s Fund (UNICEF)

As the Development Committee meets, global economic prospects remain subdued. Inequalities continue to affect all dimensions of human life, while fragility and conflict still undermine the well-being of too

many. Children everywhere remain among the most vulnerable. At the same time, we know that healthy and prosperous economies start with healthy children born to healthy women.¹³

Investing in the foundations of future growth and prosperity

Realizing child rights to health, education and protection is our common duty. It is also a critical investment in the foundation of future growth and prosperity. Global investments in maternal, newborn and child survival are generating significant returns in terms of the numbers of lives saved. Over the past 22 years, the world has saved around 90 million lives that might otherwise have been lost had mortality rates remained at the 1990 levels. The global under-five mortality rate roughly halved, falling from an estimated 90 deaths per 1,000 live births in 1990 to 48 in 2012.

As impressive as these gains are, they are not enough to meet Millennium Development Goal (MDG) 4 – the global promise to cut the rate of under-five mortality by two-thirds by 2015. If current trends continue, the world will not meet MDG 4 until 2028 – 13 years after the 2015 deadline. As many as 35 million more children could die between 2015 and 2028, mostly from preventable causes. This was the impetus behind the launch of *Committing to Child Survival: A Promise Renewed* – a global movement to end preventable child deaths, now signed by over 175 governments. These governments have pledged to redouble efforts to meet MDG 4 and to sustain progress beyond 2015.

Last month, the World Bank Group, the U.S. Agency for International Development (USAID), the Government of Norway, and UNICEF announced a collective total of \$1.15 billion in funding over the next three years to ensure that essential services and medicines reach women and children in developing countries with the highest burdens of maternal and child deaths. In a similar spirit, all development partners must work together to deliver concrete results towards all MDGs.

Yesterday, we celebrated the International Day of the Girl Child. Let us make sure that we do not limit it to one day. Let us make every day the day of the girl because evidence shows that investing in girls is laying the foundation for stronger economies and a better future for all.

The IMF Managing Director Christine Lagarde recently pointed out that “by dismissing the contribution of women [to the economy], we end up with lower income per capital – as much as 27 percent in some regions – and with lower quality lives.”¹⁴ Harnessing women’s full contribution to society starts with investing in girls, their education and well-being. Girls’ education, especially at the secondary level, is a consistent positive determinant of every development outcome, from lower mortality and fertility, to reduced poverty and enhanced equity. Yet, many girls, particularly the most marginalized, continue to be deprived of this basic right and are denied access to education because of safety-related, financial, and cultural barriers.

As we accelerate progress towards internationally agreed goals and define the post-2015 development agenda, it is critical that innovation is harnessed to develop solutions for improving girls’ education. Innovations in technology, partnerships, policies, community mobilization, and most of all, the engagement of young people themselves, can be catalyzing forces for every girl, and every child, to receive an education commensurate with the challenges of the 21st century.

¹³ *What Will It Take to Achieve Both Healthy Children and Healthy Economies?* World Bank Group seminar. 11 October 2013

¹⁴ *The Triple Challenge Facing the Global Economy*. Address to the High-Level Forum on Sustainable Development by Christine Lagarde, Managing Director, International Monetary Fund. United Nations, New York. September 24, 2013

A “next generation World Bank” for the next generation

The World Bank Group’s new strategy to eradicate extreme poverty and promote shared prosperity is an opportunity for a “next generation World Bank” which serves the next generation, starting with today’s children.

The aim of eradicating extreme poverty by 2030 is important for children as they bear a disproportionate risk of being extremely poor. Children are also over-represented in the bottom 40 per cent of the population in the majority of developing countries. Hence, promoting shared prosperity will require adequate attention to the well-being of children. Such efforts should include, for example, helping governments clearly articulate child-sensitive objectives in their Poverty Reduction Strategies and other strategic plans to capture children’s needs and the returns on growth from investments in child nutrition, health, education and protection. Children-specific indicators should be important markers in the monitoring and reporting on progress towards poverty eradication and shared prosperity at national and international levels.

Improving the well-being of children today leads to more prosperous generations in the future. A growing body of evidence shows that a substantial degree of poverty persists across generations. The context in which children are born largely determine the opportunities they face throughout their lifetime. The earliest years of childhood are the most critical for growth and development and, if neglected, can lead to irreversible and lifelong impact on capabilities, including poor health, stunting, reduced brain development and poor learning. Investing in today’s children, particularly in their earliest years, can end intergenerational transmission of poverty and disadvantage. Fostering such investments requires removing financial, institutional and other barriers to the equitable provision of social services, i.e., promoting equitable public financial management.

Sustainable development starts with safe, healthy and well-educated children.¹⁵ Strengthening children’s ability to reach their potential as productive, engaged, and capable citizens, contributing fully to their families and societies is a fundamental means to eradicate poverty, boost shared prosperity, and enhance intergenerational equity. This is why children’s rights and well-being should remain at the heart of our common post-2015 development agenda.

Delivering development solutions for the most vulnerable, together

Fragile and conflict-affected states have the longest and hardest way to go in achieving development goals. It is estimated that by 2025 five-sixths of the world’s poor will live in Africa, a continent suffering from some of the most intractable conflicts. Breaking the vicious cycle of poverty in these challenging contexts requires working together to better support governments’ capacities to deliver services for all. UNICEF welcomes the World Bank Group strategy’s emphasis on partnering with the United Nations in fragile and conflict-affected states.

Today the need is nowhere more apparent than in Syria and neighboring countries. Already in August we passed a grim milestone – the one millionth Syrian refugee child fleeing the conflict. Current estimates indicate that more than 4.5 million children remain at particular risk inside Syria. Hundreds of thousands of children have witnessed – or been the victims of – horrifying violence. Things no child should see or endure. With no end in sight to the violence in Syria, the risk is growing that today’s children will become

¹⁵ *Sustainable Development Starts with Safe, Health and Well-Educated Children*. UNICEF Proposition Paper. May 2013.

a lost generation – shaped only by conflict, displacement, distrust, and deeper and deeper vulnerability. A whole generation's future is at stake. Together with partners, UNICEF has developed a strategy for children affected by the Syria crisis to address the gravity of the education and child protection crisis facing children both inside and outside Syria. The strategy aims at reversing current trends before they become irreversible. Working together with all partners and doing everything we can to avert a lost generation is our moral obligation and an investment in the shared prosperity of the region and the world of tomorrow.

Conclusion

As fragilities arise and global economic indicators fluctuate, our collective commitment to child rights and well-being should not waver. It is not only right to invest in children, it is also sound economics. When all children have access to good health, education, and nutrition, and are protected from abuse, violence and exploitation, their unlocked potential can translate into gains, not only for individuals, but also for societies, economies and future generations.



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



DC2013-0008
September 18, 2013

NOTICE OF MEETING

The 88th meeting of the Development Committee will be held on Saturday, October 12, 2013, commencing at 3:00 p.m. in the Preston Auditorium, the World Bank Main Complex, Washington, D.C.

This meeting will be preceded by an informal Ministerial-level lunch from 1:30 to 2:50 p.m., in MC13-121, which will provide members the opportunity to comment on global and institutional matters.

AGENDA

1. Opening statements by Heads of Institutions on recent corporate and global development issues
2. World Bank Group Strategy

Background Paper:

- i. Update on the implementation of the gender equality agenda at the World Bank Group

FOR IMMEDIATE RELEASE



DEVELOPMENT COMMITTEE

JOINT MINISTERIAL COMMITTEE
OF THE
BOARDS OF GOVERNORS OF THE BANK AND THE FUND
ON THE
TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES



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Washington, DC October 12, 2013

1. The Development Committee met today, October 12, 2013, in Washington DC.
2. Latest signs of recovery among developed economies, encouraging as they are, remain uneven, and the growth of some emerging economies is slowing. Addressing increased volatility and achieving strong, balanced, and sustainable global growth, will continue to require appropriate policy responses and reforms in countries of all income levels. The World Bank Group (WBG) and the International Monetary Fund (IMF) must remain vigilant to the emergence of new sources of volatility and downside risks. We welcome the intensified focus of the IMF on growth and job creation, as well as on the analysis of risks and vulnerabilities and the assessment of the global impact of policy changes in systemically important countries. Safeguarding and further building on the openness and fairness of the international trading system remains vital to global growth and in this context we look forward to progress at the World Trade Organization's upcoming Bali Ministerial Conference.
3. Tremendous progress over the last two decades has reshaped the development landscape. It has created new opportunities to help reduce poverty and promote shared prosperity, but it has also introduced new risks to sustaining progress. Although the global poverty rate has fallen by half since 1990, progress within the developing world has been highly uneven. Roughly half of the low income countries are classified as Fragile and Conflict-Affected Situations (FCS), which pose particular challenges and are home to a growing share of the world's extreme poor.
4. In many developing countries, growth has been accompanied by rising inequality. Transitioning to middle-income status does not signal the end of poverty, as the majority of the world's poor still live in middle income countries. A lack of sustained progress in building shared prosperity may eventually obstruct growth by causing instability, distorting incentives and reducing upward mobility. Job creation, especially for youth and women, and private sector development are key for inclusive growth.

5. The two ambitious goals for the WBG, to end extreme poverty by 2030 and promote shared prosperity in an environmentally, socially and economically sustainable manner, endorsed at our last meeting, offer an important contribution to the post 2015-agenda. In order to achieve the goals, we strongly endorse the new WBG Strategy. We welcome the repositioning of the institution as “One World Bank Group” that works with the public and private sectors in partnership, contributes to the global development agenda through dialogue and action, supports clients in delivering customized development solutions, and helps advance knowledge about what works in development.

6. The WBG has an important role to play in delivering global development results, supporting countries with their specific development challenges, and helping them eradicate poverty and build resilience to future financial, economic, social, and environmental challenges. We stress the need for a continued strong client orientation that recognizes the diversity and development needs of countries. Special attention must be paid to countries and regions with the highest incidence of poverty, to FCS, as well as to the unique challenges facing small states. We also reaffirm the crucial role of the WBG in helping the international community address major global challenges, including climate change. To achieve maximum impact, the WBG needs to be selective in its efforts, while collaborating with partner organizations and the private sector at both national and global levels, and facilitating south-south cooperation and regional integration in pursuit of its goals.

7. Success of the Strategy requires effective, timely, and well-managed implementation, including clear sequencing of reforms and specific metrics for major changes, as well as regular communication with WBG stakeholders. An evidence-based, country engagement model; supportive reforms to the WBG’s internal organization, systems, processes and procedures; human resources and leadership management in promoting and modeling the needed culture change will be crucial. We call on the WBG to continue delivering on its mandate during the transition period and to refine its monitoring and evaluation framework to measure progress and assess performance, adjust actions and show results to better satisfy clients’ needs. An updated Corporate Scorecard reflecting the new Strategy should be in place by our next Spring Meetings.

8. A robust IDA 17 replenishment, with strong participation from all members, is fundamental for delivering on the WBG Strategy. Needs and demands among IDA countries remain high, and we must seek replenishment with the scale, quality and policy content that will allow IDA to achieve substantial results.

9. We welcome measures to utilize existing resources better and strengthen the WBG’s financial capacity to align it with the ambition of its strategy. We call on the WBG to pursue a finance work program that envisages lifting the growth trend of revenues, resetting expenditures to a leaner cost base by improving organizational and operational efficiencies, and better mobilizing internal and external resources to enhance the WBG’s capacity to deliver more development assistance while paying due attention to risk. We welcome the WBG work on innovative approaches to mobilize and catalyze additional long term financing for infrastructure, which is critical for growth, prosperity and poverty reduction in emerging and low income countries.

10. We emphasize the importance of further mainstreaming and strengthening WBG support for gender equality through better analysis, targeted actions, and more robust monitoring and evaluation. Gender equality is important, both in its own right and also as a means of pursuing the overarching goals for poverty reduction and shared prosperity. We welcome continuing work on updating and renewing the WBG's strategy for promoting gender equality and look forward to a progress report in a year.

11. We commend the WBG and its staff for their initiatives in fragile situations like the Great Lakes and the Sahel Region and for their work with refugees in the Middle East. We also welcome the WBG's strengthened support to Myanmar after its reengagement. We call on the WBG to deepen further its commitment in the Sahel and the Horn of Africa through initiatives that, in coordination with the UN system, address vulnerability and resilience, and promote economic opportunity and integration. We welcome renewed WBG support to transformative regional projects, including for sustainable and affordable energy solutions. We urge the WBG and IMF to scale up their efforts in the Middle East and North Africa region, including support for sound economic reform, job creation, capacity-building programs, and the basic human needs of conflict affected people as well as mitigation of the impact on neighboring countries.

12. The next meeting of the Development Committee is scheduled for April 12, 2014, in Washington DC.



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



DEVELOPMENT COMMITTEE MEETING

Saturday, October 12, 2013
Washington, DC

CONSTITUENCY LIST

October 12, 2013
Washington, DC

Marek Belka, Chairman
Jim Yong Kim, President, World Bank
Christine Lagarde, Managing Director, International Monetary Fund

Jorge Familiar, Acting Executive Secretary

<u>Members</u>	<u>Executive Directors</u>	<u>Countries</u>	<u>Group</u>
<p>Mohd. Najib Abdul Razak Prime Minister and Minister of Finance Malaysia</p> <p><i>Alternate Member</i> Mohd. Irwan Serigar Abdullah Secretary General of the Treasury</p> <p><i>Temporary Alternate Member</i> Nat Noor Nawi (<i>attending</i>) Deputy Secretary General of the Treasury</p>	<p>Sundaran Annamalai (Bank) Wimboh Santoso (Fund)</p>	<p>Brunei Darussalam, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam</p>	1
<p>Aziz Akhannouch Acting Minister of Economy and Finance Morocco</p> <p><i>Alternate Member</i> Mohamed Najib Boulif Minister Delegate to the Head of Government responsible for General Affairs and Governance</p> <p><i>Temporary Alternate Member</i> Faouzia Zaaboul (<i>attending</i>) Director of the Treasury and External Finance Ministry of Economy and Finance</p>	<p>Omar Bougara (Bank) Jafar Mojarrad (Fund)</p>	<p>Islamic Republic of Afghanistan, Algeria, Ghana, Islamic Republic of Iran, Morocco, Pakistan, Tunisia</p>	2
<p>Ibrahim Al-Assaf Minister of Finance Saudi Arabia</p> <p><i>Alternate Member</i> Fahad A. Almubarak (<i>attending</i>) Governor for the Saudi Arabian Monetary Agency</p>	<p>Ibrahim Alturki (Bank) Ahmed Abdulkarim Alkholifey (Fund)</p>	<p>Saudi Arabia</p>	3

<u>Members</u>	<u>Executive Directors</u>	<u>Countries</u>	<u>Group</u>
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P. Chidambaram (<i>attending</i>) Minister of Finance India <i>Alternate Member</i> Arvind Mayaram Secretary Department for Economic Affairs Ministry of Finance	Mukesh Nandan Prasad (Bank) Rakesh Mohan (Fund)	Bangladesh, Bhutan, India, Sri Lanka	6
Alexander Chikwanda Minister of Finance Zambia <i>Alternate Member</i> Maria Kiwanuka (Ms.) (<i>attending</i>) Minister of Finance, Planning and Economic Development Uganda	Denny Kalyalya (Bank) Momodou Bamba Saho (Fund)	Botswana, Burundi, Eritrea, Ethiopia, The Gambia, Kenya, Lesotho, Liberia, Malawi, Mozambique, Namibia, Rwanda, Seychelles, Sierra Leone, Somalia (informally), Sudan, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	7
Jeroen Dijsselbloem Minister of Finance The Netherlands <i>Alternate Member</i> Lilianne Ploumen (Ms.) (<i>attending</i>) Minister for Foreign Trade and Development Cooperation	Frank Heemskerk (Bank) Menno Snel (Fund)	Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, former Yugoslav Republic of Macedonia, Moldova, Montenegro, Netherlands, Romania, Ukraine	8

<u>Members</u>	<u>Executive Directors</u>	<u>Countries</u>	<u>Group</u>
<p>Daniel Kablan Duncan (<i>attending</i>) Prime Minister and Minister of Economy and Finance Côte d'Ivoire</p>	<p>Agapito Mendes Dias (Bank) Kossi Assimaidou (Fund)</p>	<p>Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Côte d'Ivoire, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Madagascar, Mali, Mauritania, Mauritius, Niger, Republic of Congo, São Tomé and Príncipe, Senegal, Togo</p>	9
<p>James Michael Flaherty Minister of Finance Canada</p> <p><i>Alternate Member</i> Paul Rochon (<i>attending</i>) President Canadian International Development Agency</p> <p><i>Temporary Alternate Member</i> Christian Paradis Minister of International Development</p>	<p>Marie-Lucie Morin (Bank) Thomas Hockin (Fund)</p>	<p>Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines</p>	10
<p>Koenraad Geens (<i>attending</i>) Minister of Finance Belgium</p> <p><i>Temporary Alternate Member</i> Marc Monbaliu General Manager Belgian Treasury</p>	<p>Gino Alzetta (Bank) Meno Snel (Fund)</p>	<p>Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovak Republic, Slovenia, Turkey</p>	11
<p>Justine Greening (Ms.) (<i>attending</i>) Secretary of State for International Development United Kingdom</p> <p><i>Alternate Member</i> George Osborne Chancellor of the Exchequer</p>	<p>Gwendolen Lucy Hines (Bank) Steve Field (Fund)</p>	<p>United Kingdom</p>	12

<p>Luis de Guindos Minister of Economic Affairs and Competitiveness Spain</p> <p><i>Temporary Alternate Member</i> Alberto Soler (<i>attending</i>) Director-General for Macroeconomic Analysis and International Economy, Ministry of Finance and Competitiveness</p>	<p>Juan Jose Bravo (Bank) Jose Rojas (Fund)</p>	<p>Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Kingdom of Spain, República Bolivariana de Venezuela</p>	<p>13</p>
<p>Joe Hockey (<i>attending</i>) Treasurer of the Commonwealth Australia</p> <p><i>Alternate Member</i> Barry Sterland Executive Director, International Macroeconomic Group, Treasury</p>	<p>Michael Thomas Willcock (Bank) Jong-won Yoon (Fund)</p>	<p>Australia, Cambodia, Kiribati, Republic of Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Papua New Guinea, Republic of Palau, Samoa, Solomon Islands, Tuvalu, Vanuatu</p>	<p>14</p>
<p>Jacob Joseph Lew Secretary of the Treasury United States</p> <p><i>Alternate Member</i> Robert D. Hormats Under Secretary for Economic, Energy and Agricultural Affairs Department of State</p> <p><i>Temporary Alternate Member</i> Marisa Lago (Ms.) (<i>attending</i>) Deputy Assistant Secretary of the Treasury</p>	<p>Sara Margalit Aviel (Bank) Meg Lundsager (Ms.) (Fund)</p>	<p>United States</p>	<p>15</p>
<p>Hernán Lorenzino Minister of Economy and Finance Argentina</p> <p><i>Alternate Member</i> Ms. Analia Tello (<i>attending</i>) Vice Chief of Cabinet Ministry of Economy and Finance</p> <p><i>Temporary Alternate Member</i> Agustin Simone Director of Projects with IBRD Ministry of Economy and Finance</p>	<p>Guido Forcieri (Bank) Pablo Garcia-Silva (Fund)</p>	<p>Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay</p>	<p>16</p>

<p>Lou Jiwei Minister of Finance Ministry of Finance P.R. of China</p> <p><i>Alternate Member</i> Zhu Guangyao (<i>attending</i>) Vice Minister of Finance</p>	<p>Shaolin Yang (Bank) Tao Zhang (Fund)</p>	<p>China</p>	<p>17</p>
<p>Guido Mantega Minister of Finance Brazil</p> <p><i>Alternate Member</i> Carlos Cozendey (<i>attending</i>) Secretary for International Affairs</p>	<p>Roberto Tan (Bank) Paulo Nogueira Batista, Jr. (Fund)</p>	<p>Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago</p>	<p>18</p>
<p>Pierre Moscovici Minister for the Economy and Finance France</p> <p><i>Alternate Member</i> Ramon Fernandez Director-General, Directorate-General of the Treasury</p> <p><i>Temporary Alternate Member</i> Pascal Canfin (<i>attending</i>) Minister for Development, Ministry of Foreign Affairs</p>	<p>Hervé de Villeroché (Bank and Fund)</p>	<p>France</p>	<p>19</p>
<p>Dirk Niebel (<i>attending</i>) Federal Minister for Economic Cooperation and Development Germany</p> <p><i>Alternate Member</i> Thomas Steffen State Secretary, Ministry of Finance</p> <p><i>Temporary Alternate Member</i> Uta Böllhoff (Ms.) Director General, Federal Ministry for Economic Cooperation and Development</p>	<p>Ingrid Hoven (Bank) Hubert Temmeyer (Fund)</p>	<p>Germany</p>	<p>20</p>
<p>Ngozi Okonjo-Iweala (Ms.) Minister of Finance (<i>attending</i>) Nigeria</p>	<p>Mansur Muhtar (Bank) Momodou Bamba Saho (Fund)</p>	<p>Angola, Nigeria, South Africa</p>	<p>21</p>

<p>Johann N. Schneider-Ammann Federal Councillor and Head of the Federal Department of Economic Affairs, Education and Research Switzerland (<i>attending</i>)</p>	<p>Jorg G. Frieden (Bank) Daniel Heller (Fund)</p>	<p>Azerbaijan, Republic of Serbia, Kazakhstan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, Uzbekistan</p>	<p>22</p>
<p>Anton Siluanov Minister of Finance Russian Federation</p> <p><i>Temporary Alternate Member</i> Segei Storchak (<i>attending</i>) Deputy Minister of Finance</p>	<p>Vadim Grishin (Bank) Alekssei V. Mozhin (Fund)</p>	<p>Russian Federation</p>	<p>23</p>
<p>Jutta Urpilainen (Ms.) (<i>attending</i>) Minister of Finance Finland</p>	<p>Satu Leena Elina Santala (Bank) Audun Groenn (Fund)</p>	<p>Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden</p>	<p>24</p>
<p>Ignazio Visco (<i>attending</i>) Governor Bank of Italy</p> <p><i>Alternate Member</i> Carlo Monticelli Director, International Financial Relations, Ministry of Economy and Finance</p>	<p>Piero Cipollone (Bank) Andrea Montanino (Fund)</p>	<p>Albania, Greece, Italy, Malta, Portugal, San Marino, Timor- Leste</p>	<p>25</p>

OBSERVERS

Organization	Representative
African Development Bank	Mr. Donald Kaberuka, President
Arab Bank for Economic Development in Africa	Mr. Kamal Mahmoud Abdelatif, Director of Operations
Arab Fund for Economic and Social Development	Mr. Adulatif Y. Al-Hamad, Director General and Chairman of the Board
Arab Monetary Fund	Dr. Jassim Al-Mannai, Director General/Chairman of the Board
Asian Development Bank	Mr. Takehiko Nakao, President
Commonwealth Secretariat	Ms. Sam Attridge, Adviser and Head of Section, International Finance and Capital Markets
Cooperation Council for the Arab States of the Gulf	Mr. Khalid Ibrahim M. Al-Alsheikh, Director, Finance and Monetary Department, Economic Affairs
Council of Europe Development Bank	Mr. Rolf Wenzel, Governor
Development Assistance Committee	Mr. Erik Solheim, Chairman
European Bank for Reconstruction & Development	Mr. Erik Berglof, Chief Economist
European Commission	Mr. Andris Piebalgs, Commissioner in Charge of Development
European Investment Bank	Mr. Pim van Ballekom, Vice President
Food and Agriculture Organization	Mr. Nicholas Nelson, Director of the FAO Liaison Office for North America
Inter-American Development Bank	Mr. Luis Alberto Moreno, President
International Fund for Agricultural Development	Mr. Kanayo F. Nwanze, President
International Labour Office	Mr. Jose Manuel Salazar, Assistant Director General for Policy
Islamic Development Bank	Mr. Birama Sidibe, Vice President Operations
Nordic Development Fund	Mr. Pasi Hellman, Managing Director
Nordic Investment Bank	Mr. Henrik Normann, President and CEO
OPEC Fund for International Development (OFID)	Mr. Suleiman Jasir Al-Herbish, Director-General
Organization for Economic Co-operation and Development (OECD)	Mr. Jon Lomøy, Director for Development Cooperation
United Nations	Ms. Shamshad Akhtar, Assistant Secretary-General, Economic and Social Affairs Ms. Amina J. Mohammed, Special Advisor of the Secretary-General Mr. Alexander Trepelkov, Director, Financing for Development Office
United Nations Conference on Trade and Development (UNCTAD)	Mrs. Yuefen Li Chief, Debt and Development Finance Branch
United Nations Development Programme (UNDP)	Ms. Helen Clark, Administrator
West African Development Bank	Mr. Christian Adovelande, President
World Health Organization	Dr. Jacob Kumaresan, Executive Director, New York Office
World Trade Organization	Mr. Roberto Azevêdo, Director General (<i>will not attend</i>)