



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



1818 H Street, N.W., Washington, D.C. 20433

Telephone: (202) 458-2980

Fax: (202) 522-1618

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1. The Development Committee met today, April 20, 2013, in Washington, DC.
2. Sustained economic growth in developing countries over the past decade has resulted in the achievement of the first Millennium Development Goal (MDG), to halve extreme poverty by 2015, well ahead of schedule. We remain strongly committed to the MDGs and we call on the World Bank Group (WBG) to scale up its efforts to support countries in reaching the MDG targets and to participate actively in setting an ambitious post-2015 agenda.
3. Significant global challenges remain. While the outlook for developing economies is promising and downside risks have diminished in the short-run, global macroeconomic stability is not yet restored, unemployment is still high, and food prices continue to be volatile and to bear down on the poorest. Conflicts and poor governance hinder development in many regions, and climate change and natural disasters put social and economic achievements at risk. Meeting these challenges requires successful domestic policy responses, international cooperation and effective international institutions.
4. A world free of poverty remains the WBG's overarching mission. We support the development of a unified WBG Strategy that will relentlessly focus its activities and resources on fulfilling its mission. We therefore welcome the paper, *A Common Vision for the World Bank Group*, and we look forward to discussing the upcoming WBG Strategy at this year's Annual Meetings. We also welcome the change process outlined to support the WBG Strategy, building on the ongoing reform initiatives and the five building blocks, the measurable goals, and the incorporation of the science of delivery and evidence-based approaches. The Strategy should help the WBG maximize its impact, be more selective, and ensure its financial sustainability.
5. We believe that we have a historic opportunity to end extreme poverty within a generation and we endorse the WBG goal set out in this regard. The global target of reducing the extreme poverty rate - the percentage of people living on less than \$1.25 a day - to 3 percent by 2030, is ambitious. Achieving this goal will require strong growth across the developing world, as well as translation of growth into poverty

reduction to an extent not seen before in many low income countries. It will also require overcoming institutional and governance challenges, and investing in infrastructure and in agricultural productivity. We call on the WBG to remain committed to all client countries, paying special attention to countries and regions with the highest incidence of poverty and to Fragile and Conflict-Affected Situations (FCS), as well as to the particular challenges facing small states.

6. We equally endorse the WBG goal to promote shared prosperity, which will entail fostering income growth of the bottom 40 percent of the population in every country. We recognize that sustained economic growth needs a reduction in inequality. Investments that create opportunities for all citizens and promote gender equality are an important end in their own right, as well as being integral to creating prosperity. Shared prosperity also means focusing on those who, although not currently poor, are vulnerable to falling into poverty.
7. The goals of ending extreme poverty and promoting shared prosperity must be achieved in an environmentally, socially and economically sustainable manner. Climate change deserves special attention in this context. We welcome the WBG's commitment to work with the international community to improve the indicators related to environmental sustainability. The welfare of current and future generations requires securing the future of our planet, ensuring social inclusion, and limiting the economic debt inherited by future generations.
8. The International Development Association (IDA) is of critical importance to the WBG's mission. We welcome IDA17's overarching theme of maximizing development impact, including by further leveraging synergies with the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), as well as its focus on inclusive growth, gender equality, FCS, and climate resilience, including disaster risk management. We call for a robust IDA17 replenishment with strong participation from all members.
9. We welcome the contribution of the private sector to growth and job creation. Private investment flows have grown as sources of development finance and are a key factor in achieving our goals. With a proper enabling environment, adequate infrastructure, and policies that promote competition, entrepreneurship and job creation, the private sector can support shared prosperity and offer real opportunities to all citizens, especially women and young adults. We strongly value the mandate of IFC and MIGA in supporting the development of a dynamic private sector and encourage the WBG to adopt a group wide approach to leverage its development impact.
10. The Third Ministerial Dialogue on Sustainable Development provided an opportunity to sharpen our focus on sustainability within the broader perspective of poverty reduction. We encourage the WBG and the International Monetary Fund (IMF) to provide support to countries that want to catalyze low-carbon growth and climate resilience in cities; scale up efforts towards climate-smart agriculture; and rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, with due regard to affordability of energy for the poor.
11. In the last two decades, the number of people living in urban settlements rose from 1.5 billion to 3.6 billion. Many live in areas exposed to disasters and climate risks, which poses an urgent and direct threat to development efforts. We welcome the *Global Monitoring Report's* findings and recommendations.

Urbanization must be managed effectively so slums do not overwhelm cities, exacerbate urban poverty, and derail MDG achievements. We also support disaster risk management and climate change adaptation as sound investments that should be integrated into the WBG's work. We look forward to a progress report on the implementation of the recommendations of *The Sendai Report: Managing Disaster Risks for a Resilient Future* at the next Spring Meetings.

12. We are concerned by the continued deterioration of living conditions in the Sahel and the Horn of Africa, which threatens the stability and the development prospects of these regions. We call on the WBG to assist countries to escape permanent crisis cycles by deepening its commitments on infrastructure, job creation, social reintegration, agricultural production and food security. We also encourage the WBG and the IMF to remain actively involved in MENA countries, especially supporting policy reforms. We welcome the new phase of the partnership with Myanmar and urge the WBG and the IMF to offer strong support in accelerating sustainable growth and shared prosperity. We also call on the WBG to foster regional integration and, where appropriate, to support regional projects.
13. The next meeting of the Development Committee is scheduled for October 12, 2013 in Washington, DC.