

Bijlage I: Mondeling statement van minister Ploumen in het Development Committee

"There's a darkness on the edge of town," as Bruce Springsteen sings. All is not well in our global village. Globalization has worked out for many of us, but, at the same time, a lot of middle-class people have fallen on hard times. Others, especially in the developing world, have never even seen the good times to begin with.

The previous time globalization was under attack, its discontents were also at our door here, protesting. So far, their understandable anger at inequality and injustice has passed our Bank by. But is this Bank now seen as the human face of globalization? I believe we are not quite there yet either.

And so, on the way towards a full transformation, these are times of transition for the Bank. And as they say about transition, you don't change horses midstream. That is why I was one of the first to pull the lever for Jim Kim this summer. President Kim, let me congratulate you on your re-election. During your first term, this Bank often constituted a beacon of light, as shadows had fallen over our global village – from disease to displacement and from an overheating planet to cooling economies. All the while, you carried out a reorganization that went a long way toward bringing about the Better Bank we need. A long way, but not all the way. To the stability you promise to bring to the organization I say yes. To stagnation, however, I say no, and I know you do too.

The Forward Look looks good: less bureaucracy, more learning in lending and a better value proposition for all clients, including the ones in my constituency. I am looking forward to the addition, by the Spring Meetings, of a results framework with specific targets. In particular, I look forward to an emphasis on three important tasks ahead of us, as we work towards a Better Bank.

First, getting closer to the client, through further decentralization. At least half of all staff should be right where development happens. All those willing to go to fragile countries, the countries furthest behind, should get ahead in their careers.

Second, getting closer to the private sector, by moving from slogan to strategy on "Billions to Trillions". Every country program should be judged by the resources it catalyzes and the results it accomplishes.

Third, getting closer to civil society. The consultations with NGOs on the Environmental and Social Framework, the most extensive ever, helped bring about a milestone: new safeguards that are both stronger and more streamlined. Let's build on this exercise by involving civil society more not just in policy but also in projects, especially by joining forces in fragile states – the frontlines of the fight against poverty.

President Kim, you have rightly pointed out that any further reforms, such as in the areas I just mentioned, should be piecemeal, rather than wholesale. If we foist another change process upon our weary staff, we will end up not with a Better Bank, but a bitter Bank. I am glad that the relationship with staff will be a priority in the second term.

To conclude, let me turn from our human capital to our financial capital. Should it come to a selective capital increase next year, something has to be done about the fallout of the new dynamic formula, for example through a country dilution limit of 5%. We were looking for a formula to be fair to all and friendly to IDA – but what we ended up with falls short on both counts. We agreed to consider the need for a Bigger Bank next year, and we will. However, there should be at least a reasonable realignment and, importantly, enough progress on a results-based Better Bank agenda. A better Bank for a better world: a world that revolves not around the riches of the few, but the rights of the many. Thank you.

Statement by

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Today's Development Committee meeting marks an important opportunity to position the World Bank Group (WBG) in the development landscape for the years ahead. As we have turned our attention to implementing the 2030 Sustainable Development Agenda, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on Financing for Development, our constituency underscores the important role the WBG has to play in making the next 15 years a success for development. We view the WBG as a crucial partner in delivering development solutions and continue to value its convening power, its public-private liaising function and its knowledge and expertise.

While we welcome the WBG's continued support for the countries in the Europe and Central Asia (ECA) region of our constituency, we urge the WBG to deepen its engagement in the ECA region to help overcome enduring low growth rates. We especially encourage the IFC to increase its efforts to bring in the private sector, driving economic growth.

Forward Look

Our constituency welcomes the Forward Look exercise as a strategic discussion to ensure that the WBG remains fit for purpose as it faces the demanding tasks on the horizon. Sustainable development requires the WBG to be at its best; the WBG's value-for-money proposition requires continuous improvements to its operational efficiency and effectiveness. We welcome President Kim's leadership in reforming the WBG and count on him to further improve the WBG's business model by pursuing simplification, agility and decentralization, while safeguarding organizational stability. We would like to see the Forward Look developed into a work program with results indicators and specific targets for that, to be discussed at the Spring Meetings in 2017.

Our constituency calls on the WBG to further expand its leadership on the Finance for Development Agenda, as traditional development finance will never be sufficient to make the Global Goals a reality. We share the WBG's recognition of the critical role of the private sector and the need for domestic resource mobilisation as well as public expenditure management. However, we urge the WBG to go the extra mile to translate ambitions into tangible results and to set periodic targets for that in its country-based approach. 'From Billions to Trillions' should be more than a catchphrase.

While the WBG is the world's largest development organization, achieving the Global Goals requires a clear division of labour with other development partner institutions. Our constituency underlines that the WBG should focus on its core comparative advantages – such as mobilizing resources and knowledge for development. We also encourage the WBG to fulfil its mission as One World Bank Group. While we support the WBG's enhanced focus on countries affected by fragility and conflict, the WBG should seek to complement the work of other humanitarian and development players, especially when it comes to issues of forced displacement. The newly developed Global Crisis Response Platform is a good step in this direction.

Dynamic Formula

Our constituency takes note of the fact that a great majority of shareholders have reached a compromise on the dynamic formula, which will serve as a basis for regular shareholding reviews, reflecting the evolution of the global economy and countries' contributions to the WBG's development mission. However, while the aim of the dynamic formula is to ensure a more equitable balance of voting power, the proposed formula does not produce outcomes that are *fair* to all, taking into account the different roles and responsibilities of WBG's shareholders. Furthermore, the formula is not *friendly* enough to IDA to entice new donors to contribute to it, nor does it adequately recognise established donor contributions. Therefore, we expect the membership to take measures in the next stage of the discussion to rebalance shareholding in manageable steps, for example by setting limits on excessive dilution.

The governance of IDA needs to be reviewed to preserve its legitimacy and financial viability. IDA's business model will continue to depend on major donor contributions as we move towards leveraging its capital base. The present distinction between Part I and Part II countries, which is also reflected in the distinction at the IBRD between advanced economies on the one hand and developing and transition countries on the other, does not sufficiently reflect the current global economic reality and thus lacks credibility.

Forced Displacement

With an estimated 65 million refugees worldwide, refugee crises are putting additional strain on developing countries, eroding hard-earned development gains. Our constituency has urged the WBG to focus on addressing the root causes of forced displacement and to improve the economic integration of refugees, particularly women and girls, in host communities. We appreciate the WBG's work thus far, especially the much-needed support provided to Jordan and Lebanon through the Concessional Financing Facility (CFF). We also welcome the proposed window in IDA18 to provide support for refugees and host communities.

Safeguards

Our constituency has been actively engaged in the WBG's efforts to strengthen and streamline its safeguard policies. We view the new Environmental and Social Framework as a welcome improvement, and value the progress that has been made on human rights, indigenous peoples and the inclusion of Free, Prior and Informed Consent, labour standards and non-discrimination. As the world's largest development institution, the WBG has a responsibility to continue to play a leading role in safeguard policymaking. Additionally, we will closely monitor the implementation of the safeguards and encourage the WBG to turn its attention to building countries' capacity to take ownership of the new framework. Ultimately, this should lead to greater efficiency and better outcomes for development.

Development Committee Communiqué

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

1. The Development Committee met today, October 8, in Washington, D.C.
2. Global economic growth remains sluggish in 2016, with only a modest pick-up expected in 2017. Demand has remained soft despite highly stimulative monetary policies, foreign direct investment to developing countries has decreased, commodity exporters are adjusting to declines in exports, and wider geopolitical and economic uncertainties are weighing on confidence. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly with countries to enhance synergy among monetary, fiscal and structural reform policies, stimulate growth, create jobs, and strengthen the gains from multilateralism for all.
3. We share a vision of the WBG as a premier development institution: it plays a key role in advancing policies essential for sustainable growth, poverty reduction, and economic transformation; leads on global agendas; and helps ensure that the benefits of globalization are widely shared. During the next 15 years, the development landscape will face critical shifts, including climate change; natural disasters; pandemics; fragility, conflict and violence; migration and forced displacement; urbanization; and demographic changes. Meeting these challenges, and rising to the ambition of the Twin Goals, the Sustainable Development Goals (SDGs) and the COP21 Agreement, will require a better, stronger, and more agile WBG. This task will also require deeper engagement and collaboration with international financial institutions and global partners, additional private funds, the ability to harness technological change and increased country capacity to raise domestic resources. In this regard, we welcome the report to Governors on the Forward Look: A Vision for the WBG in 2030.
4. We value the commitment to a more efficient and agile WBG that follows a risk-based approach, upholds standards, exploits synergies across its institutions, and has a culture that supports these shifts. Resources should be strategically deployed to meet global and client needs and targeted to areas of the world that most need funding and have least access to capital, with a tailored value proposition to the full range of clients. The WBG should strengthen the knowledge agenda, including through enhanced monitoring, learning and evaluation frameworks and South-South flows and help enhance countries' crisis preparedness, prevention and response frameworks. We expect a progress update on the Forward Look with clear results indicators at the 2017 Spring Meetings.
5. The private sector is essential to creating jobs and delivering higher living standards. Public policies that improve governance and regulation, make markets more competitive, and increase openness and predictability are prerequisites to higher investment and better development outcomes. We urge the WBG to take a Group-wide approach to help create markets, particularly in the most challenging environments, and to mobilize private resources, including through guarantees, especially for quality infrastructure, and for small and medium enterprises. Bringing together the joint capabilities of all WBG institutions is crucial to mobilizing finance for development and delivering global public goods. We encourage the WBG to expand its strong collaboration with other multilateral development banks (MDBs), in line with their recent declaration on infrastructure. We welcome the Global Infrastructure Connectivity Alliance, announced in September 2016.
6. Mobilizing domestic resources and addressing illicit financial activities will be vital to unlocking finance for development: we urge the WBG and IMF to foster policies and transparent institutions that advance these efforts and improve public expenditure management. We applaud the WBG support to the Stolen Asset Recovery Initiative. We welcome the progress that the IMF and WBG have made in reviewing the Debt Sustainability Framework for Low-Income Countries. We stress the important role that technology and the private sector can play in achieving the Universal Financial Access 2020 goal.

7. An ambitious IDA18 replenishment is key for delivering the 2030 agenda. We advocate for a strong IDA18 replenishment, with a broadened donor base. We welcome the innovative financing and policy package, including the proposal to enable IDA, which has recently received milestone triple-A ratings, to tap into capital markets to complement its resources. We urge the WBG to ensure a smooth transition as countries graduate from IDA. We also welcome the enhanced Crisis Response Window and the proposal to scale up private sector activities, including an IFC and MIGA Private Sector Window.

8. Large movements of people constitute a shared, long-term challenge for countries at all levels of development. More than half the world's poor live in countries affected by fragility, conflict, and violence (FCV), where IDA support is particularly important. We welcome proposals to double financial resources in these countries and to support, through tailored efforts to their specific needs, refugees and the communities that host them. The WBG and the IMF should help tackle drivers of fragility, by improving investment climates, strengthening local governance, rebuilding state institutions, broadening access to finance, and fostering conflict prevention and resilience. The WBG should increase resources allocated to these efforts, enhance its capacity to work in these environments, expand its work on forced displacement and migration and work closely with humanitarian partners.

9. We welcome the Global Crisis Response Platform, announced at the Leaders' Summit on Refugees in September 2016, and urge its rapid implementation. We expect it to provide scaled up, systematic, and better coordinated support to address crises, including those arising from forced displacement, natural disasters and pandemics. The Global Concessional Financing Facility, the IDA Crisis Response Window, and the proposed sub-regional window for refugees in IDA18 will be important for this effort. As part of the Platform, we also welcome the launch of the Pandemic Emergency Financing Facility and look forward to its early start-up. It will, together with upgraded efforts towards universal health coverage, fill a critical gap in health financing architecture.

10. We look forward to implementation of the WBG Climate Change Action Plan and support countries' nationally determined contributions under the COP21 agreement. We urge the WBG to continue to focus on building resilience while expanding insurance schemes and increasing investments in climate-smart land use, green infrastructure, and sustainable cities. Small states are disproportionately affected by natural disasters, including rising sea levels and extreme weather events. We ask the WBG and IMF to continue supporting efforts to facilitate these countries' access to climate finance for adaptation, mitigation and improved disaster risk management.

11. Women still lag behind in most measures of economic opportunity, undermining national and global growth prospects. The ambitions enshrined in the Twin Goals and the SDGs cannot be realized unless countries make significant progress in closing gender gaps in key sectors. We strongly support the continued implementation of the WBG 2015 Gender Strategy and the progress in diversifying WBG staff.

12. We welcome the approval of the Bank's new Environmental and Social Framework, which reflects the most extensive consultations ever conducted by the WBG. The standards expand protections for people and the environment in Bank-financed investment projects and are part of a far-reaching effort by the WBG to improve development outcomes. We now ask the Bank to focus on effective implementation, ensure appropriate financial and human resources to build staff and client capacity, establish a robust accountability framework, and provide hands-on support where needed.

13. As part of the Voice reform, we remain committed to the Roadmap for implementation of the Shareholding Review that was agreed at the 2015 Annual Meetings. We thank Executive Directors for completing their work on a dynamic formula that reflects the evolution of the global economy and contributions to the WBG's mission. We look forward to the next stage of discussions, based on agreed shareholding principles, formula guidance, and the package of commitments in the Report to Governors on the Dynamic Formula.

14. We also look forward to considering options to strengthen the financial position of the WBG institutions. We aim to conclude these discussions no later than the 2017 Annual Meetings in line with the Roadmap endorsed in Lima.

15. We thank Mr. Bambang Brodjonegoro for his valuable leadership as Chairman of the Development Committee, and welcome his successor, Ms. Sri Mulyani Indrawati, Minister of Finance of Indonesia, as its first female Chair. We congratulate Dr. Kim for his reappointment as President of the World Bank Group for a second term.

16. The next meeting of the Development Committee is scheduled for April 22, 2017.