



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) 458-0388

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1. The Development Committee met today, April 21, in Washington, D.C.
2. We welcome the fundamental reforms that have been negotiated as part of the proposed capital package and that will allow the World Bank Group (WBG) to more effectively deliver development results in a financially sustainable manner. We recognize that the WBG has set out an ambitious strategy to support achievement of the 2030 development agenda, and that it is committed to implementing the necessary operational changes and effectiveness reforms to successfully deliver on the vision of the Forward Look. We also recognize that the WBG must strengthen its financial capacity to meet the aspirations of its shareholders, mobilize capital at scale, and respond to global development challenges.
3. We welcome the Forward Look Implementation Update report, including the metrics put forth for measuring progress and the continued efforts toward becoming a better and stronger Bank. We recognize the importance of staying engaged with all clients, while continually ensuring that WBG resources are strategically deployed to meet global and client needs and targeted to areas of the world that most need funding. Engagements with shareholders on the Forward Look strongly affirmed the WBG's role as a premier institution in development. We reiterate our commitment to the twin goals of eliminating extreme poverty and boosting shared prosperity and to the four key priorities that the Forward Look established: (i) stay engaged with all clients; (ii) lead on the Global Public Goods agenda; (iii) mobilize capital and create markets; and (iv) continually improve effectiveness and the internal operational model.
4. We welcome the successful conclusion of the negotiations on the financial and policy package contained in the Sustainable Financing for Sustainable Development report. The financial package includes a US\$13 billion paid-in capital increase, consisting of US\$7.5 billion for IBRD and US\$5.5 billion for IFC, via general and selective capital increases. In addition, there will be a callable capital increase for IBRD. This is a transformative package, comprising fundamental institutional and financial reforms. These include internal efficiency and revenue measures, and an increase in capital that will support a financially sustainable and efficient WBG. We look forward to the policy commitments in the package and the Forward Look being regularly monitored and reported on in an integrated way and independently assessed after five years. We ask that Board-related and senior management budgets, including salaries, be reviewed by the appropriate bodies, to identify possible additional cost-saving measures with the aim of making a meaningful contribution to the financial package.
5. We welcome the Report of the Shareholding Review and accept its recommendations. The recommended Selective Capital Increase (SCI) for IBRD will result in rebalanced shareholding and reduce extreme under-representation while continuing to deliver voice reform in manageable steps. The recommended SCI for IFC will result in more closely aligned voting power between the institutions of the WBG and contribute to the IFC capital increase.
6. We appreciate the intensive engagement by the Board and management on the new financial, shareholding, and institutional reform packages. We ask the Board and management to submit draft resolutions to Governors by the end of June for approval by the Annual Meetings 2018.
7. As agreed by Governors in 2010, the next five-yearly Shareholding Review will take place in 2020. This will provide an opportunity to review under-representation relative to updated calculated shareholding from the IBRD Dynamic Formula, as well as the other issues identified in the Lima shareholding review principles, including the rights and responsibilities of shareholders. It will also provide an opportunity to consider further the methodology for IFC shareholding.

8. The capital package has been developed against the backdrop of a changing and increasingly complex development landscape. Despite impressive gains in recent decades, development progress remains uneven. Keeping up the pace of past progress and addressing emerging challenges will require sustained effort in the face of persistent global headwinds and structural changes to the global economy. Although global growth is expected to be robust in the near term, the continued weakness of productivity growth and lingering financial vulnerabilities call for wide-ranging reforms that will lay the foundation for strong growth over the longer term.
9. As the main driver of investment, innovation and jobs, the private sector needs to play a much greater role in development. We call on the World Bank, IFC, and MIGA to work closely together to tackle market and regulatory imperfections, strengthen policies and institutional capacity, and collaborate to mobilize private investment for inclusive development and poverty reduction. The WBG must continue to crowd in private sector resources to contribute to stability and growth potential, quality infrastructure, and human capital, including through strengthened health and education systems and enhanced skills development and local job creation. We recognize the value of the multilateral development banks working together more systematically and encourage the WBG to continue coordinating with others in order to maximize financing and development impact. We urge the WBG and the IMF to further enhance their support for governments seeking to boost domestic resource mobilization and combat illicit financial flows.
10. The WBG is uniquely placed to address global development challenges, combining knowledge, convening power and financial leverage. We encourage it to intensify its engagement to provide global public goods, help clients embed resilience in their growth trajectories, and address global development issues including gender equality, climate, regional integration, and pandemics.
11. We welcome progress on implementing IDA 18, where a record replenishment and innovative initiatives have the potential to meet the most urgent development challenges. IDA's increased focus on jobs and economic transformation, including through the innovative Private Sector Window, is encouraging investment in IDA countries. We also welcome overall WBG engagement in situations of fragility, conflict and violence, especially where humanitarian crises cause hardship and forced displacement. We support management's efforts to increase its field presence in these areas.
12. We note with concern the marked increase in public debt levels in low-income countries in recent years, and call on the WBG and IMF to work together on a multi-pronged approach to reduce public debt vulnerabilities. They should continue to work closely with governments to strengthen fiscal frameworks and debt management capacity, and to tackle debt data gaps and improve debt transparency, working with creditors where relevant. We welcome the upcoming roll-out of an upgraded Debt Sustainability Framework for low-income countries by the two institutions, which will enable a richer analysis and assessment of public debt vulnerabilities by governments.
13. We acknowledge the Progress Report on Mainstreaming Disaster Risk Management in WBG operations and look forward to an update in two years. We are encouraged by overall financing commitments, portfolio distribution, and continued demand for specialized policy instruments and investments to support resilience and disaster risk and recovery. We call on the WBG to strengthen capacity by engaging in strategic partnerships, including with the UN, IMF, and public and private partners to mobilize finance, develop relevant tools, forge south-south cooperation, and stay attentive to the needs of vulnerable clients such as small island states.
14. We welcome the Update to Governors on Gender Diversity in the WBG Executive Boards. We support the continuing work to enhance and promote gender diversity at the Board and are committed to work alongside Executive Directors in this regard. We look forward to the progress report in advance of the 2019 Spring Meetings.
15. We appreciate the WBG's continued commitment to protecting the most vulnerable in society and promoting environmentally sound development practices. We expect rigorous implementation of the new Environment and Social Framework. We look forward to continued WBG follow up on the recommendations of the Gender Based Violence Task Force.
16. The next meeting of the Development Committee is scheduled for October 13, 2018, in Bali, Indonesia.