



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)

NINETY-NINTH MEETING
WASHINGTON, D.C. – APRIL 13, 2019

DC/S/2019-0033
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Statement by

Sigrid Kaag

Minister of Foreign Trade and Development Cooperation

Kingdom of the Netherlands

**Representing the Constituency of Armenia, Bosnia and
Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel,
Macedonia, Moldova, Montenegro, The Netherlands, Romania and
Ukraine**

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99th Meeting of the Development Committee

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The World Bank Group (WBG), as world's largest, innovative and transformative development actor, plays a central role in delivering on the Sustainable Development Goals, the Paris Agreement on Climate Change, and the Addis Ababa Action Agenda on Financing for Development. The WBG is an important development partner for many countries in terms of funding, knowledge, technical assistance and expertise.

We particularly value the WBG's continued support for countries in the Europe and Central Asia region, including the countries in our constituency. We encourage the bank to deepen its engagement in the region, particularly by promoting private sector-led growth.

Update on the Capital Implementation Package

For our constituency, continuous swift and thorough implementation of the agreed commitments as specified in the Forward Look strategy and in the Capital Package for the IBRD and IFC remains crucial for becoming a bigger, better and braver Bank and for strengthening the Bank's support for delivering the SDG's. We are pleased to note that the Bank has already implemented several of these important commitments, such as pricing measures, a more modest staff compensation policy and the Financial Sustainability Framework (FSF) implementation approach. Our constituency strongly encourages the Bank to continue implementing these commitments, first and foremost by stepping up and deepening its engagement with all clients and to specify how the package will benefit them, including our constituency members as well as countries affected by Fragility, Conflict and Violence (FCV). We also urge the Bank to continue identifying further efficiency measures and together with the Board further implement the FSF, as part of its regular budgetary process.

It is promising to note that the Bank has already embarked on its path towards the agreed objectives and policy targets on a variety of issues including gender, climate, and private sector financing.

We welcome in particular the Bank's enhanced engagement in FCV-countries. This is particularly important against the background of fighting poverty, as extreme poverty is increasingly concentrated in FCV-countries. We would like the Bank to be more explicit and specific on what it will do more and differently with its increased financial capacity in the years ahead. We call on the Bank to make more progress on decentralization, including enhancing its presence in our constituency countries, and develop its performance criteria to monitor progress. More particularly, with approximately 5% of Bank staff working in FCV countries, the footprint of the Bank in FCV-countries remains insufficient for reaching its goals. A crucial aspect will be to provide the right incentives to staff not only to do more in FCV countries in terms of business volume, but also to focus on the often more challenging operations in FCV affected sectors and regions.

With regard to climate, we are pleased to see that the Bank has made much progress towards achieving the agreed targets as well as making these targets more ambitious. At the same time we would like to encourage the Bank to consider to step up its efforts to assist client countries to make their climate strategies (National Determined Contributions) more ambitious, in terms of adaptation and energy transition. We look forward to the successful outcome of the negotiations for the 19th IDA replenishment which several of our members engage in. We encourage IDA management, together with IDA deputies and the Board to make progress with regard to the IDA voting rights.

Finally, let me emphasize the importance of the Bank having strong policies in place to address the issues of Sexual Harassment and Sexual Exploitation and Abuse, both within the World Bank Group itself as in and around its operations in the field. In this context I encourage the bank to continue its important work on further strengthening its policies, including on the issue of reporting, and to help foster a culture of openness and ‘speaking up’ in the institution.

Report on Mainstreaming Disruptive Technologies

Our constituency supports the WBG’s view that disruptive technologies can offer opportunities for sustainable, inclusive economic growth. However, we also see challenges to unlocking the full potential of disruptive technology for developing countries which need to be addressed. These include infrastructural challenges, such as limited access to broadband internet, and human capital challenges, such as (digital) illiteracy. We call on the Bank to take a holistic view of efforts to narrow the ‘digital divide’. We emphasize the need for digital access to all, in particular for poorer groups and women.

While our constituency is positive about the mainstreaming agenda and the WBG’s commitment to disruptive technology, including the GovTech Initiative and the Digital Moonshot for Africa, we would like to see poverty reduction and inclusiveness better reflected in the Banks operations. An inclusive approach – with specific attention for marginalized groups – is key to make the mainstreaming of disruptive technologies a success. We see much scope for cooperation and information sharing with partners, such as the private sector, that have the institutional and financial capacity and the relevant knowledge and experience, to further develop and implement the digitalization agenda.

Our constituency is specifically interested in discussing the use of digital platforms in education. They can be used as a crucial tool to enhance access to educational programs and online tutoring in less developed areas, with only limited access to quality schools and teachers. Our constituency would like to see better reflected how the WBG will support digital platforms in these countries.

While digital development holds significant potential for development, our constituency encourages the World Bank to further analyze the associated risks, such as those related to cybersecurity, misuse of data, macroeconomic risks, fraud, money laundering and terrorism financing and unemployment, and to work together with client countries on an adequate response.

Global Economic Context Challenges and Policy Options

As pointed out in the report *Global Economic Prospects 2019* and in the Development Committee Lunch note, the expected global slowdown and the downside risks to the outlook present an increasingly challenging environment for emerging market and developing economies, as well as for lower-income countries that face additional challenges because half of them are also considered to be in fragile, conflict and violent situations. Additional efforts are required in order to make progress towards delivering on the Sustainable Development Goals by 2030. We can subscribe to the Bank’s observations that these should be aimed at implementing structural reforms strengthening macroeconomic management, improving governance, and fostering enabling business environments.

Especially budgetary resilience and needed investments in human capital and enhanced social protection can only be paid for if governments mobilise substantial revenues. We welcome the Bank’s

initiative to focus on improved public finance management and domestic revenue mobilization, particularly in light of the debt vulnerabilities in many countries. This is an issue of special concern for our constituency, particularly in many lower-income countries. The current international standards and policies appear insufficient to prevent the buildup of debt sustainability risks in a considerable number of countries. We therefore welcome the WBG and IMF joint multi-pronged approach to address debt vulnerabilities. Within this approach, we believe the WBG and IMF should also look into reviewing their own policies and operations.

Our constituency also strongly believes that thorough analyses of issue related to debt sustainability and debt transparency should play a central role in WBG policies, country strategies and operations. They should serve not only as background to WBG actions, but also, more importantly, as key determinant to those actions. Therefore, we encourage the Bank to walk the extra mile and to explore possible additional measures, especially with regard to its own financing instruments, aiming at limiting further debt vulnerabilities in client countries as much as possible. Of particular importance is also providing the right support and incentives to countries with debt vulnerabilities with a view to enhancing debt transparency, using the right type of debt instruments in their borrowing and making sure responsible borrowing contributes maximally to boosting inclusive and sustainable growth.

Our constituency expects the Bank to show leadership on related issues, such as local currency financing and technical assistance, particularly in the areas of debt management and domestic resources mobilisation. Regarding the latter, we urge the WBG to show leadership in this area by stepping up technical assistance, by setting an example, and notably by preventing tax evasion through further strengthening its own policies in accordance with the highest international standards. In parallel, a strong approach is needed to step up coordination with creditors on improving information sharing and addressing the lack of data transparency.

In the context of global economic developments, our constituency would like to request special attention from the World Bank for countries affected by Fragility, Conflict and Violence, particularly in the Sahel, Horn of Africa and MENA regions. Although global poverty is declining, extreme poverty will increasingly concentrate in these areas and countries, which are hit relatively hard by the effects of climate change and where socio-economic development is often under pressure due to a sharp increase in population.