



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)



DC/S/2024-0031
April 19, 2024

**STATEMENT BY
MR. MOHAMED BIN HADI AL HUSSAINI, DC CHAIR**

Attached for information for the Members of the Development Committee is a Statement, which reflects the views of the majority of Committee Members, from Mr. Mohamed bin Hadi Al Hussaini, DC Chair following the Committee's one hundred and ninth meeting held on April 19, 2024.

Chair's Statement: 109th Meeting of the Development Committee
Mr. Mohamed bin Hadi Al Hussaini,
Minister of State for Financial Affairs, United Arab Emirates

The Development Committee met today, April 19, 2024.

Development Committee members discussed the global macroeconomic and financial impact of current wars and conflicts including the war in Ukraine, the humanitarian crisis in Gaza, as well as the shipping disruptions in the Red Sea. While recognizing the Development Committee is not the forum to resolve geopolitical and security issues and these issues will be discussed in other fora, Development Committee members acknowledged that these situations have significant impacts on the global economy. Today's era must not be of war and conflict.

Global economic conditions in the past year were better than expected. Fears of global recession have faded, and inflation has moderated. However, global economic prospects remain subdued. In many developing countries, the post-pandemic recovery continues to be weak, aggravating economic and social stresses and inequality, negatively affecting the global economy and the most vulnerable, and further eroding hard-won development gains. Many developing countries also face heavy debt burdens and constrained fiscal space. This leaves limited resources to support basic services, such as functioning healthcare systems, food and nutrition security, quality education, social protection, and clean water and energy, and makes it harder to build resilience to global challenges like climate change, pandemics, and fragility. Climate change and biodiversity loss add pressure by exacerbating instability, shocks, forced displacement and migration, and the loss of human capital.

Immediate action is needed to address these multiple intertwined crises if the world is to eradicate poverty and reduce the inequality affecting many clients, including those in small states, while addressing the root causes of Fragility, Conflict and Violence (FCV). It is imperative that the global community work together to ensure that no one is left behind in pursuit of a more sustainable, inclusive, and resilient world. The Development Committee's commitment to ending extreme poverty and boosting shared prosperity on a livable planet in support of the Sustainable Development Goals (SDGs) remains firm. Governors urged the World Bank Group (WBG) and the International Monetary Fund (IMF) to continue to work in partnership with the development community to help bolster the delivery of finance and essential services to the poor and most vulnerable. They called on WBG management to continue to enhance the institution's effectiveness in helping countries address the drivers and impacts of FCV, in coordination with development and humanitarian partners.

The Development Committee was encouraged by the progress made on the Evolution Roadmap since the Annual Meetings in Marrakech. Members welcomed steps taken to strengthen the Knowledge Bank—so analytics and financing both contribute to more impactful results. They also welcomed the unveiling of a new WBG Scorecard and Knowledge Compact; the start of work on

impactful Global Challenge Programs (GCPs)¹; the ongoing work of the Private Sector Investment Lab in enhancing private sector capital mobilization; and the expanded Crisis Preparedness and Response Toolkit. Members welcomed discussion before the 2024 Annual Meetings of measures to expedite delivery to clients and achieve results faster, and to enhance operational efficiency and effectiveness. This includes increasing the use of programmatic approaches, streamlining internal processes, and strengthening clients' capacity and systems for improved implementation and the Bank's Environmental and Social Framework and the Procurement Framework.

We must hold ourselves accountable more broadly as we become a better and bigger bank. The Development Committee welcomed management's further efforts to strengthen pandemic prevention, preparedness, and response. Governors urged management to continue to bolster partnerships with global and regional actors and explore options to ensure sufficient resources are available and equitably accessible in the event of a pandemic. They look forward to the continuing discussion of the Scorecard methodologies ahead of their finalization, and for management to report on all new indicators and outcomes by the Annual Meetings in October. They asked WBG management to continue to move ahead with country engagement reforms and enhanced country diagnostics, including comprehensive Public Finance Reviews to help clients with domestic resource mobilization (DRM). Tackling inequality through progressive DRM is essential for inclusive growth. Members called on management to align staff incentives with the institution's priorities and new playbook.

The Development Committee looks forward to further collaboration between the WBG and IMF in areas such as DRM, the design of social safety nets, climate, and pandemic preparedness. Governors called on the two institutions to continue working closely together on debt sustainability issues. They welcomed the launch of the review of the Low-Income Countries Debt Sustainability Framework. They recognized the WBG and IMF collaboration, and asked the institutions to further deepen it, within their respective mandates, to support the implementation by the Paris Club and other G20 creditors of the Common Framework for eligible countries in a timely, orderly, predictable, and coordinated manner, and to strengthen creditor coordination for debt restructuring processes for vulnerable middle-income countries. Members affirmed the importance of joint efforts by all actors, including private creditors, to continue working to enhance debt management and transparency. In this regard, members welcomed the continuation of the Data Sharing Exercise and look forward to broader voluntary participation by more official bilateral and private creditors.

Gender equality is smart economics, and it is essential for development. Governors look forward to the new WBG Gender Strategy, and its implementation, to strengthen work to end gender-based violence, elevate human capital, expand economic opportunities, and engage women as leaders. They commended WBG management for accelerating gender equality and inclusion as key drivers of effective and impactful development. In addition, they urged continued work to improve diversity and inclusion among WBG staff and management and recognize the importance of advancing the issue at the Boards of the WBG.

¹ 1. Fast-Track Water Security and Climate Adaptation; 2. Energy Transition, Efficiency and Access; 3. Enhanced Health Emergency Prevention, Preparedness and Response; 4. Accelerating Digitalization; 5. Food and Nutrition Security; 6. Forests for Development, Climate, and Biodiversity, with an emphasis on Fragility, Conflict, and Violence.

The Development Committee appreciates the launch of the Framework for Financial Incentives (FFI), which has the potential to increase investments in projects addressing global challenges with cross-border externalities. Members welcomed the commitments already made and expressions of interest received so far and called on shareholders and donors to provide further contributions. These could be in the form of hybrid capital and portfolio guarantees to leverage for volume incentives through the Global Solutions Accelerator Platform (GSAP) and grant contributions to the Livable Planet Fund (LPF) for price incentives. Governors asked management to continue exploring other innovative approaches. They also called for increased collaboration with existing trust funds and Financial Intermediary Funds (FIFs) to optimize resources. Members look forward to early experiences and lessons learned from the proposed allocation approach, through robust monitoring and reporting.

Members also appreciate the launch of the Global Collaborative Co-financing Platform, which will enhance scale and coordination in co-financing for the public sector, facilitate strategic alignment around global priorities, and reduce cost and complexity for clients.

Private capital mobilization and enabling will be instrumental in meeting development financing needs. In this regard, the Development Committee looks forward to the launch of the WBG Guarantee Platform, which will streamline offerings to clients. Members commended the WBG for delivering record investment and guarantee volumes and pursuing concessional finance across client countries, including through the IDA Private Sector Window. They applauded the publication of additional data from the Global Emerging Markets Risk (GEMs) database and statistics on the WBG's default and recovery rates and look forward to further disaggregation, including by country and sector.

In light of the accelerated pace of technological change, the Development Committee welcomed management's efforts in the digital space. Members encouraged the WBG to scale up its use, and its support to client countries in accessing the opportunities of digital transformation, including Artificial intelligence, while cognizant of the risks and unintended consequences.

Governors acknowledged the WBG's leadership and commitment at COP28 to devote 45 percent of its annual financing to climate by the end of FY25, balancing the priorities of adaptation and mitigation—with at least 50 percent of IDA and IBRD climate finance to be allocated to adaptation while IFC and MIGA should endeavor to scale up private sector climate finance for adaptation. They asked management to also focus on boosting resilience and safeguarding ecosystems and biodiversity, including further supporting clients in the development of their long-term strategies and national adaptation plans. They look forward to the WBG's continued leadership in improving climate metrics, methodologies, and diagnostics.

The Development Committee is committed to a better, bigger, and more effective WBG, modeled on a country-based approach, with strengthened financial capacity and budget, knowledge, and partnerships to tackle the most pressing development challenges. Members look forward to a report to Governors on the implementation of the WBG's Evolution by the Annual Meetings. They also called upon the WBG to continue exploring options to further work with other MDBs.

Governors reiterated the importance of accountability mechanisms in enhancing development outcomes and stimulating internal learning and feedback. Ensuring compliance with the WBG's environmental and social standards, as well as a strong results and impact orientation, is critical for the institution's contribution to development.

The Development Committee welcomed the measures to enhance IDA's Capital Adequacy Framework, which are projected to increase IDA's Deployable Strategic Capital by \$16 billion in the medium- to long-term, and thus increase IDA's financing capacity. Members called for decisive actions to position IDA21 to help countries face crises, while continuing to focus on long-term development goals, increasing countries' resilience, and achieving impactful results.

Governors are committed to a successful IDA21 replenishment that delivers ambitious outcomes. This requires steadfast efforts from existing and new donors, client countries, and the Bank to increase development impact and continue providing strong net positive flows to IDA countries, including adequate support to address the needs of the poorest and most vulnerable.

The Development Committee anticipates the next Shareholding Review in 2025, in line with the Lima Shareholding Principles, and noted that technical preparations are underway. Members look forward to an update in due course.

Recognizing our collective ambition to deliver on the new WBG Vision, Mission, and implementation of the Corporate Scorecard, members welcomed the ongoing enhancements to the WBG's financial capacity, including through additional shareholder support. They encouraged the Bank to continue its efforts to implement the Capital Adequacy Framework recommendations, while maintaining its AAA rating, preferred creditor status, and long-term financial sustainability. Building on this, members asked the Board and management to provide an assessment of the alignment of IBRD financial capacity with the WBG vision and mission after delivery of the report on implementation of the WBG Evolution. Members then look forward to an update on next steps.

Governors reaffirmed our commitment to multilateralism and international cooperation by working better across MDBs and with other partners to sustain economic progress, reduce inequality, enable access to basic services, and create a world free of poverty on a livable planet.

The next meeting of the Development Committee is scheduled for October 2024 in Washington, D.C.