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)

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Statement by

The Rt Hon Ed Miliband MP
Secretary of State for Foreign, Commonwealth and Development Affairs

and

The Rt Hon John Healey MP
Chancellor of the Exchequer

United Kingdom of Great Britain
and Northern Ireland

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114th Meeting of the Development Committee

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The State of the World

The United Kingdom attaches great importance to the role of the World Bank Group (WBG) and the International Monetary Fund (IMF) in tackling the challenges of our time.

Development is central to our security and prosperity, our values, and our ability to address shared challenges that affect communities in the United Kingdom and around the world.

We meet at a time of profound global uncertainty. Conflict in the Middle East and Russia's full scale illegal invasion of Ukraine continue to disrupt energy markets, food security, trade and global supply chains. Many developing countries face high debt-service costs and constrained fiscal space, while conflict across Sudan, Palestine and Yemen is driving unprecedented levels of forced displacement.

Climate-related shocks are becoming more frequent and severe. The catastrophic floods in Nepal and the prospect of a very strong El Niño underline the growing economic and human costs of climate vulnerability. At the same time, demographic change, artificial intelligence and the climate transition are reshaping economies and labour markets at unprecedented speed.

These pressures increasingly reinforce one another. Conflict, climate shocks, debt vulnerabilities and economic disruption all make it harder for countries to invest in growth, preparedness and resilience. Countries with the least fiscal space and weakest institutional capacity too often bear the greatest costs.

The geopolitical and development agendas are increasingly inseparable. Economic resilience, energy security, food security, critical mineral supply chains and migration pressures determine whether developing countries can generate sustainable growth, create jobs and withstand shocks.

The United Kingdom reaffirms its strong commitment to multilateralism. The WBG and IMF remain central to supporting global stability, poverty reduction and sustainable development. We therefore look to the WBG to help countries create jobs and growth, strengthen resilience, mobilise private investment and create the fiscal space needed to navigate an increasingly uncertain world.

A More Effective Multilateral System

The United Kingdom welcomes the significant progress made by the WBG in recent years. Under President Ajay Banga's leadership, the institution has expanded financing capacity, sharpened its focus on jobs and growth, accelerated project preparation and delivery, strengthened crisis preparedness, and begun operating

more effectively as a single WBG. The establishment of measurable targets across key sectors has also strengthened accountability for results.

We particularly welcome progress in bringing together the complementary strengths of IDA, IBRD, IFC and MIGA behind common country outcomes. Countries should increasingly experience a single World Bank Group offer that combines policy reform, finance, investment, guarantees and risk mitigation rather than separate institutional silos.

The priority now is delivery. Reform must translate into measurable results at country level: more investment, more and better jobs, greater resilience, faster delivery and clearer accountability for outcomes. The WBG should continue to balance speed and quality, embed proportionate approaches to risk, report transparently on delivery timelines, and make greater use of rapidly disbursing instruments that can help countries respond to shocks.

The United Kingdom wants countries to experience a multilateral development system that works coherently. They should not have to navigate overlapping mandates, duplicated processes and multiple approval pathways to secure support for the same investment. Success should increasingly be judged by whether the system collectively delivers better outcomes for client countries. Mutual reliance should become a core principle of MDB reform, including through stronger collaboration between MDBs and greater recognition of common procurement approaches. Greater recognition of common procurement processes could reduce transaction costs and delays while maintaining high standards and value for money.

The United Kingdom's immediate priorities are: i) mobilising private capital at far greater scale, ii) strengthening resilience and preparedness, and iii) helping countries create fiscal space in the face of high debt-service costs. Delivering these objectives will require MDBs to work more effectively together and make full use of their combined capabilities. As incoming G20 President, the United Kingdom will work with partners to build consensus around a focused programme of practical MDB reform.

Mobilising Private Capital at Scale

Low-income countries (LICs) and middle-income countries (MICs) face a substantial financing gap for the investment needed to create jobs, strengthen resilience and deliver sustainable growth. Public and concessional finance will remain indispensable, particularly in the poorest and most fragile countries, but public resources alone will not be sufficient.

A step change in private capital mobilisation is essential for supporting jobs, productivity and long-term growth. The IFC's Emerging Market Securitization Program, supported by the United Kingdom, demonstrates how originate-to-distribute approaches can connect institutional investors with diversified emerging market assets. The priority now is to scale and standardise successful models across the World Bank Group and wider MDB system.

We welcome the WBG's London Financial Solutions Hub and its potential to harness the expertise of the UK financial sector to connect global capital with investment opportunities in developing economies. The United Kingdom is working with MDBs, development finance institutions, institutional investors, insurers and partner governments to advance practical reforms that can unlock substantially greater investment flows into LICs and MICs.

This requires a coordinated MDB effort to build a recognised and investible asset class of MDB originated investments. MDBs should strengthen the pipeline of investments through greater project preparation, early-stage finance and support for enabling policy and regulatory reforms. They should also manage their balance sheets more actively through portfolio risk transfers, asset recycling, securitisation and explore multi-originator platforms, moving from individual pilots towards larger, standardised and repeatable models.

The WBG, working with other MDBs, should expand the use of guarantees, insurance partnerships and risk-mitigation instruments, while increasing access to local-currency and foreign-exchange solutions. Successful approaches should be scaled and standardised across the MDB system so that investors can deploy capital more efficiently across countries and institutions. Investors also need better information. We therefore support continued development of Global Emerging Markets Risk Database (GEMS) and welcome the recent publication of MDB and DFI investment return data. We would like to see broader participation, greater granularity, including on A/B loans and guarantees, and wider use of this data to strengthen risk assessment and reduce the cost of capital.

Transparent reporting and common indicators should show whether these reforms are increasing mobilisation and development impact. Success should increasingly be judged by MDBs' ability to create markets, crowd in private capital and support sustained investment and growth.

Tackling Unsustainable Debt

The United Kingdom wants the WBG and IMF to intensify efforts to help countries create fiscal space, address high debt burdens and support investment in growth, jobs and resilience. High debt-service costs are crowding out investment in growth, human capital and resilience across many low-income and vulnerable countries. A more fragmented creditor landscape has also made debt resolution slower and more difficult.

The United Kingdom welcomes continued cooperation between the World Bank and IMF on debt transparency, technical assistance, liability management, guarantees and debt-for-development swaps. We want to see both institutions scale up support for countries with sustainable debt but high servicing costs to create fiscal space for investment, growth and jobs. The Bank should maximise its contribution, including through tools to reduce the cost of borrowing and increased support for LICs in IDA22.

Further reforms are needed to improve the speed and predictability of the G20 Common Framework, strengthen coordination between official and private creditors and build a more transparent debt architecture. Through the London Coalition on Sustainable Sovereign Debt, the United Kingdom is working with public and private creditors to develop practical market-based solutions.

The World Bank should continue to promote wider use of resilience-enhancing instruments, including pause clauses. We welcome reforms to the LIC-DSF and encourage the World Bank to expand eligibility for pause clauses beyond small states and standardise their inclusion in financing terms at no additional cost.

Supporting Low-Income and Vulnerable Countries

The United Kingdom's overarching development priority is to support low-income and vulnerable countries, particularly those affected by fragility, conflict, displacement, climate vulnerability and extreme poverty. We welcome the WBG's increased focus on jobs and economic growth, including for women and disadvantaged groups.

We welcome the Bank's refreshed Fragility, Conflict and Violence Strategy, including its emphasis on anticipating risks earlier, remaining engaged in difficult environments and recognising the role of jobs and economic opportunity in supporting stability. However, we are concerned by the decline in FCV commitments in FY26 and hope financing will recover in FY27. Tailoring engagement must mean adapting to context, not stepping back from the hardest places.

Forced displacement remains a growing challenge. We welcome the contribution of IDA's Window for Host Communities and Refugees and want support for displacement to remain a strong feature of IDA22.

The WBG should continue strengthening its ability to operate in fragile settings, including through earlier action where risks are rising, greater use of trusted delivery partners where appropriate, and stronger collaboration across IDA, IFC and MIGA to combine public finance, private investment and risk mitigation. Women and girls must remain central to this agenda. We welcome the WBG's Gender Strategy and expect its implementation to remain a priority across IDA22, with particular emphasis on women's economic empowerment, preventing and responding to gender-based violence, and expanding access to sexual and reproductive health services. Gender considerations should be fully integrated across the Bank's jobs, climate, fragility and private-sector work.

IDA remains central to supporting low-income and vulnerable countries. The priority must be to deliver fully on IDA21 while building the case for an ambitious, effective and financially sustainable IDA22.

Climate, Nature and Biodiversity

The United Kingdom welcomes the extension of the WBG's Climate Change Action Plan and its continued commitment to integrating climate and development through Paris Alignment, Country Climate and Development Reports (CCDRs) and climate outcomes reporting. We support efforts to strengthen the measurement of emissions and resilience outcomes, including the establishment of clear baselines against which progress can be assessed. While the Bank has retired its institution-wide climate co-benefits target, we expect it to maintain ambition, fulfil its commitments under IDA21 and contribute fully to the MDB pledge to provide $120 billion in climate finance annually for low- and middle-income countries by 2030.

We also want to see the WBG continue to lead on clean and reliable energy, electrification, nature-positive development and country-led climate action. Country Climate Development Reports (CCDRs) should be used to inform country strategies, financing decisions and investment pipelines rather than remain standalone analytical products.

Reliable, affordable and sustainable energy remains a major constraint on growth and job creation in many developing countries. The WBG should continue expanding support for power generation, transmission, storage and wider energy-system resilience. Nature should continue to be integrated across the WBG's analytics and operations, including through natural-capital approaches and nature-based solutions where appropriate.

We want to see a step change from the international system on adaptation and resilience. A coherent financing offer, including greater adaptation finance and more and better pre-arranged finance, supported by early warning systems and systems that ensure resources reach people quickly when crises occur. We view climate, nature, and resilience as part of the same agenda. Building resilience means reducing climate and nature risks before they become crises through better adaptation, stronger natural systems, more resilient infrastructure, improved preparedness and effective financial protection. The WBG should bring these elements together through a whole-of-economy approach.

Resilience must be embedded across development, infrastructure, public finance and economic decision-making if countries are to manage increasingly severe climate and nature risks while sustaining long-term growth and prosperity.

Strengthening Resilience

The United Kingdom wants to see pre-arranged finance reach the recommended global goal of 20% by 2035 and for preparedness to become a core part of development policy. Around a third of crises can be predicted, yet only around 2% of crisis finance is arranged in advance. Too much support still arrives after disasters strike, when needs are greatest and fiscal space has already been exhausted. Strengthening resilience means investing before crises occur and ensuring countries have access to rapid and predictable support when shocks hit. The World Bank Group has made important progress through its crisis toolkit; the

priority now is to scale it up, expand coverage and ensure support reaches people quickly when shocks occur.

The WBG and wider MDB system should respond to what countries value most: speed, certainty and usability. They should help countries use concessional resources for the right mix of contingent finance and insurance, strengthen links between financial protection and resilience investments, and expand the use of pre-arranged financing across vulnerable countries.

Resilience must be embedded in how countries anticipate, absorb and recover from shocks. Infrastructure, public services and private investment should be designed for future risks, while resilience assessments should inform policy reforms, standards, building codes and investment decisions.

Resilience should be treated as a core economic and financial policy issue, not a sector. The WBG should embed resilience considerations more systematically across fiscal policy, debt sustainability, insurance markets and investment decisions, helping countries move from responding to shocks to managing risk before crises occur.

Countries that invest in preparedness should see that recognised. The World Bank Group should work with insurers and investors so that lower risk is reflected in pricing.

Health emergencies require the same approach. We call on the WBG to finalise its Day Zero Financing Framework for Medical Countermeasures and bring it to the Board for endorsement, ensuring the crisis toolkit can rapidly support the purchase of vaccines and other countermeasures during future pandemics.

Capital Adequacy and Balance-Sheet Reform

MDBs must continue to expand their financing capacity while preserving their financial strength. Reforms following the G20 Capital Adequacy Framework Review have created significant additional capacity, but further action is needed. All shareholders should ratify the removal of the Statutory Lending Limit, as agreed by Governors, to maximise the Bank's lending capacity and enable it to make full use of its balance sheet.

The United Kingdom supports more transparent, comparable and consistent approaches to capital adequacy across the MDB system. IBRD remains an outlier and should undertake a fundamental review of its capital adequacy framework, drawing on the work of the Global Risk and Finance Forum and recent changes in rating methodologies. This would strengthen shareholder oversight and help identify where measures such as guarantees or hybrid capital can have the greatest effect.

Additional capacity must translate into more affordable finance for growth, resilience and countries facing acute financing pressures.

Artificial Intelligence, Jobs and Development

Artificial intelligence has significant potential to improve growth, productivity, public services and resilience, whilst requiring effective risk managment. Through its new digital strategy, the World Bank Group should support investment in digital infrastructure, skills and locally adapted AI solutions while helping countries develop regulatory frameworks that promote openness, safety, security and public trust. The World Bank Group should also play a leading role in helping countries understand and respond to the labour market impacts of AI, providing data, analysis and policy support to help governments anticipate change, equip workers with the skills they need, and ensure technological progress promotes inclusive growth and broad-based economic opportunity, including by helping women benefit from and participate fully in the jobs and industries of the future.

Increasing Voice and Representation

We want the WBG to remain a legitimate and representative institution. We welcome the modest reforms agreed through the 2025 Shareholding Review as an important step forward in increasing the voice of low income countries, but this should not be the end of the process. We support the reallocation of unsubscribed shares from the 2018 capital increase, but expect this to be the final extension of the subscription period and encourage countries to take up the voting power and capital commitments already allocated to them.

The United Kingdom supports early and inclusive engagement with Governors ahead of the 2030 Shareholding Review to provide ambitious guidance on the future governance of the World Bank Group. Strengthening the vote and voice of low-income, small and vulnerable countries remains our priority. Shareholders should work collectively towards governance arrangements that sustain the long-term legitimacy and effectiveness of the international financial institutions.

The Role of the IMF

At a time of heightened uncertainty and successive shocks, the IMF has a critical role in supporting all members to strengthen resilience and lay the foundations for sustainable growth. The UK remains a committed partner of the IMF and fully supports its role in safeguarding global economic and financial stability, at the heart of the global finance safety net. It is critical that the IMF can continue to support members to identify vulnerabilities early, provide high-quality policy advice, and support members when shocks hit.

Surveillance remains the Fund's first line of defence against instability and spillovers. We welcome the Fund's work to sharpen its surveillance, including through the conclusion of the Comprehensive Surveillance Review (CSR). The CSR should now be implemented in a timely manner, to help members strengthen their macro-financial frameworks through early, high-quality surveillance and risk identification, which avoids vulnerabilities turning into crises. If implemented well, this more anticipatory approach could strengthen the policy value of surveillance, reduce the need for programmes, or if programmes are required, lessen the severity of the required adjustment.

Surveillance should also keep pace with the structural changes in the global economy, particularly through consideration of the opportunities and risks presented by AI, as highlighted in this year's WEO. The IMF is uniquely placed to deepen the membership's collective understanding of the implications for productivity, labour markets, growth and financial stability, and to help members capture AI's benefits and manage the transition. Finally, surveillance must translate effectively into actionable policy advice for members. Building on the External Sector Report, the IMF should translate analysis of the drivers and spillovers of excessive global imbalances, into growth-enhancing policy recommendations to help deliver gains of re-balancing across major surplus and deficit countries.

Where prevention is not enough, effective IMF programmes, grounded in strong country ownership and well-designed reforms, are critical to restoring economic stability and laying the foundations for sustainable growth. We welcome the Review of Programme Design and Conditionality and look forward to its effective implementation, enabling surveillance, lending and capacity development to work together, grounded in policy realism. This is particularly important for low-income and fragile countries, where repeated shocks, limited fiscal buffers and high debt servicing costs have constrained investment and growth, reducing long term resilience. To ensure that the IMF can maintain its self-sustained lending capacity, we urge members to fulfil their commitments in facilitating the income transfer from the General Resource Account to the Poverty Reduction and Growth Trust in the planned timeframe.

In a context of persistent shocks, many solvent countries also face high debt service payments which are crowding out investment and growth. Elevated debt vulnerabilities require timely, predictable, and comprehensive solutions to serve the interests of low-income countries. The UK supports the IMF–World Bank three-pillar approach to address liquidity pressures, strengthen debt sustainability, and improve

transparency and data. We would like to see this approach implemented and further strengthened, including through appropriate contributions by all relevant stakeholders, to support domestic reform, strengthen debt sustainability, and catalyse greater access to finance. For unsustainable debt, coordinated restructurings are essential. The G20 Common Framework should be faster, more predictable, and available to more countries that would benefit. The IMF's "Good Offices" role may be used to bring creditors together at the request of borrowers to enhance early information sharing in the context of a restructuring. We will also continue to support the Global Sovereign Debt Roundtable (GSDR) as a forum bringing together stakeholders across the debt landscape.

Delivering this agenda requires a strong, representative and adequately resourced IMF. It is crucial that the IMF's governance continues to evolve and reflects the reality of today's global economy. The UK has provided consent to the equi-proportional quota increase under the 16th General Review of Quotas (GRQ). We stress the urgency of remaining members completing their procedures to implement the 16th GRQ, to ensure the IMF remains a quota-based institution. We look forward to advancing conversations under the 17th GRQ on quota and governance reform, consistent with the Diriyah Guiding Principles which were agreed to earlier this year.

Illicit Finance

Illicit finance and corruption undermine growth, weaken institutions, erode domestic resource mobilisation and divert resources from development priorities.

The United Kingdom is strengthening transparency and enforcement domestically and internationally, including through beneficial ownership and anti-money laundering reforms, and will use its FATF Presidency and upcoming Illicit Finance Summit to strengthen international cooperation.

We value our partnership with the WBG and IMF in addressing these challenges and urge both institutions to treat illicit finance and corruption as systemic development risks and strengthen support for beneficial ownership transparency, public financial management, asset recovery and effective anti-money laundering systems.

Looking Ahead

The challenges are profound, but so too is the opportunity for reform.

The United Kingdom will work with the WBG, IMF, regional development banks, fellow shareholders, partner countries and the private sector to turn this agenda into practical change.

The United Kingdom's 2027 G20 Presidency will provide an important opportunity. G20 members are leading shareholders across the MDB system and can collectively drive changes that no individual shareholder or institution can deliver alone.

We will use the period ahead to build support for a practical programme of MDB reform including expanding financing capacity, scaling private capital mobilisation, strengthening resilience and improving collective delivery across the system.

Our objective is clear: a multilateral system that helps countries create growth, jobs and opportunity while building resilience in a more uncertain world.