Statement by

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On behalf of the Constituency of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia
We commend the World Bank on the appropriate choice of topics for this meeting of the Development Committee. These topics, namely (i) sustainable financing for sustainable development: World Bank Group (WBG) and (ii) shareholding, will have a decisive impact on the Bank’s future.

We also welcome the quality of the reports on mainstreaming disaster risk management in WBG operations, on the Forward Look implementation update, as well as on gender diversity in the WBG Executive Board of Directors.

1. **Sustainable Financing for Sustainable Development: World Bank Group, proposed capital package**: We welcome the proposals contained in this report insofar as they present a suite of concrete commitments that will shape the WBG’s future medium- and long-term strategy and suggest financial options aimed at strengthening the WBG’s financial capacity, particularly the capital increase and internal measures such as balance sheet optimization and review of transfers to IDA in order to enhance effectiveness and efficiency.

   The discussions about capital have certainly been long and intense. Nevertheless, they coalesce around the same objective: build a strong, solid institution.

   We are of the view that without a capital increase, there will be limited resources available for IBRD and IFC activities and, consequently, these two institutions will be unable to support member countries, particularly low- and middle-income countries and small fragile and conflict-affected States, or expand their activities to cope with potential crises and contribute to the global public goods agenda.

   We therefore believe that the Maximizing Finance for Development initiative should be more strongly promoted as the public sector cannot address development challenges in the areas of education, health, water, energy, and infrastructure on its own. Naturally, it is understood that the State continues to play a significant role.

   We agree with the view that a capital increase for IBRD and IFC will facilitate maintenance of the Triple-A rating assigned by rating agencies and will ensure support from these institutions.
For these reasons, we endorse the capital increase for both institutions and are aware of the impact of this capital increase on implementation of the 2030 Agenda for Sustainable Development and achievement of the WBG’s twin goals.

II. Shareholding review: We thank the WBG for preparing the report on the voice review for IBRD and IFC. We take this opportunity to reaffirm our conviction that the principles on which the Governors have reached agreement to bring about this reform essentially aim to increase the participation of developing and transition countries in WBG capital. The increase in voting power of this category of countries attests to the desire of our Bank to have an equitable decision-making process in place in order to strengthen the multilateral and diversified nature of the Bank’s shareholders. Lessons learned from this exercise could prove instructive for the next shareholding review.

In the same vein, we agree with the suggestion raised in the report that a selective capital increase for IFC is a critical element of the financing program. To this end, we welcome the suggestion of using the mechanism for converting retained earnings to paid-in capital, which should help boost the shareholding structure while avoiding financial implications for shareholders.

III. Forward Look Implementation Update: We welcome the Forward Look implementation update, which highlights the considerable progress made in several areas. However, we note that a number of objectives have not yet been achieved and, to this end, we believe that it would be fitting for the report to explore the reasons for this and extract the necessary lessons.

We applaud the inclusion in the report of the section relating to digitalization, and we endorse the analysis of the contributions and challenges of this technology with respect to the WBG’s twin goals.

We reiterate the importance of the Forward Look implementation update and suggest that this exercise be carried out every year during the Annual Meetings. We believe that this approach will allow for a better assessment of achievements.

IV. Progress on mainstreaming disaster risk management in WBG operations: We applaud the excellent update of activities provided in this report, which highlights the progress made since the presentation of the report previously submitted to the Development Committee in 2016. We note that the share of commitments allocated to mainstreaming disaster risk management has remained stable in relation to the entirety of World Bank commitments. We welcome the diversification and growth of WBG instruments in this area.

V. Progress on gender diversity in the WBG Executive Board of Directors: We take note of this report and applaud the current level of gender diversity in the WBG Executive Board of Directors compared to other multilateral institutions.

While we encourage continuing efforts to achieve this diversity in the Executive Board, we believe that the Governors should continue to avail themselves of the latitude to appoint Executive Directors. In this context, it is not necessary going forward to establish a percentage of female Executive Directors, which is likely to restrict Governors’ flexibility.