Statement by

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Federal Minister for Economic Cooperation and Development

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The world is facing great challenges. Climate change, crises and hunger are placing enormous demands on us.

So it is more vital than ever that we use the global institutions that we created for just such challenges. That is why, last year, we decided to strengthen the World Bank Group.

What do we expect of the World Bank Group in this situation? We have already put in place the most important policies, particularly with last year's agreement on the capital package.

Fighting climate change: The Bank is right to continue seeing this as one of its central tasks, not least because its twin goals cannot be achieved otherwise. Together with other multilateral development banks, the World Bank Group has announced that it is aiming for the targets set out in the Paris climate agreement and that it will make every effort to help achieve the decarbonisation of the global economy and climate-resilient development. Now it must make concrete steps towards delivering on this. I therefore welcome the World Bank's involvement in the global NDC Partnership.

Global public goods: The example of climate change shows that, for the good of all people, it is increasingly important to not only promote investment that benefits individual countries. We also need to create incentives for investments of significance for the whole planet. In this way, we can ensure the supply of urgently needed global public goods. Some examples are mitigating climate risks, promoting renewable energies, providing protection from pandemics and dealing with migratory movements. The new window for global public goods is a model that could be replicated and expanded on in future. And it also shows how the Bank can mobilise urgently needed investment that benefits all countries.

More funding for the poorer countries: In vulnerable countries, the focus must continue to move towards prevention. We strongly support the development of a Bank-wide strategy on dealing with fragile and conflict-affected situations. Climate change will only serve to reinforce the risk of destabilisation. That is why it is so important to me that the World Bank is involved in the InsuResilience Global Partnership, the aim of which is to insure poor and particularly vulnerable people against risks resulting from climate change, and in the Global Commission on Adaptation.

The focus must be on Africa as the continent of opportunity. Africa's rapid population development means that we need to come up with new approaches. Millions of energetic and ambitious young people are reaching working age each year. And they need prospects.

Coordination and cooperation: Given the size of the task facing us, we need the World Bank Group not only
as a financier but also to coordinate and draw together the efforts of all partners. Country platforms coordinated by the World Bank are a means of greatly increasing our effectiveness. This gives us the basis from which to support the necessary reforms that will create jobs and bring about structural economic transformation.

The International Finance Corporation has a key role to play in this context as the link with the private sector. Its diagnoses pinpoint development constraints and obstacles standing in the way of investment and show where institutions and regulation have weaknesses. This helps to identify where reforms are needed. These diagnoses are a good basis for developing strategies whose implementation all donors can join together in supporting. This is the approach we are already adopting in our partner countries under the Compact with Africa. Germany has agreed with the Bank on shared procedures in this respect. I truly believe that, if all partners work together, we can successfully implement reforms leading to structural economic transformation and job creation. In this context, it is also important to pursue regional integration in order to create larger markets. We welcome the Bank's pledge to promote connectivity and hope that it will lend concrete support, for example to the African Continental Free Trade Area.

Many developing countries are finding themselves constrained by increasing levels of debt. Measures need to be taken to counter this. With regard to combating a renewed debt crisis, we expect the Bank to clearly define its role in relation to the International Monetary Fund. The aim is not solely to keep debt down to sustainable levels but to ensure that, in an acute crisis, the most vulnerable in society do not suffer from the impact of any adjustment measures needed. A good ten years on from the big debt relief initiatives, half of all IDA countries are at high risk of debt distress or are already in distress. The international community must take a critical look at itself and ask how things could have been allowed to come this far again. In this context, we expect the Bank to rigorously review its non-concessional borrowing policy and where its limitations and weaknesses lie, especially when alternative sources of financing are available. Whilst it is borrowers themselves who bear the main responsibility for ensuring debt remains at sustainable levels, the donor countries have a responsibility too, as we emphasised in the Operational Guidelines for Sustainable Financing under Germany's G20 presidency. We need to find ways of effectively establishing these principles as soon as possible worldwide.

My wish for the new President of the World Bank is that he be able to find the right answers to old and new challenges for the Bank; I can assure him of Germany's full support in this.