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on the
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Statement by
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The World Bank Group is one of the essential pillars of a multilateral order that is today, 75 years on from the Bretton Woods Conference, more urgently needed than ever.

The United Nations Summits in September made plain the dimension of the challenges facing us, the international community. Whether responding to climate change or pursuing the goals of the 2030 Agenda, it is imperative that we act in concert.

The World Bank Group is one of the most effective organisations available to us for this. It is a key force in the fight against poverty and inequality in the world and for a shift to more sustainable lifestyles. That is why we agreed on a capital increase to strengthen the Group last year. And that is the purpose for which we should now systematically use the Bank and its resources.

I see three areas in which the World Bank can be particularly effective: combating climate change and its impacts; creating jobs and supporting Africa's economic transformation; and engagement in situations of fragility.

1. The UN Climate Action Summit clearly outlined the threats posed by climate change – for all of us. The impacts can already be seen. Extreme weather events, droughts and floods are causing immense damage. And it is, without a doubt, poor countries that are being hit the hardest. There is a danger of the development gains of many years being reversed in those countries. That is why the Bank needs to invest more in adaptation and boost resilience.

The World Bank is, in many respects, a pioneer in combating climate change and reducing greenhouse gas emissions. At the same time, it does also need to further raise its ambitions. The risks of waiting are very high and will, sooner or later, exceed what we are capable of mobilising in terms of adaptation financing. That is why it is important that the Bank continue leading the way on climate action. The multilateral development banks' joint announcement at COP24 of a joint framework for aligning their activities with the goals of the Paris Agreement was a significant step. We now expect the Bank to translate in full that joint framework into a strategy for the Bank that indicates what contribution it plans to make to achieving the 1.5°C target. The World Bank also has a responsibility to support its client countries in implementing the Paris Agreement and transitioning to climate-friendly and climate change-resilient development.

Specifically, this means the Bank further increasing its climate investments, making good on the announced cessation of funding for fossil fuels and mainstreaming the issues of climate change in all sectors. The Bank must help its partner countries to combine their Nationally Determined Contributions with long-term national strategies for achieving greenhouse gas emissions neutrality.
Given the extent of these challenges, it is crucial to use public funding as effectively and efficiently as possible so as to achieve climate-resilient development and carbon neutrality as fast as possible in the partner countries. In this context, we welcome the establishment of a funding window for global public goods. There is also a need to create the incentives and the right environment for sustainable investment and increased cooperation with the private sector. The NDC Partnership and the InsuResilience Global Partnership, in which we are working successfully with the Bank, are already doing exemplary work on this.

2. I firmly believe, furthermore, that the Bank can increase its engagement still more in Africa, a continent of opportunities. Every year, 20 million new jobs are needed on the continent. For those jobs to emerge, there needs to be more private investment. And there need to be definite prospects for young people.

The World Bank Group is well placed to help make this happen. I believe that its private sector arm, IFC, can play an especially important role. One vital element of efforts to create jobs is the establishment of markets that serve the common good. This is precisely where I see the IFC playing a key role, one for which we want to strengthen it with the capital increase. And of course we want the World Bank and IFC to combine efforts and pull in the same direction; this way, the creation of the right environment and private and public investment can prove mutually reinforcing.

With the G20 Compact with Africa, we have paved the way for a new form of cooperation. The Bank can further expand its leadership in implementing the Compact. It has the mandate and the expertise to push forward private sector development with the Compact countries by focusing on priority sectors and to integrate multilateral and bilateral development partners in this effort.

That is why I support President David Malpass' efforts to establish country platforms as hubs for aligning analysis, goals and operations at country level. The country platforms can play a decisive role in restructuring our cooperation and the work of all stakeholders and focusing it on shared priorities; they are also vital in making political dialogue between the partners clearer and more efficient. They can help us make decisive progress in our joint endeavours, above all job creation and promoting economic transformation.

This is also the direction we want to go in with IDA 19. We have the opportunity to use IDA to create specific incentives for reform leading to economic transformation, an improved investment climate and more transparency. This will enable us to create more and better jobs.

We must also ensure that the escalating debt situation does not prevent the necessary investments being made. The Principles for Quality Infrastructure Investment adopted by the G20 provide an important point of reference. Increased risk of debt distress is making a whole number of IDA countries even more vulnerable to shocks and threatening to deprive them of policy space for reform and investment. To counteract this trend, we of course need more transparency on debt and better debt management. It is important, we believe, for the Bank to continue with its multi-pronged approach and to implement the G20 Operational Guidelines on Sustainable Financing. But tackling the root causes of debt also means actively fostering development through investment in sustainable growth. So that these investments can generate returns, even in times of crisis and have a rapid impact, it is important that they be focused on the binding constraints to growth. That requires all stakeholders working well and closely together to align their activities. This, too, is an important task for the Bank and the country platforms it is to create.

3. Finally, the Bank is also faced with the challenge of increasingly conducting its work, and especially applying its new approaches, in fragile situations. We know that most extremely poor people will in future be living in fragile states. The World Bank Group can only fulfil its mission of reducing poverty and combating inequality if it massively increases its engagement in these contexts. Operating in
these kinds of difficult environments must become the Bank's new normal. We have taken an important step in focusing IDA 19 rigorously on fragile states, particularly in Africa, and concentrating even more on prevention and boosting resilience.

Making the shift required in order to enable the Bank to operate successfully in difficult contexts – from risk culture, to a greater focus on results, right up to creating the necessary incentives in the area of human resource development – is, to my mind, one of the most important elements in the continued success of the World Bank Group as an institution.

That is one reason we will be resolutely supporting the development of an ambitious World Bank Strategy for Fragility, Conflict and Violence before the end of this calendar year.