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 seventh meeting held on April 12, 2023.
The Development Committee met today, April 12, 2023.

Last October, the World Bank Group (WBG) was asked to prepare an Evolution Roadmap to enhance its capacity to respond to the overlapping crises that are reversing hard-won development gains. This includes a review of its vision and mission, operating model, and financial capacity to end extreme poverty, boost shared prosperity, address global challenges, and achieve the Sustainable Development Goals (SDGs). At our meeting today, Development Committee members took stock of this work. Governors welcomed the ambition and progress to date and look forward to additional constructive work to achieve major milestones by their meeting in October in Marrakech. They expect the Board of Executive Directors and WBG management to finalize a work plan with detailed actions to be taken.

Members commended WBG management and staff for responding at scale to the unanticipated crises, with historic surges in development financing that have sustained the fight against poverty. The WBG delivered a record $330 billion during the last three-and-a-half fiscal years. It was also the world’s largest provider of climate finance to developing countries in this period, reaching almost $90 billion, and has outlined its plan for alignment with the Paris Agreement. Governors recognized that WBG programs have contributed to emergency response and longer-term resilience; boosted inclusive and sustainable growth; supported macroeconomic and financial stability; addressed water and energy access; tackled food insecurity and malnutrition; provided assistance for pandemic preparedness and response, including medical supplies and vaccines; expanded social protection for the poor and vulnerable; strengthened education systems; promoted job creation and private sector development; helped countries address debt transparency and sustainability issues; and fostered gender equality and the empowerment of women and girls. They asked the WBG to continue these efforts, while maintaining standards, and reaffirming their commitment to achieving the SDGs. Going forward, members welcomed increased support for nature and biodiversity, and other environmental challenges. They also look forward to the update of the Gender Strategy and the mid-term review of the Fragility, Conflict, and Violence Strategy.

Most Development Committee members recognized that Russia’s invasion of Ukraine has continued to have massive humanitarian consequences and a detrimental impact on the global economy. They have strongly condemned it and call for continued economic support of Ukraine and other countries affected by the war. They also commended the revised Rapid Damage and Needs Assessment undertaken by the Bank in cooperation with the Ukraine authorities, the European Commission and the UN, and called on continuous support from the Bank and other development partners, including for the early recovery needs (estimated at USD $14 billion) and the needs of the poorest countries affected by the war. There were other views and different assessments of the situation.

The WBG’s vision is a world free of poverty. Its goals of ending extreme poverty and promoting shared prosperity will remain at the core of this vision and central to its work. Progress toward these goals

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1 The Development Committee recalled that on March 2, 2022, the United Nations General Assembly by a majority of 141 countries adopted the resolution ES-11/1 “Aggression against Ukraine” that “deplores in the strongest terms the aggression by the Russian Federation against Ukraine in violation of Article 2 (4) of the Charter” and “demands that the Russian Federation immediately cease its use of force against Ukraine”. Thirty-five countries abstained from the vote; five countries voted against the resolution; some countries expressed no position.
requires a stronger focus on sustainability, resilience, and inclusiveness, supported by relevant metrics and targets. Governors welcomed discussions on the provisional updated WBG mission statement and look forward to its finalization.

Development Committee members welcomed the proposals to enhance the WBG’s operational model to implement its evolving mission, which should strengthen service to all clients. This agenda covers client engagement, instruments, incentives, and access to concessional resources—including through Financial Intermediary Funds (FIFs) and Trust Funds (TFs). The agenda also covers the mobilization of additional finance for development and the Cascade approach. Members welcomed proposals to strengthen the country ownership and country engagement model with stronger analysis, including through country-specific, regional, and global diagnostics; integrated knowledge support; greater outcome orientation and capacity building; updated corporate scorecards; and new results-based financing instruments. They called for a strengthened value proposition for MICs and a renewed focus on low-income countries (LICs), small states, and countries affected by FCV. They also look forward to concrete proposals on financial and non-financial incentives for countries, units, and staff, and encouraged further work to develop the proposed Global Priority Programs, with a focus on clear selection criteria.

Governors look forward to options for a strengthened approach to crisis preparedness and response, including contingent instruments to meet surge-financing needs. They called for proposals to deepen strategic partnerships, strengthen regional approaches, and further strengthen implementation of the One WBG approach, with enhanced upstream and strategic engagement. Members called for WBG-wide ambitious and integrated approaches to increasing private capital, facilitating investment, and leveraging the role of the public sector—while improving the business environment. They underscored the role of domestic resource mobilization and called on WBG management to develop ambitious commitments in this area. Governors supported discussions on ways to effectively mobilize and allocate concessional resources, including utilizing existing pools of concessional finance in WBG operations. They also look forward to continued discussions on how to build on the WBG’s core strengths: the country engagement model; the One WBG approach; a strong country presence; global knowledge creation and dissemination; and partnerships, including with the IMF and other Multilateral Development Banks, the United Nations system, bilateral partners, and the private sector.

Members are committed to ensuring that the WBG has adequate financial capacity to respond to development challenges and support its expanded mission. They strongly reaffirmed their commitment to boosting the WBG’s financial capacity, including through a revision of IBRD’s minimum Equity-to-Loan Ratio to 19 percent, a Hybrid Capital pilot for capital-market investors, and a scaled-up bilateral guarantee program. Development Committee members expect further updates to the Executive Directors on the implementation of these initiatives, which have the potential to add up to $50 billion of financing capacity over the next ten years. They agreed to consider a proposal to remove the Statutory Lending Limit (SLL) from the Articles of Agreement. Members look forward to continued work to explore the other recommendations of the Capital Adequacy Framework (CAF) Review, while maintaining the ‘triple A’ ratings, Preferred Creditor Treatment, and long-term financial sustainability. This includes making the Global Emerging Markets Database (GEMs) more accessible to private investors; exploring a shareholder portfolio guarantee platform; optimizing the use of FIFs, TFs, and co-financing; balance sheet optimization for IDA; developing options for enhanced callable capital and shareholder-purchased hybrid capital; and exploring a potential voluntary channeling of Special Drawing Rights (SDRs). They recognized the impact that the multiple crises have had on the poorest countries and expressed their strong support to protect IDA resources and will consider an IDA Crisis Facility. Members reiterated the importance of continuing income transfers from IBRD to IDA and avoiding increasing the burden on borrowing countries. They will further discuss and consider options to strengthen IBRD’s financial capacity toward Marrakech and beyond.
Governors recognized the tragic loss of life and widespread destruction caused by natural disasters, and most recently by the earthquakes in Türkiye and Syria. They expressed their deepest sympathies to all the people affected. Members were reassured to see the international community’s swift humanitarian response in cases of devastating natural disasters, and commended the Bank’s damage and needs assessments that have informed the response in Syria and provided timely and targeted support for recovery and reconstruction in Türkiye.

Development Committee members expressed their deep appreciation to Mr. David Malpass for his strong and steadfast leadership of the WBG during a historically challenging period, including an unprecedented surge in financing in response to the multiple crises affecting global development outcomes. They value his commitment to the WBG mission, its strategic goals and country-level development outcomes. They also commended his support to staff, as well as his strong leadership, which has made possible the many significant accomplishments during his tenure. Governors wished him every success in his future endeavors. They look forward to the conclusion of the selection process for the next President of the WBG.

The Development Committee reiterated its call for greater international cooperation and strengthened multilateralism to safeguard global economic integration.

The next meeting of the Development Committee is scheduled for October 2023, in Marrakech, Morocco.