Statement by

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at the 76th Meeting of the Development Committee

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We welcome the presentations on the Global Economic Setting at this committee and discussions on two important agenda items, the World Bank long-term strategic directions and enhanced role of IDA in the global aid architecture. I would like to share with you my observations on these two items and other related issues.

1. The World Bank Long-term Strategic Directions

We support the basic framework laid out in the World Bank Group’s long-term strategy. This represents positive steps undertaken by the World Bank in response to the new global development trends through strategic restructuring. We hold the view that the Bank should always adhere to the following principles in the course of formulating the new strategy:

(i) **Maintain and strengthen the Bank’s global nature.** The economic globalization has increased the interdependence among countries and the undesirable consequences of uneven development have been increasingly felt. As a global development institution, the Bank should always promote global common development as its mission and provide requisite capital and knowledge for developing members at different development stages. It should be particularly emphasized that providing global public goods for development is an inevitable choice for the Bank to play a global role in the new era.

(ii) **Respect country-specifics and country ownership of development.** We appreciate the Bank for renewing its development thinking by respecting country ownership of development, appreciating development issues from reality and practices rather than from textbooks and recognizing the diversity of development path according to country-specifics. In the course of advocating institutional building and governance, the Bank needs to avoid falling into a neo-dogmatism.

(iii) **Pay attention to external environment for development.** We support in principle the Bank’s “twin pillar” strategy. We propose to add “creating a favorable external environment for development” as the Bank’s third pillar to reflect more comprehensively the new situation and the new needs of the global development. We hold that, while promoting in balanced manner trade liberalization, capital flows and increase of official development assistance, the Bank should also facilitate rational labor mobility and technology transfer. Establishing a fair international economic order and promoting orderly and rational flows of production factors globally is not only the primary guarantee for achieving an inclusive and equitable globalization, but also a critical element of the Bank’s important development mandate.

(iv) **Promote innovation.** Under the new situation, innovation is crucial for ensuring the Bank’s long-term viability and prosperity. We support the Bank in achieving broad-based...
innovation in development thinking, operational scope, products and instruments as well as business modalities. The Bank should establish a new and equal development partnership with the developing countries and explore demand-driven new areas of business such as studying and disseminating development experience, providing knowledge service, supporting South-South cooperation and promoting regional integration.

On the basis of the above-mentioned principles, we support the Bank’s priority areas, including Sub-Sahara Africa, fragile states, middle-income countries, global public goods, learning and knowledge agenda. We hope the Bank’s new long-term strategy will play a leading role in reforming and building a new global aid architecture based on the development need of the developing countries.

2. **Strengthening IDA’s Role in Global Aid Architecture**

IDA has provided enormous financial and technical assistance to low-income countries since its inception and become one of the most important channels of official development assistance. As its former beneficiary, China recognizes immensely IDA’s relevance to the poverty reduction in low-income countries. Therefore, we appreciate IDA for its active contribution to the global poverty reduction and development.

We support IDA15 replenishment. We have always maintained that transferring development resources to developing countries is IDA’s core mandate. When the gap in global development finance remains huge, IDA’s financial capacity and sustainability should be further strengthened. In this connection, the developed countries have unshirkable responsibility. The pressing task at hand is for the developed countries to take concrete steps to achieve a 20% increase of IDA15 replenishment over IDA14.

We support IDA in keeping and improving country-based assistance model proven to be effective. The merit of this model lies in the respect for and adherence to the principle of country ownership for development. We hope IDA can carry on with this principle and actively innovate financing instruments and service in order to better serve the development demands of borrowers.

In the context of the increasing diversification in the global aid architecture, we support IDA in utilizing its own advantages to enhance alignment and harmonization in an effort to reduce transaction cost and scale up aid effectiveness. However, during this process, IDA should fully respect the ownership and leadership of the recipient countries and optimize aid programs according to specific country context.

With the increase of financial contributions to IDA by the developing countries, it is necessary to reform the policy-making process of IDA replenishment. The developed-donors-dominated process should be transformed to ensure the equitable participation by the developing countries.


Climate change has become one of the most urgent tasks in global public policies. The related issue of clean energy is not merely an environment issue, more importantly it is a development issue. We can effectively solve the energy-related environment issue only when the energy demand for development of all the countries is met. The international community should have far-sighted and broad vision when balancing economic development and environment protection, and work jointly to address the challenges in climate change and push for substantive progress in global clean energy development agenda.
We commend the Bank for the positive progress in implementing its Action Plan for Clean Energy Investment Framework. We support the efforts made by the Bank in scaling up new strategies on CEIF. In this connection, I would like to stress the following:

(i) The overarching goal for the Bank is poverty reduction and development. CEIF should not only actively address climate change, but also aim to meet the increasing energy demand of developing countries, in particular low-income countries. In this connection, we strongly call on the Bank to expand its energy assistance to Sub-Sahara Africa in a more vigorous way.

(ii) Making global energy structure clean is an irreversible historical trend. Meanwhile, it is also a historical process of gradual evolution. We hope that the Bank develop its new energy sector strategy in a timely fashion. While supporting the development of renewable energy, the Bank should also continue to help developing countries develop and utilize traditional energy and actively invest in technologies which could improve fossil fuel efficiency, energy conservation as well as environment protection.

(iii) Clean energy technology is critical in addressing climate change. Regrettably, however, the progress in international technical cooperation and transfer is rather slow. We urge the Bank to sharpen its comparative advantages and explore the establishment of an international technology cooperation fund to help improve the access of developing countries to affordable and advanced environment-friendly technologies.

(iv) As typical global public goods, dealing with climate change cannot avoid the issue of incremental cost. The international community should embrace new vision of interests and cooperation pattern and mobilize resources to meet the investment needs in this field. We appreciate UK for providing £800 million in establishing Environment Transformation Fund. We call on other developed countries to provide more additional concessional resources. Meanwhile, we encourage the Bank to explore new financial mechanisms by pledging first its own resources as a demonstration. The resource allocation for climate change should conform to the nature and characteristics of global public goods.

(v) We support the two Carbon Partnership Facilities proposed by the Bank. We hope these new mechanisms will adhere to the principle of “common but differentiated responsibilities”, make use of their expertise, build up experiences and avoid pre-empting the ongoing political negotiation on a post-2012 framework. Regarding the management model and pricing mechanism of the two carbon facilities, we advocate genuine partnership to safeguard the legitimate interests of developing countries.

(vi) Chinese President Hu Jintao has recently proposed to establish Asia Pacific Forest Rehabilitation and Sustainable Management Network which has been positively echoed by APEC leaders and included in the Sydney Declaration. This initiative will be conducive to addressing climate change through regional cooperation on forest management. Therefore, we hope the Bank will render its strong support.


We support the World Bank’s GPGs framework as an integral part of its long-term strategy. The Bank’s participation in GPGs reflects the objective needs of globalization. It is an important component of the Bank’s development mandate and reflects the actual needs of the developing countries for development and poverty reduction in a new era of globalization.
We concur with the five criteria for determining the Bank’s engagement in GPGs and the four actions in promoting GPGs agenda. In pursuing the GPGs agenda, we encourage the Bank to focus on development-oriented priorities by making use of its comparative advantages. We propose to add two more criteria of “promoting the international labor mobility” and “supporting technology transfer” to the Bank’s GPGs strategy. Such an addition would help address fundamentally the two important constraints for development of the developing countries, and promote the establishment of a just and fair international economic order.

On the basis of respect for clients’ ownership, the World Bank should integrate GPGs with different development needs. It should better serve the low-income countries and regions, and support regional and South-South cooperation. It should always follow the principle of “common but differentiated responsibility” and pay due regard to the different realities of countries under different development stages. We encourage the Bank to be innovative in exploring partnership modalities and financing mechanisms to ensure reliable financial resources for sustaining GPGs agenda.

5. **Strengthening the World Bank’s Engagement with IBRD Partner Countries--Implementation Report**

We support the strategic directions of the Bank’s engagement with the middle-income countries (MICs). MICs represent part and parcel of global development and an integral component of the World Bank in fulfilling its global development mandate.

The diversity and complexity of MICs’ development challenges bring new challenges and opportunities for the World Bank to deliver effective assistance. The World Bank has acquired from MICs net income and development experiences which have become the Bank’s direct financial and knowledge resources for the low-income countries. Meanwhile, MICs face enormous development needs and require the Bank’s long-term and effective assistance. Such cooperation features a new development partnership based on equality and mutual benefit.

We believe, to further improve the Bank’s cooperation with MICs, the Bank should enhance its work in the following areas:

(i) To increase its financing services to MICs and further improve the attractiveness and competitiveness of its financial resources;

(ii) To innovate knowledge service and refrain from fee-based advisory services, bearing in mind the business nature of a multilateral development bank;

(iii) To be more innovative in products and instruments to better respond to the complex and diversified needs of MICs;

(iv) To comprehensively integrate the GPGs agenda into MICs strategy, enhance regional and South-South cooperation, facilitate exchange of development experiences and promote common development.

6. **Strengthening Voice and Participation of Developing and Transition Countries (DTC)**

Enhancing the voice and participation of DTC in the decision-making at the World Bank Group is a fundamental requirement for the Bank as a multilateral development institution, an important safeguard for fulfilling the Bank’s mandates of poverty reduction and development, and a major measure in
promoting democratic global economic governance. We are of the view that overall increase of the voting power of the DTC is the basic principle of the reform which should ultimately realize the allocation of 50% of the capital shares to DTC. We do not advocate the Selective Capital Increase if it merely reallocates the shares among the developing countries.

We support other ways of enhancing the participation of the developing countries in decision-making process. We encourage the Bank to review the selection process for the heads for the BWI and increase the transparency of the selection process to include DTC nationals. We support the increase of additional chair in the African constituencies in the Board. We also support a higher representation of DTC nationals in senior management positions.

It is necessary to reform the developed donors-dominated decision-making process of IDA. Given fact that the IBRD and IFC have significant amount of net income transfers to IDA, the developing members have become the de facto contributors to IDA. Therefore, the IDA replenishment process should fully reflect this fact by ensuring the full participation of the developing countries in the policy-making process.

7. **Joint Management Action Plan for Enhancing Collaboration between the World Bank and the International Monetary Fund**

We welcome the Joint Management Action Plan proposed on the basis of Malan Report by the Bank and the Fund. The Bank-Fund collaboration is a dynamic process for the two institutions to position themselves, complement each other and scale up effectiveness in the context of new global situation. The implementation of the joint plan should be based on the following principles: clarifying institution’s mandate, making use of respective comparative advantages, taking full consideration of the developing countries’ development concerns and aiming at a just and fair international economic order. The implementation of the joint action plan should facilitate the two institutions in further improving the global economic governance and creating balanced and orderly development environment for the global economy.

We congratulate Mr. Strauss-Kahn on his election as the new MD of the Fund. We expect he will fulfill his policy commitments. We look forward to enhanced cooperation between the Bank and the Fund on the basis of their updated medium and long-term strategies and reform initiatives so that their mandates can meet the new requirement of globalization.