DC/S/2011-0035

April 16, 2011

Statement by

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Last year’s Annual Meetings theme was the financial crisis and economic instability. The impact of the fuel, food and financial crises has been slow to dissipate and in many regions the situation has worsened. We recognize the continued determination and exceptional efforts of the World Bank Group (the Bank) and the IMF to meet the needs of countries during this period.

I would like to extend our heartfelt sympathy to the government and the people of Japan in dealing with the devastating impact of the recent earthquake and tsunami. While it is impossible to assess the economic impact of these tragic events, we reaffirm our confidence in the resilience of the Japanese economy and financial sector. The UK stands ready to support the Japanese authorities in any way that we can.

While progress towards the MDGs is being made, many threats persist. We must remain united and committed to meeting the challenge of 2015 and the vision of a secure, prosperous and sustainable world.

We need to continue to address global uncertainties and increase countries’ resilience. Shocks often hit the poorest hardest. We therefore support the Bank’s proposed immediate actions to help protect the millions of people who have fallen into poverty as a result of this latest price increase. We welcome the analysis that the Bank has contributed to the issue of food security, and price volatility, and support the Bank in taking forward work to tackle food security for the poorest with other international organisations and the G20. We also take this opportunity to commend President Zoellick’s personal efforts to raise awareness of these issues and muster action in this area.

Since we last met, the UK Government has carried out a rigorous and comprehensive review of the effectiveness of all its multilateral partners, as well as a complete review of our bilateral assistance. We want to make sure that every investment we make is worthwhile and delivers results. As we expected, the Bank performed well.

We committed significant resources to IDA 16 because we believe the Bank is good value for money and will deliver concrete results with our support. We congratulate the Bank on this impressive replenishment and in particular the comprehensive results framework that underpins it.

But if the Bank is to maintain its status as a high performer, it must do better in fragile states, and in the areas of girls and women, and climate change. We commend the President and his staff’s high ambitions and look forward to seeing progress.

**Fragile states:**

It is fitting that these Spring Meetings are focusing on conflict and fragility. The Bank’s excellent *World Development Report on Conflict, Security and Development* (WDR) has reminded the development community how difficult it is to achieve lasting impact in these contexts. As the WDR makes clear no low-income fragile state has yet achieved an MDG and few if any are expected to meet the targets by
2015. This is why the WDR is so timely and important. We have the opportunity here to plan and prepare for a step-change in the World Bank’s performance in fragile and conflicted-affected states.

In the UK we are also committed to increasing the effectiveness of our support and engagement in fragile and conflict-affected states. By 2013 we will spend 30 per cent of our aid budget in fragile and conflict-affected countries. Our bilateral programmes will have a strong focus on fragile states; we will scale up support to security and justice in at least 18 countries with a commitment to help millions of women and men to access justice. This includes support in at least 15 countries to reducing violence against women. And our increased focus on fragile states will be accompanied by our willingness to innovate to allow us to deliver transformative results.

We call on the whole of the World Bank Group – IDA, IFC, IBRD and MIGA - to adopt a similar approach. We cannot shy away from difficult situations; having an impact in fragile states will mean developing innovative and ambitious approaches, not business as usual. As Governors, we must support the Bank’s endeavours in this respect.

Getting the right people in place in fragile states is perhaps the most important first step. Without the right staff little can be achieved. We commend the Bank’s efforts to decentralise and attract staff to fragile and conflict context. The Bank needs to go further, by reducing staffing gaps, promoting working in fragile states as a core part of career development and supporting staff and, where possible, their families to work and live in more challenging environments.

Private sector development and employment are key to stable, responsive and responsible states. We call on the Bank– and in particular, the IFC and MIGA - to increase its focus on private sector development and job creation in fragile contexts and frontier regions.

In these complex situations working well with the UN is crucial. Different ways of working and mandates should be a strength, not a hindrance. The Bank needs to work closely in partnership with the UN on the ground in priority countries such as South Sudan with strategic processes that will deliver fast and effective responses.

We know the Bank has been active in challenging situations, including in the Middle East and North Africa, supporting nations undergoing political transition. As the countries of the region take on the challenge of reform, we look to the Bank to offer them the assistance needed to help foster sustainable and inclusive growth. While the initiative should come from the region and be tailored to individual circumstances, the Bank, along with the international financial institutions, has much to offer, including contributing to a shared assessment of the region ahead of the Deauville Summit. The international community must stand ready to provide the advice and resources to ensure stability in the region should that prove necessary.

Reform Priorities

We welcome the fact that the World Bank continues to drive forward its governance and reform agenda. At the last Spring Meetings shareholders agreed on the need for a strong reform agenda to accompany the new financial capacity of the Bank. Progress on reforms since the detail was agreed in the last spring meetings is impressive. We strongly support the work on instruments, in particular the new results based lending instrument. We welcome the comprehensive package of human resources reform underway. We call on the Bank to continue to maximise the value for money from all its operations – making every dollar count.
At the last Annual Meeting we commended the Bank for its work on transparency. Progress in this area has made the Bank a standard bearer among international institutions. The corporate scorecard is a central plank to ensure accountability, monitor results and track reform. We see the scorecard as an essential tool to drive and monitor both internal and external efficiency and effectiveness. We look forward to governors being able to use the scorecard as a means not only to monitor the work of the Bank but also to set direction, helping management to resolve problems, and to decide on how to make trade-offs.

Forward Agenda

While it is right that at these Spring Meetings we focus on fragile and conflict-affected states, there are significant issues for other parts of the Bank’s forward agenda:

**Girls and women:** The Spring Meeting’s theme of fragility is in part response to an influential WDR. We welcome the fact that the next WDR is about the importance of girls and women in developing countries and look forward to an equally substantial and influential report. For the UK, delivering for girls and women is a priority. The Bank clearly feels it can do more to address the needs of girls and women in its work, as well as tracking and monitoring results. We look forward to the Bank’s characteristic high ambition and innovative thinking setting the standard for the wider development community.

**Climate Change:** Our government has made the commitment to be the greenest UK government ever. The Bank has a key role to play to support the global climate change agenda, for example, by promoting energy efficiency and renewable energy sources. We will continue to engage closely with the Bank on this agenda.

We look forward to the Bank’s forthcoming energy strategy which must meet the twin goals of sustainable energy production and addressing the chronic shortfall in energy that exists in many countries – both middle and low income. The Bank needs to navigate a path based on the most valuable contribution that it can make. In this context, it is vital that the Bank leverages private finance into the field of clean energy production.

**MDGs:** We now have less than four years to go to meet the MDGs. As the months go by it is important that we all reaffirm our collective commitment to development assistance. The gap between our MDG ambitions and the reality of daily life for millions of children, women and men across the world remains huge.

**GAVI:** The UK will play our part in supporting these goals. As part of that effort the UK is delighted to be hosting the GAVI Pledging Conference on 13 June in London. It is an exciting opportunity to tackle child mortality with one of the most cost effective health interventions available and we warmly welcome the Bank’s and other Governors’ attendance.