Statement by

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Federal Minister for Economic Cooperation and Development

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The new goals that have been proposed for the World Bank Group constitute an important building block for the Group's new strategy. It will be key for the World Bank Group as a whole to pursue a joint, cross-Group approach, to become more responsive to partner countries' needs, to evaluate the impact of its work effectively, and to further reinforce its cooperation with the private sector.

I welcome the progress which President Kim has already made on the World Bank Group reform agenda that shareholders have repeatedly called for. We need a strong, modern, effective, efficient World Bank Group if we want to succeed in achieving our common goals of reducing poverty, fostering inclusive growth and sustainable development, stopping climate change, achieving food security, and stabilizing crisis regions.

Over the past few months, the Bank has responded successfully, based on close cooperation with the international community, to the dramatic developments in Mali. It was not least thanks to our joint and well-targeted efforts that this region has been stabilized. Just a few days ago, I was able to see this for myself during a visit to Mali. Another important point was the Bank's resolute stance on the Padma Bridge project in Bangladesh. This is a clear signal that the Bank expects all of its partners to take strong action against corruption.

I look forward to continued good cooperation with an active, effective and efficient Bank. A reformed World Bank Group will continue to play a central role in the architecture of our joint efforts.

1. The World Bank Group's global role

The economic, financial and political crises of the past few years have highlighted the importance of targeted collective action and of international organizations' response capacity. When it comes to addressing regional and global crises, there is no alternative to taking determined action on the basis of international cooperation. The World Bank Group has a special responsibility in this regard. It is a credit cooperative with global reach that is capable of triggering global transformations and driving them forward. However, it will only be able to succeed in this if it responds to the new global environment and consistently pursues its reform efforts.

Protecting global public goods (such as climate, environment, peace and security, disaster preparedness, health) is a matter of great importance for developing, industrialized and emerging economies alike. The Bank needs to play a central and leading role in this field. It will be especially important to enhance the involvement of emerging economies in setting the agenda for these strategic areas of work.
2. The World Bank Group's goals: protection of global public goods, poverty reduction, inclusive growth

Germany supports the World Bank Group's proposed goal of reducing the proportion of people in absolute poverty to less than 3 per cent of the global population by 2030 while fostering quality, inclusive growth. We must ensure that lower income segments will benefit more from economic growth, and special attention must be given to fragile states, which are the countries that lag furthest behind on the Millennium Development Goals.

Middle-income countries now have greater financing capacity than in the past. So when it comes to eradicating absolute poverty in MICs, the Bank should mainly act as a catalyst and provide advice and knowledge.

It is especially important for the World Bank Group to make an explicit commitment to attain its goals exclusively through methods that are in line with the principle of sustainability. Only in harmony with environmental and social sustainability will it be possible for economic growth to result in lasting poverty reduction and shared prosperity.

Germany considers the protection of the global climate and of the environment a central element of development policy. Only if we manage to limit the rise of global temperatures by 2050 to less than 2 degrees centigrade will we be able to put in place a basis for a world without poverty and for sustainable growth, and to make progress on development. So I greatly welcome the fact that the World Bank Group has sent a strong signal with its remarkable *Turn Down the Heat* report and that President Jim Kim is personally strongly committed to this issue.

Environmental sustainability is part of the proposal for a new World Bank Group vision. However, in my view there is an urgent need for the vision to reflect the importance of climate and environmental protection even more prominently. It is absolutely crucial to have specific indicators to track the World Bank Group's contributions to environmental sustainability. The Bank must show that it is determined to address this. By the Annual Meeting, Management needs to present a visionary proposal in this regard. In addition, the World Bank Group's goals and strategy should be closely aligned with the results of the ongoing debate on future global development goals.

3. Focus on results

We continue to feel that a stronger focus on results in the World Bank Group's programs should be one major goal of the reforms. Even if progress has been made in this field, the focus on results still needs to be established more firmly in the Bank's day-to-day work. This requires regular, structured reviews.

A stronger focus on results, systematic use of synergies, and more group-wide cooperation will make the Bank more effective and efficient and safeguard its financial sustainability. In this way, the Bank can become a global "solutions bank." In this context, I am glad that the Bank, as a provider of knowledge, has begun to work more closely with other organizations to enhance delivery. One pioneering example is the Bank's envisaged cooperation with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on "Science of Delivery."

The review of its procurement policy is also an important part of the Bank's reform agenda. The Bank's procurement policy should focus more on results than on procedures, and this goal has been enshrined in the Draft Procurement Policy Framework. The revision of the Bank's environmental and social safeguards is another issue which we consider important. Germany advocates a consultation process that is as inclusive, transparent and open as possible.
4. **Fragile and conflict-affected states**

Development can only happen if government institutions are able to function. Fragile and conflict-affected states need to concentrate on stabilizing their institutions before they will be able to make progress on development. This is an area where we need quick and flexible tools, enhanced risk management, more realistic goals – and a lot of patience.

The World Bank Group is present in many fragile and conflict-affected countries. It has an important role to play in this area and needs to focus its instruments on quick and flexible delivery. This is especially important with regard to crisis response activities. But Germany recognizes that such efforts will require enhanced availability of funding and special financing instruments for such countries.

The German government, and I personally, will continue to be actively involved in the World Bank Group's reform process. We want a strong World Bank Group that uses its abilities and knowledge as assets to play a central role in the development agenda, a Bank that efficiently and effectively delivers on its global responsibility. The World Bank Group's new strategy will determine its future position in the international community. So a number of crucial decisions for the Group's future course are about to be taken in the period up to the next World Bank Group Annual Meeting, at which the strategy will be adopted.

The entire German government and I personally will be happy to continue to work closely with President Kim and his team in addressing this agenda.