Statement by

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Representing the Constituency of Bangladesh, Bhutan, India and Sri Lanka
The global economy is still passing through a difficult phase of recovery where global growth remains weak and faces several risks. Volatility in commodity prices, especially in fuel, have adversely affected trade balances among developing countries. We need to take all measures for reviving global growth, particularly by taking care of the requirements of the real sectors of the economy.

The economic crisis and financial instability has not only impacted growth in developing and transition economies but has also resulted in a contraction of resources for development from the private sector. The poorest countries have been hit hardest. Infrastructure investment in developing countries is critical for generating demand and raising the potential for growth. However, infrastructure financing on reasonable terms is in short supply.

Consequently, the ability of developing economies to sustain growth at high levels and to reduce poverty rapidly has taken a hit. In this context, we welcome the initiative of the President, World Bank in taking forward the call by the Governors in 2012 for a comprehensive WBG Strategy. We commend the President for clearly setting the goal of ending extreme poverty and boosting shared prosperity by 2030.

The Global Monitoring Report 2013 provides useful insights on rural–urban dynamics and the status as well as challenges ahead in achieving the Millennium Development Goals. People migrate from rural to urban areas in search of jobs and a better life, but better jobs and a better life for the migrants is not automatic. As pointed out in GMR 2013, there is a need to respond to the challenges of urbanization by putting in place policies that promote investment in housing, civic infrastructure, and job creating economic activities in cities. In India alone, 220 million people are expected to migrate to urban areas by 2030.

However, it will be important to continue laying emphasis on improving agriculture productivity and diversification of agriculture coupled with sound farm practices, water management, technological innovation, strategic value chain infrastructure, and development of appropriate domestic and international markets. These will be important to address poverty in rural areas where a large number of the poor reside.

We agree that the focus has to be on poor people. There are poor people in poor countries – and beyond. Poverty recognizes no physical, social or political boundaries. It is important that the Bank ensures that all members share the gains of progress equitably and none is left behind. In view of the diversity of the challenges ahead, we would require more focused efforts to address these challenges.
Establishing a clear line of sight between World Bank Group (WBG) activities and the two overarching goals set by the President is important. Resources must be directed to achieve the twin goals. However, selectivity should not result in the Bank withdrawing from certain sectors and regions because, if it does that the Bank may end up not doing certain things that actually may be very essential given the context of a particular country.

Engaging where the WBG has a comparative advantage will be essential. One of the greatest advantages of the Bank Group lies in joining knowledge with investment. World Bank does not simply provide knowledge and global expertise, which one can argue many other consulting firms could also perhaps do, but by combining knowledge with financing the Bank partners with clients in the process of development, an approach that has a much lasting impact.

Investment by the Bank matters. Investments provide the platform for knowledge activities to play out, generate further global knowledge in different settings, and through this provide traction to new ideas, innovations and policies that can speed up poverty reduction. Development knowledge cannot be transferred in isolation. It has greater impact and relevance when embedded in projects and lending programmes.

The resources of the Bank must match its ambition. The financial sustainability of the World Bank Group is extremely important and we must do all we can to strengthen the financial capacity of the Bank. It will be unfortunate if, today, the Bank cannot fully match the expectations of its clients in the fight against poverty. We recognize that this will require effective leadership and concerted effort on the part of the international development community.

In the context of the two goals, that is, eradication of extreme poverty and enhancing shared prosperity, I would like to highlight the following six aspects:

(a) IDA is positioned uniquely to address the global challenge of poverty reduction and achievement of MDGs. An ambitious IDA17 replenishment will be the first step towards demonstrating that the international community has the will to match ambition with resources.

(b) The next review of the Bank’s capital is due in 2015. A formula which will be responsive to the evolving dynamism of the world economy will need to be adopted, along with a robust capital increase.

(c) Growth is a sine qua non for rapid poverty reduction. Adequate supply of long term finances for investment in infrastructure will help sustain growth in developing and emerging economies. The Bank should explore possibilities of putting in place an Infrastructure Finance Facility to provide additional resources for investments in developing and emerging economies.

(d) The Bank should encourage “informed risk taking” and “learning from both failures and successes” so that Bank remains a leader in the “development knowledge game”. Quick and effective dissemination of these development experiences from different parts of the world will be extremely crucial for rapid scaling up of successes.

(e) Skills and jobs will be extremely crucial in ensuring success of the Bank’s vision. The Bank should be able to help countries attend to the issues of skills and jobs on a scale that is unprecedented. This would have to be tailored for both the rural economies and the economies that are urbanizing fast.
Continuously reviewing and simplifying procedures and further decentralizing decision making within the Bank will also be crucial for effective programme and project implementation, which is necessary for achieving the twin goals.

We look forward to the final World Bank Group strategy during the Annual Meeting in October 2013. We are confident that it will lead to a transformation of the Bank and signal its renewed commitment and resolve to eradicate extreme poverty and boost shared prosperity within our lifetime.