EIGHTY-SEVENTH MEETING
WASHINGTON, D.C. – APRIL 20, 2013

Statement by
Mr. Jacob Joseph Lew
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United States
The culmination of the Millennium Development Goals in 2015 provides an important opportunity to reflect on our collective progress and renew our commitment to lift the lives of the poor. Progress in reducing poverty over the last few decades has paved the way for optimism that much more can be achieved in the future to transform the lives of the 1.3 billion people who continue to live in extreme poverty.

President Obama’s Development Policy sets an affirmative global development agenda, and underscores a commitment to partner with multilateral institutions to promote prosperity and stability around the world. The U.S. is committed to advancing this development agenda through spreading growth to low income countries, strengthening food security, improving health outcomes for the poorest, and addressing climate change. Across all these priorities, empowering women is at the core.

The multilateral development banks have played a critical role by bringing tremendous resources, technical expertise and global reach to these challenges. A greater focus on growth, food security, health and climate change will be necessary to meet the ambitious target set by the World Bank Group to end extreme poverty and build shared prosperity.

**Focusing the World Bank on Core Global Challenges**

**Equitable Growth**

Growth must be equitable, otherwise our vision of shared prosperity is put at risk. Poor governance and inadequate institutions block access and opportunity so that certain segments of the population may be left behind and disenfranchised. We have witnessed in the Middle East and North Africa that no country’s growth model is sustainable when it generates exclusion, inequity, and corruption. We know from our own experience in the U.S. that expanding incomes of the middle class is key to broad-based and sustainable growth. To that end, the Deauville Partnership for Arab Countries in Transition is helping to deliver inclusive growth in countries in the Middle East and North Africa at a critical juncture.
We believe that the World Bank must do more, take a broad approach that looks across sectors and policies, and promote reforms to assure that the benefits of growth are shared.

Global Food Security

For the first time in generations, civil society, government and donors are re-focusing their efforts on improving agricultural performance in low-income countries. We must stay this course, and continue until we can demonstrate transformative results. Smallholder farmers face a number of challenges such as poor access to finance, inadequate inputs, poorly functioning internal and regional markets, and weak supporting infrastructure. The Global Agriculture and Food Security Program (GAFSP) is an innovative mechanism to deliver investment in the agricultural sector. In the last three years, GAFSP has awarded grants to the governments of 18 countries in Africa, Asia, and Latin America to invest across the agricultural value chain and with promising early results. In some countries, for instance, farmer incomes have increased by 90 percent in a single season due to better access to inputs, better management of water resources, and increased access to finance. As of this year the United States has fulfilled nearly $330 million of our initial pledge to GAFSP of $475 million, and the total budget pledged for GAFSP is more than $1.3 billion. We will continue to encourage increased financial support for GAFSP from our partners in the months to come, as addressing global food insecurity remains a long-term challenge.

Global Health

The world has seen tremendous progress in improving health outcomes for the poorest, including expanding access to treatment for infectious diseases such as HIV/AIDS, tuberculosis and malaria. However, in some areas—such as improving health of women, newborns and children—greater progress is needed. Health systems in many countries still lack the capacity to provide effective, efficient, and sustainable health care services. Our approach to improving health systems must be broad. For example, rural roads are as important as rural health clinics to ensure equitable access. The World Bank should bring its comparative strengths to the health sector. Under the leadership of Dr. Kim, we would like to see the World Bank focus on improving health systems and rural infrastructure, complementing the work of bilateral donors and other international institutions.

Climate Change

Climate change is not just an environmental challenge – it threatens to turn back many of the development gains made over decades, and to push a generation back into poverty. Drought and weather shocks are already being recognized as drivers of conflict and food insecurity in Africa. While helping countries adapt to climate change is critical, the recent World Bank report “Turning up the Heat” showed that steep emission cuts will be needed, both in developed countries and in emerging economies that are fast becoming large emitters as their energy needs grow. We look to the World Bank to provide leadership in terms of integrating analysis of future climate impacts and vulnerabilities into economic planning. We welcome President Kim’s leadership on making climate change a top priority of the World Bank. We will advocate for the World Bank’s strategy to support low-carbon growth, help eliminate regressive fossil fuel subsidies, and incorporate climate-smart land use practices. Successful subsidy reform, in particular, will require the World Bank to provide the technical assistance to design targeted safety nets that protect the poor.

Gender Equity

Opportunities for women still lag behind men in too many domains—education, labor markets, and political representation. The facts are clear: empowering women is not only a question of equity, it is simply smart economics. No society can reach its full productive potential if half the population does not
have full education and employment opportunities. Empirical studies have shown that, within the household, women invest more in their children, education and the health of future generations. While economic development and women’s empowerment are reciprocally intertwined, neither ensures the other. To close the gender gap, we need focused and sustained policy action from governments and multilateral institutions. We welcome the World Bank’s efforts to focus on gender equality across its activities. But we want to see further progress. The World Bank is well placed to undertake regular assessments of the institutions and practices that are most effective in supporting the full productive potential of women along the lines of the *Doing Business* report. And the World Bank should devote greater attention to gender-based violence.

**Resources and Reforms for an Ambitious Agenda**

We are now in the midst of the seventeenth replenishment of International Development Association (IDA-17). As the single biggest source of development finance for low-income countries, we know IDA will continue to play an important role for the world’s poor. IDA-17 presents an inflection point, in large part because major borrowing countries are on the verge of “graduation” to the World Bank’s hard loan window. We consider these graduations to be a sign of success, a testament to the effective development investments that IDA has made to help countries grow out of poverty.

As better performing IDA clients graduate, fragile states will become the majority of IDA recipients. Through its engagement in fragile states, the World Bank has helped to foster the institutions that lead to greater stability, important for our national security as well as economic development. While a higher tolerance for risk will be required in these more complex contexts, there must also be mechanisms in place for identifying, scaling, and replicating successful projects. In addition to strengthening the focus on results, there should be greater emphasis on building climate resilience into programming from the start, creating faster feedback loops, and providing incentives to attract talented and experienced staff to work in the toughest places.

There is no doubt that the World Bank’s lending will continue to be critical, but the World Bank’s support to policy reforms has the potential to be even more transformative. For example, the World Bank’s annual *Doing Business* report, with its aggregate country rankings, provides a universal benchmarking tool for all of us, borrowers and non-borrowers alike, which can help drive ambitious reforms that lift incomes and generate jobs.

As the premier multilateral development institution, the World Bank shapes the agenda for international organizations around the world. As private flows outpace official development dollars, we want to see the World Bank continue to be the standard bearer in the global system. While advocating for the World Bank to be more responsive to the needs of clients, we have also advanced critical protections for the World Bank’s programs—ranging from fiduciary and resource management controls to social and environmental safeguards.

**Accelerating Progress: A Way Forward**

Scarce public dollars cannot meet the pressing global needs of climate, food security, energy infrastructure or employment without mobilizing local and foreign investment and engaging the private sector. As the 2013 World Development Report points out, high and low income countries alike are searching for new ways to create jobs. We will continue to press the World Bank Group to play a leading role in private sector development. In particular, we will encourage the International Finance Corporation (IFC) to engage earlier and more often in IDA’s poorer countries, where the development impact is larger – even when the financial returns may be lower.
Given the fiscal pressures on donors around the world, we believe that the World Bank can and must do more to maximize the development impact of each dollar spent. We will continue to advocate that the World Bank more rigorously evaluate impacts, continue to focus operations on cost-effective investments that help the poorest, and create mechanisms that increase accountability for results.

President Kim has inspired optimism in all of us for the future of the World Bank. We look forward to supporting Dr. Kim’s efforts to build a more nimble and effective “Solutions Bank.”