Statement by

Mr. Gabriel Makhlouf
Secretary to the Treasury
New Zealand

On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu
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On behalf of my diverse constituency, thank you once again to the World Bank and IMF for hosting these Spring Meetings and providing a stimulating backdrop to our discussions.

The World Bank Group has gone through several major transitions in its lifetime, including new institutions, new mandates, and profound changes in direction. At the current juncture my constituency wants to signal its clear and strong support for the new and ambitious goals that President Kim has put before us.

The ultimate goal of the World Bank Group should be the elimination of extreme poverty. It is heartening that we have arrived at a point in history when we can explicitly and realistically aim for this goal. Equally, societies around the world have learned that building shared prosperity is critical for long-term development and stability. Building the income growth of the bottom 40 percent of each country will foster an environment for all citizens to share in – and invest in – the opportunities and benefits of growth. We agree that for lasting change, all of this must be accomplished in an environmentally, socially and fiscally sustainable manner.

We also welcome the findings of the Global Monitoring Report 2013, which reinforce that there is a long way to go before we will achieve the Millennium Development Goals. As we prepare the strategy ahead we must continue doing all we can to achieve the MDGs, as well as ensure that the strategy and its implementation are aligned with the post-2015 agenda.

Now that we have the twin goals of eliminating extreme poverty and building shared prosperity, the challenge is to articulate how these goals can be achieved, and then to set about making them reality. We agree with the five building blocks identified as a framework for a clearly articulated World Bank Group strategy. These are areas where work is already underway, but further efforts are required.

It is clear that having a strategy alone will not be enough. To be effective, the strategy will need to impact profoundly on the Bank’s operations. It will need to steer the direction of the Bank, driving resource allocations and Human Resources decisions. Results measurement systems, talent and Budget management systems will need to be enhanced to deliver on this promise and ensure value-for-money. Some of these changes will be profound.

It will be equally important for the strategy to impact on the Bank Group’s culture. In measuring and striving for impact and results, the Bank Group needs to cultivate a culture of innovation and managed
risk-taking, where learning lessons from failure is encouraged and accessible to staff, clients, and donors alike. We believe these cultural elements are critical in the development of a Science of Delivery.

One of the many challenges that will face us in realizing these ambitions will be the mobilization of resources. The fiscal constraints faced by the donor community are unavoidable and unambiguous. It is clear that the private sector has a critical role to play in development, both as an engine of growth, innovation, and job creation, but also as a financier. The need is vast, and the public sector cannot keep pace: India alone has an infrastructure need over the next five years of one trillion dollars – equal to the current total for global development assistance per year. Learning how to effectively engage the private sector will be critical, and the IFC has a leadership role to play here within the Bank Group.

The constituency I represent is vast and diverse, and I would like to take some examples from our members to highlight key points as we move towards developing and implementing this strategy.

Mongolia and Papua New Guinea are countries ripe with opportunity from the substantial natural resource deposits that are fueling their growth. But they are also countries where poverty persists, particularly in rural areas, and where the growth trajectory must be managed in an environmentally sustainable way. We are strongly supportive of a Bank Group strategy that supports not only the growth in Mongolia and Papua New Guinea, but also supports the Government to manage that growth so that all segments of society and future generations will benefit. We hope the strategy will drive new approaches to the difficult challenge of benefiting from growth while avoiding the “resource curse”.

The Pacific Islands, in contrast, include a diverse range of countries where strong traditions of agriculture, fishing, and informal social safety nets serve as protections from poverty as it is often experience elsewhere. However, extremely small size, remoteness and exposure to environmental risks means many Island nations are fragile, acutely vulnerable to shocks, and currently lack the opportunities for growth and the capacity that their populations aspire to. When developing and implementing the strategy, we agree that the global target cannot be allowed to obscure the specific needs of individual countries, particularly those that are small, fragile, and conflict-affected, where development work may be most challenging.

As World Bank Group develops and implements its strategy, we must also remember that cross-cutting issues such as gender and climate change remain central to development and the role of the Bank Group. The scope for increased gender equality is vast, and would bring substantial wins in terms of development. The Bank is uniquely placed to help many countries manage the shocks of climate-change related weather events and natural disasters. These roles are core components of the World Bank Group’s mission, and are critical for our culturally and geographically diverse constituency.

We look forward to collaborating in this exciting next phase of the World Bank Group’s history.