Statement by

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Finance Secretary

India

Representing the Constituency of Bangladesh,
Bhutan, India and Sri Lanka
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We are meeting at a time when the global economy has shown signs of improvement, though significant challenges towards faster recovery persist. The prospects are uneven across economies and vulnerability of most economies to adverse shocks remain. Hence, to accelerate growth to pre-crisis levels, we need a more benign global environment, sustained economic recovery and better coordination in monetary policies.

While growth spearheads the reduction in poverty levels across countries, we recognise that strategic and focussed interventions are vital to meet the twin goals of eliminating extreme poverty at an accelerated pace and to deliver on the universal challenge of promoting shared prosperity. The agenda of the Development Committee, with its focus on promoting shared prosperity, is, therefore, very relevant.

The World Bank has defined milestones for achieving these goals: a strategy for achieving the twin goals has been outlined; it has set for itself an ambitious organizational restructuring; has a new country engagement model; and is further moving towards increasing its lending capacity. We reaffirm our support to the WBG in its endeavours to build upon its successes and learn from various challenges that have been encountered while remaining steadfast in the commitment of achieving our shared aspirations. The WBG must work with clients, through the country engagement model, to define more clearly the poverty and shared prosperity challenges and to craft country specific solutions.

The policy options, instruments, interventions and frameworks proposed in the Development Committee paper are comprehensive. We believe that the most sustainable way of building shared prosperity is by investment in inclusive growth and creation of productive and durable jobs, together with investment in human capital and skills. The emphasis placed in the DC paper on policies and instruments that support the development of human capacity and asset building is welcome.

While these frameworks, options, and instruments are significant, the drivers and determinants of shared prosperity should also embody the following key messages:

i. The centrality of **strong and inclusive economic growth** for both the goals of ending extreme poverty and shared prosperity must be recognized explicitly. Although the Global Monitoring Report (GMR), 2014, is right in saying that growth alone cannot sustainably reduce poverty and boost shared prosperity, without rapid and inclusive economic growth, there can be no shared prosperity.
Strategies for shared prosperity also require **emphasis on agriculture and food security**. Hence focussed strategies aimed at increased agricultural productivity, diversification of agriculture and which enhance natural capital and foster sustainable habitat would be vital for food security and spearheading employment generation.

**Sustainable urbanisation** and strategies to enhance the capacities and resources of the developing countries to manage the challenge of rapid urbanisation, plan for it and ensure access to amenities is critical for extending shared prosperity.

Finally, **investment in infrastructure** is a crucial catalyst, for boosting sustainable growth and achieving the twin goals in an accelerated manner. It supports and augments better living conditions and provides access to roads, electricity, drinking water and sanitation, health and education, opportunity and skills to all, particularly the poor. The need for investment in infrastructure is humongous and national efforts in this sphere need to be robustly supported through flow of long term financing from MBDs.

We had expectations that the World Bank Group would strengthen its engagement with client countries to facilitate the flow of investment into the infrastructure sector. Though, the WBG is finally moving forward with the setting up of the Global Infrastructure Facility, in its pilot phase, it lacks ambition and reach. We hope that over time the GIF structure will evolve and play a greater role in catalysing investment flows. We would like borrowing countries to have a strong and effective voice in the management of GIF. We would also like GIF to present us with a credible plan regarding the contribution it can make to bridge the humongous infrastructure financing gap.

The World Bank Group has achieved some increase in its lending capacity. However, the challenges of ending extreme poverty and promoting shared prosperity demand a much more robust effort on the part of shareholders to augment capacity. A review of the authorized capital stock of the Bank and the voice and participation of the Developing Countries is due in 2015. I request a prompt completion of the review from the Board. An increase in capital and a more equitable representation in governance will only strengthen the WBG and equip it to meet its goals.

I welcome the update on implementation of the Gender Equality Agenda at the World Bank Group, creation of gender CCSA (Cross Cutting Solution Areas) and compliment the Bank for the progress made in incorporating gender concerns in Bank operations. I would urge the WBG to deepen the gender integration in lending operations by supporting higher standards for deliverables. The WBG, through its operations and knowledge activities, must address structural factors that constrain the realization of more equitable gender outcomes, not only in the social sectors but also in infrastructure and production sectors.

I also acknowledge the analytical work on monitoring of the shared prosperity goal that the GMR presents. There are, indeed, great data challenges and I urge the World Bank Group to continue to support clients in developing capacity and databases for improving the measurement and monitoring of shared prosperity.

I look forward to successful implementation of the WBG strategy, with a clear focus on the twin goals and careful nurturing of the re-organized systems within the one World Bank Group. In doing so, we urge the WBG must keep the client centre stage and address their problems and challenges in a spirit of partnership.