Statement by

Mr. Jacob J. Lew
Secretary of the Treasury

United States
WASHINGTON - This is a pivotal year for development. The world will come together on several occasions over the coming months to renew and advance the global development agenda. We look forward to building momentum for successful outcomes as we engage on Financing for Development in Addis Ababa in July, on the Sustainable Development Goals at the United Nations in New York in September, and at the Climate Change Conference in Paris in November/December. The United States views the World Bank Group (WBG), the regional development banks, and the International Monetary Fund (IMF) as critical partners in our collective ability to deliver on the aspirations of these processes. This year’s IMF-World Bank Spring Meetings and the Annual Meetings in Lima, Peru in October will thus serve as key opportunities to discuss the essential role for these institutions in helping to achieve the world’s development goals.

Delivering the New Global Development Agenda

We welcome the WBG’s commitments and approach to supporting the Financing for Development agenda, notably the WBG’s emphasis on coordination and leverage across its various financing arms. In addition, we strongly support the use of official sector finance to support the poorest countries and those affected by conflict or other sources of fragility, as well as to catalyze other resources, including private flows and domestic resources. The International Finance Corporation has an opportunity to enhance its role, and how it works globally, including in poorer and fragile countries.

The WBG can also help advance an important enabler of development finance – data. Data offer a powerful tool for development, enabling better targeted and evidence-based policymaking. Data also support strong monitoring, learning, and evaluation. We need a clearer vision about how development financing is spent and what it is spent on. This will only be possible with investment and progress on data and evaluation systems that can identify what works, what does not, and why.
The evidence that women and girls need to be full partners in development is indisputable. We urge the WBG to deepen its work on gender inclusion, with greater attention to how WBG projects and policy dialogue can help reduce gender gaps across all sectors. We look forward to the new Gender Strategy, which will enhance efforts in the areas of jobs and economic assets. Finally, we encourage the WBG to expand incentives and accountability beyond the design stage and through implementation and project completion.

Achieving our global development goals is only possible if we successfully address climate change. We welcome Dr. Kim’s commitment to promote climate change mitigation and resilience as an integral part of the WBG project development process. We look forward to the implementation of International Development Association (IDA) efforts to mainstream climate and disaster risk management in strategies, plans, and investments for all IDA countries. We also welcome the WBG commitment to assist countries to pursue environmentally, financially, fiscally, and socially sustainable energy sector development. We applaud the decision by the WBG and the regional development banks to develop common reporting criteria for climate adaptation and mitigation finance. We encourage close coordination and cooperation with the Green Climate Fund as it becomes operational this year.

Responding to Urgent Issues and Opportunities

As we discuss the post-2015 development agenda, it is clear that the current level of global growth is insufficient to eradicate poverty and achieve shared prosperity. Global growth remains moderate and uneven. It is incumbent on all of us to do what we can to boost domestic demand and strengthen inclusive economic growth. The WBG should make particular efforts to boost labor demand and supply and increase investment in infrastructure. Reducing the cost of transferring remittances and enhancing financial inclusion are also priorities.

The drop in global oil prices presents a critical opportunity for countries to adjust their economic policies, namely fossil fuel subsidies that generate significant distortions and undermine economic efficiency. Oil exporting countries should seize the opportunity to introduce reforms and promote greater economic diversification. The WBG is well-positioned to work in partnership with countries, facilitating productivity and growth-enhancing reforms while protecting the poorest citizens.

We also value the WBG’s role in addressing urgent challenges, while still supporting longer-term development goals. We laud the WBG’s leadership in convening development partners to support the efforts of the Ebola-affected countries to contain the epidemic, build strong and resilient health systems, and accelerate economic recovery. The Ebola crisis underscored the importance of robust health systems, and we are pleased that this will become a greater focus of the WBG’s engagement in client countries, particularly fragile and conflict-affected states.

In Ukraine, WBG support remains critical for strengthening public finances and the banking system, and reforming Ukraine’s energy sector and social safety net. The importance of the WBG working effectively with other international financial institutions cannot be overstated. The United States, will continue to coordinate closely with the WBG to help Ukraine implement a robust reform program that will help to stabilize its economy and lay the groundwork for future growth and prosperity.

In Central America, we look to the WBG to capitalize on the fact that this region has a real opportunity to work with willing partners to create the conditions to attract investment and generate jobs. Vice President Biden recently said, “The challenges ahead are formidable. Solving them will take years. But Central America’s leaders have now laid out a shared plan to move their region forward and taken the first steps
to make it a reality. If they can deliver, Central America can become the next great success story of the Western Hemisphere.”

We reaffirm our commitment to the WBG, while noting that there is room for new institutions devoted to advancing the cause of development. We are ready to welcome new additions to the international development architecture, including the Asian Infrastructure Investment Bank, provided that these institutions complement existing international financial institutions, including by adopting their high quality standards. Having the AIIB co-finance projects with existing institutions will help demonstrate a commitment to these high standards.

*Ensuring the WBG’s Role as the Premier Development Institution*

President Kim’s leadership and early focus on a series of sweeping changes have effectively positioned the WBG to respond to the emerging development agenda and amplified its role as the premier global development institution. We are encouraged by the progress of the WBG’s new operating model.

We also welcome the work underway to update and further strengthen the WBG’s policies on environmental and social safeguards, and procurement. These efforts are fundamental to addressing client countries’ most pressing needs in an effective and sustainable fashion. These policies are also an intrinsic part of the WBG’s value add, as a source of knowledge, expertise, and standards. Good progress is being made, but we emphasize the importance of continued robust consultations, as well as proper resourcing and staffing plans to the success of these policy enhancements.

For the WBG to have credibility with its clients on the social inclusion agenda, the effort needs to begin at home. The WBG must do all that it can to foster diversity and inclusion among its staff at all levels and across all departments. Recognizing that unconscious bias affects all organizations, efforts must be made to empower managers with data and training, and hold them to account on progress toward diversity goals and creating an inclusive workplace.