Statement by

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On behalf of the Group II African Countries
My statement focuses on the two final reports from the Executive Directors on (i) the dynamic formula and (ii) the future of the World Bank Group.

I. Report from the Executive Directors on the dynamic formula for shareholding reviews at the Bank

We would like to thank the Bank’s Corporate Secretariat for this report on the development of a simple and dynamic formula for determining the relative share held by each Bank shareholder, based on guidance provided by the Governors at the 2015 Annual Meetings in Lima.

We fully appreciate the formula simulation tool, which was developed by the Corporate Secretariat and made available to all Executive Directors to enable them to explore the various options and test the impact of the changes to the weights and definition of the variables on the shareholding of individual countries and constituencies.

As we begin to wind down our discussions on the dynamic formula, we wish to note that this discussion stemmed from concerns relating to the legitimacy, credibility, and effectiveness of the World Bank. We believe that these concerns must continue to undergird future shareholding reviews. In that regard, we are of the view that the progress achieved in the area of diversity and the implementation of a process that increases the voting power of developing countries over time strengthen the credibility of our institution.

The measures adopted in the 2010 review paved the way for the first major step in this direction and, in our view, efforts must be made to build on this legacy in order to avoid reversing gains made thus far. Our discussions and deliberations during this process have been difficult and indicative of the complexity of this task. This is especially true when we analyze the implications of the different permutations of the weights given to each variable of the dynamic formula for the future financing of our institution and the protection of the voting power of its members.

In our efforts to premise our decisions on objective variables while taking the banking aspect of our institution into account, we focused on GDP and IDA contributions. The selection of these two variables would favor the larger and wealthier member countries. We have therefore advocated for the introduction of other elements for rebalancing voting power for small, poor countries. Without this trade-off, dilution of the voting power of poor countries would be inevitable. In these circumstances, it would be difficult to reach agreement on the basis of the pure and simple application of the dynamic formula.
It is therefore our view that the next step in our approach must be anchored in a commitment to achieving a fair and equitable result. It is for this reason that we strongly endorse the proposed commitments that the Governors should undertake with a view to paving the way for the second phase of negotiations and achievement of broad consensus, to wit:

(i) A commitment to include shareholding review in voice reform and to avoid reversing gains made by developing countries in the 2010 reform.

(ii) A commitment to apply a 0.95 compression factor in the formula to avoid a wide dispersal of shares;

(iii) A commitment to avoid excessive dilution of the voting power of member countries;

(iv) A commitment to discuss the options for the taking up of all or some of the shares by under-represented countries, with a view to achieving results that are broadly acceptable to all.

(v) A commitment to explore a range of options to protect small and poor countries, including an increase in basic votes and an allocation of additional shares.

II. Report on the future of the Bank

We commend the Executive Directors and Senior Management of the Bank for this report on the future of our institution. We believe that the report adequately addresses the major priority areas for institutional reforms that the Bank must adopt, in order to become a “better” Bank and lay the foundation for discussions on a bigger Bank in terms of financial capacity. Implementation of these reforms will be pivotal to the WBG’s ability to remain a relevant development institution for its clients over the next fifteen years. Our comments pertain to the following points:

Provide assistance to all client categories: We are of the view that the Bank Group must provide assistance to all its clients, irrespective of level of income. We commend Management for the proposals to double the volume of financing for fragile countries over the next three years and build up the IBRD portfolio for IDA graduates and lower-middle-income countries (LMICs), with a view to doubling the allocation of these countries over the next decade, subject to adequate financial capacity and solvency criteria. We look forward to the annual conversations with the Board on overall lending volumes and the alignment of the lending pipeline with strategic priorities.

Lead on global and regional public goods: We support the WBG’s objective on the global public goods agenda and the importance of refocusing on fragile and conflict-affected states, continued commitment to robust implementation of the Climate Change Action Plan, and enhancement of the WBG’s crisis preparedness and response. We applaud the establishment of the Global Crisis Response Platform, a first step in the preparation of an effective strategic framework, which is critical in strengthening the WBG’s crisis response, and the plans aimed at broadening work with the insurance industry. In the future, we will need to build on these initiatives by creating new market instruments, improving efficiency and synergies among existing products, providing clearer risk financing opportunities for clients, strengthening clients’ risk management capacities, improving institutional coordination, and better aligning resources and incentives.

Increase development financing: We are in agreement that the most sustainable and scalable solutions to development challenges involve the interplay of private investment and public policy. In this context, we support the commitment to mobilize efforts to identify the reforms, partnerships, and mechanisms to lower the risks associated with private sector opportunities by enlisting the joint capabilities of the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International
Bank for Reconstruction and Development (IBRD). We also support the goal of strengthening the capacities of these institutions in order to define and implement coordinated and integrated strategies. To make this a reality, we would like to see concrete implementation plans indicating how the WBG as a whole—and each of its components (IBRD, IFC, and MIGA)—will create markets and unlock opportunities, working with the private sector and mobilizing private capital in the institutions.

**Improve the WBG’s business model:** We strongly support the WBG’s goal of being more agile and less bureaucratic, and the underlying understanding that this will require a fundamental shift in mindsets and behaviors. We welcome the Agile Bank initiative, as well as the simplification program, and we note the progress achieved with integrating a culture of risk-based decision making in the new market and environmental and social guarantee frameworks. We also note the very encouraging work done on adaptive programming approaches. All of these initiatives and work are an essential component in improving the product offer for clients as well as incentivizing staff to better focus on resolving problems and enhancing efficiency. We eagerly await the lessons learned from all of these initiatives and work in order to apply them more broadly.

**A stronger World Bank Group for all:** In accordance with the Governors’ Roadmap, following the IDA18 Replenishment, we await a discussion with the Bank’s Management and shareholders on the resources required by the IBRD and IFC to fulfill their mission with respect to achieving the SDGs. This discussion should explore all the variables that contribute to increasing the financing capital of IFC and IBRD, including pricing measures, efficiency measures, transfers of a portion of benefits, and a capital increase.