DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

NINETY-FIFTH MEETING
WASHINGTON, D.C. – APRIL 22, 2017

Statement by
Rt. Hon. Priti Patel
Secretary of State for International Development

and

Rt. Hon. Philip Hammond
Chancellor of the Exchequer

United Kingdom
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95th Meeting of the Development Committee

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World poverty has fallen sharply over the past two decades, driven in particular by global factors, such as technology, trade and economic integration. Nevertheless, significant poverty and global challenges still remain. The immediate humanitarian challenge is the most pressing. In the last twenty years we’ve had one famine globally, in 2011. In 2017 we are facing four; Yemen, North East Nigeria and Somalia all stand on the precipice of disaster, while famine has already been declared in parts of South Sudan and crisis continues in Syria. Yet we also face other sustained challenges such as conflict, malnutrition and a lack of access to family planning across the developing world.

The UK remains committed to a strong international system; however it needs to reform and improve in order to respond to the growing challenges that it faces. Global Britain is at the forefront of that response, and has stepped up on the priority areas of humanitarian crises, transparency and effectiveness, fragility and conflict affected states, targeting resources to where they are most needed, demonstrating results, and catalysing greater private finance for economic transformation. The international community needs to do the same.

Well-functioning multilateral development banks are essential for building greater stability and resilience, and for delivering a globalisation that leaves no one behind. The World Bank Group plays a key role in delivering this as part of its twin goals. It has made good progress through its Forward Look process, but it now needs to ensure effective delivery of all the agreed reform priorities. The UK made our contribution to IDA both on the basis of the strong IDA 18 policy and financing framework and our expectations for the ongoing implementation of the reform agenda. We will pay close attention to the delivery of both of these. Specifically, we want to see progress in the following six areas.

First, the wider international community urgently needs to step up its response to the humanitarian crises emerging in 2017. At a time of unprecedented need, the UK is stepping up to provide urgent humanitarian relief to millions of sick and starving people. We are calling on others to do the same as the financing gap is expanding. We welcome the Bank’s recent pledge of new financing and we urge it to do all it can to bring forward projects for approval and disbursement quickly. The establishment of the Global Crisis Response Platform is a welcome step in the right direction, as is the improved focus on results. However, the Bank needs to play an important role in the much needed reform of the wider humanitarian system, so that it responds faster and more effectively to the challenges that it faces. The Bank now needs to do more to support countries to develop their own crisis preparedness and response. We also expect the Bank to go further in creating innovative financial instruments to prepare for crises, and in helping clients and country offices to build their capacity to manage risk.
Second, we want to see a truly transparent, efficient multilateral system that provides better value for money and enables beneficiaries to feedback on delivery to improve outcomes. It needs to show where aid is going and what it is delivering. For the system to deliver more effectively, institutions such as the World Bank and the United Nations need to get better at working collaboratively. It also must deliver for the poorest and most marginalised, ensuring that we leave no one behind, including people with disabilities.

This is where the multilateral development banks in particular need to step up. The World Bank must continue to focus on becoming faster, more agile and less bureaucratic. Delivering this still requires further simplification, a fundamental shift in the mindsets of staff, and for adaptive approaches to be fully embedded in the project cycle.

Third, we want the MDBs to deliver effectively in fragile and conflict-affected states. We welcome the commitment made through IDA18 to double the volume of resources going to FCAS, and scaling up their presence on the ground. The Bank needs to go further to ensure that it has the right people in the right places to deliver conflict-sensitive programming. We want to see closer collaboration between multilateral and regional bodies on the ground, both during planning and implementation stages. The WBG also needs to do much more to mobilise private sector finance in the toughest places. This needs to focus on delivering innovation and different tools for private finance, but also delivering the right staff incentives needed to make change happen.

Fourth, we want all the MDBs to strategically target their resources to where they are most needed and where they deliver maximum impact. In the World Bank we want Management to deliver the Forward Look commitment to ‘significantly shift’ resources to its poorest clients, and to support countries which are transitioning from IDA. The Bank can deliver this shift and still remain relevant to all its clients by further developing its offer to upper middle income countries. This should focus more on partnering with the Bank’s knowledge and systems for innovation and piloting, for clients to scale up with their own resources, with a particular emphasis on global and regional public goods. We see progress on allocation as central to agreement on any package to improve IBRD’s financial sustainability and efficiency.

The UK is committed to exploring in detail all the options to increase the financial sustainability of the World Bank Group, including pricing measures, administrative efficiencies and balance sheet optimisation, alongside any possible capital increase, with a view to agreeing on a package of measures.

Fifth, the international system needs to step up in demonstrating results and showing the impact that it is happening on the ground. The World Bank can lead the way through its own delivery of results, in sharing lessons, and providing leadership across the relevant sectors, where it is able to do so. The Bank’s flagship events on nutrition and adolescents are a welcome step forward and we welcome the Bank’s leadership in this regard. It’s essential that this call to action leads to greater mobilisation of financial resources and use of innovative financing. It must deliver maximum impact on both malnutrition and family planning. The Bank must ensure that it is responding effectively to new and emerging development challenges. We want to see the Bank step up in response to new challenges. We want to see the Bank step up its work on violence against children and drive efforts to end the scourge of modern slavery.

Sixth, we want the MDBs to do more to catalyse private finance for economic transformation. The World Bank Group has taken some good steps, through the establishment of the private sector window in IDA 18 and through the Forward Look commitments. We also appreciate the hard work and commitment of the Bank in co-chairing a Private Sector Event in London last month to mobilise private finance – we now need to ensure that it leads to concrete progress. The focus on the cascade approach is welcome, as it ensures that public money is used only where it is most needed. We have high expectations for the new IFC strategy in delivering a clear vision for how it will play a central role in mobilising greater private capital in difficult markets. We also welcome and encourage the Bank’s active involvement in delivering the G20
Compact with Africa, to leverage private investment across the continent. We know public finance alone will not be enough to deliver the Sustainable Development Goals. If we are to deliver on these promises and deliver our poverty reduction ambitions, it is critical that the World Bank Group focus its efforts on mobilising the trillions of dollars of private finance needed.