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-SIXTH MEETING
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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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96th Meeting of the Development Committee

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This year has seen a worsening of many conflicts, an unprecedented risk of widespread famine, several natural disasters and economic crises continuing to face a large number of developing countries. With these crises, the multilateral system has never been more needed to provide global co-operation and global leadership in responding to urgent need around the world. The scale of the challenges facing the international community in meeting the Global Goals remains substantial and urgently requires new ways of working by all, including the World Bank Group.

Reform

The UK therefore has high expectations for what the Bank can deliver and continues to pay close attention to the implementation of the Forward Look agenda.

The Bank has commendably stepped up its engagement in addressing protracted humanitarian crises, providing more cost-effective and sustainable solutions to meeting basic needs and creating jobs for refugees and host communities in countries such as Yemen and Jordan through the $1 billion of concessional funding unlocked by the Global Concessional Finance Facility. We have also seen progress in the form of issuance of specialised ‘pandemic bonds’. However, the Bank still needs to go further to support countries to develop their own crisis preparedness and response, through mechanisms such as the Global Crisis Response Platform and the IDA Crisis Response Window. The Bank should also improve its coordination with development and humanitarian partners to address the complex challenges posed by crisis situations, as part of wider humanitarian reform efforts.

A better allocation of resources is key to achieving a better World Bank Group. The World Bank must deliver on its commitment to build up IBRD lending to its poorest clients and to support countries that are transitioning from IDA in the coming decade. It also must expand the product offer for richer clients beyond traditional financing and better tailor its engagement to focus on supporting those clients with knowledge and pilots to scale up with their own resources, as well as supporting global and regional public goods.
We want the multilateral system to deliver effectively in Fragile and Conflict-Affected states (FCAS) and Small Island Developing States. We welcome the commitment made by the Bank to scale up investment, knowledge, and advisory services in FCAS. The Bank needs to go further to ensure that it has the right people in the right places to deliver conflict-sensitive programming. This also means strengthening the coordination between the development community in-country. 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.

**Private sector**

When the international community agreed the Global Goals in 2015, it was clear that this ambitious agenda must be underpinned by financing flows far surpassing current development financing. Development Finance Institutions, donors, developing country governments and financing from private sources, including capital markets, all have a role to play. Optimising these partnerships is key if we are to catalyse the finance needed. Progress is being made but the scale and urgency of the task at hand leaves no room for complacency.

Earlier this year, President Jim Kim and I hosted an event to explore how the UK Government and World Bank can work together with investors to expedite investments into frontier markets. I welcome the concrete actions the World Bank Group is taking to mobilise public and private investment. The launch of IDA18’s IFC-MIGA Private Sector Window (PSW) to encourage investment in the world’s most challenging country settings is a step in the right direction. We must maintain momentum if we are to achieve the ‘Billions to Trillions’ vision.

I welcome the Bank’s new approach to mobilising finance for development. I encourage the Bank to continue in their efforts to set the right incentives, work together with other MDBs and do more in poorer and more fragile states.

Global Britain is stepping up to the challenge through the City of London, pioneers in ensuring that the private sector is playing its part in supporting development [The UK will be hosting an anniversary event on bringing investment to scale early next year to show what progress has been made and what more can be done.] We need to continue to work together to attract large-scale new sources of private capital and share lessons among the development finance community.

**Human capital/WDR/Education**

Building human capital is a clear path to ending extreme poverty and ensuring no one is left behind. Investing in people is critical to sustainably transforming the future trajectory of countries’ economic growth and competitiveness. It fortifies countries to help deal with instability and conflict. Human capital investments need to be made at the most vulnerable stages of the lifecycle – including early years, during adolescence and pregnancy. The UK is playing a leadership role in this; at the Annual Meeting I am launching the UK’s Nutrition Position Paper setting out how we will support countries’ efforts to get on track to meet Global Goal 2.
I welcome the World Development Report on Education Systems, which puts a spotlight on the scale of the global education challenge. Education is a catalyst for economic and social development. Every dollar invested in an additional year of schooling can generate $10 worth of benefits for low income countries. It points to ways that we can work together to strengthen education systems. DFID recognises that a bold new approach is needed to ensure that education systems around the world produce dramatic improvements in learning, particularly for the poor and vulnerable. We welcome the emphasis on the critical role of skilled, motivated teachers in achieving this.

We are looking forward to working with the World Bank to put recommendations in this Report into practice and to discussing implications for which parts of the international system should do what to deliver on this vision.

**Capital**

Alongside progress on reform, the World Bank needs to be adequately resourced to deliver on this agenda and financially sustainable over the longer term. The UK is open to an IBRD capital increase as part of balanced package that also maximises the use of internal sources (including efficiencies, and stretching the balance sheet), increases loan prices for better off countries, and increases lending to poorer IBRD countries. We look forward to further work on the financing needs of IFC to deliver on its vision for IFC 3.0.

We also look forward to the final report of the external review of capital adequacy. We note that for the review to be a useful and credible input into discussions on financial capacity, it must meaningfully address the core issue of how well – or how poorly – the current capital adequacy framework aligns with the objectives of maximizing lending/guarantee capacity and maintaining the AAA rating.