Statement by

Dongwei Wang
Vice Minister, Ministry of Finance

don behalf of

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107th Meeting of the Development Committee
April 12, 2023
Washington, DC

The world is facing unprecedented changes in a century, with instability, uncertainty and unpredictability becoming the norm, multiple challenges and crises overlapping, the ecological environment continuing to deteriorate, a large increase in the number of people returning to poverty, and a widening development gap. Unparalleled challenges stand in the way of global poverty reduction and development. In such context, Chinese President Xi Jinping proposed the Global Development Initiative (GDI), advocating the importance of prioritizing development and putting people at the center, and calling on all parties to always keep in mind the difficulties faced by developing countries, and address their concerns. As the world's largest and most influential multilateral development institution, the World Bank Group (WBG) should adapt to the changes of the times, enhance its mission and capacity through the evolution process, so as to help member countries address development challenges, enhance development resilience and fill development gaps.

China commends the efforts of the Board of Directors and the Management to advance the evolution, appreciates the hard work of President Malpas during his tenure, and looks forward to a comprehensive and balanced package of results on the reform at the annual meeting in Marrakech in October this year to build a "bigger, better and stronger" WBG.

I. Enhancing the vision and mission to facilitate strong growth and sustainable development

The WBG's long-standing practice proves that strong growth is a prerequisite for poverty reduction and development. Today, the negative impact of global challenges on the world economy is increasingly prominent, and countries are paying a huge economic and human cost. The nexus between growth, development and global challenges has become an issue of the times that the WBG cannot avoid. In this regard, China welcomes the updated vision and mission of the WBG "to end extreme poverty and boost shared prosperity by fostering sustainable, resilient, and inclusive development", which provides a clear direction for future actions under the new circumstances. With regard to the vision and mission, China would like to emphasize the following points:

First, the evolution of the WBG should aim to better serve the “Twin Goals”. The objective of addressing global challenges is to help developing countries achieve economic transformation, restore strong growth, which will contribute to reducing poverty in a faster pace. To this end, the WBG should meet various development needs of its members at different developing stages. Addressing global challenges should not dilute the WB's investment in traditional development areas for growth and poverty reduction, and these two should not be an either-or substitution.

Second, the scope of global challenges should be further expanded. In addition to the three priority areas of climate change, pandemic and health security, fragility and conflict, food and energy security, digitalization and other issues of developing countries’ concern should also be recognized.

Third, the monitoring indicator system should be appropriately developed. To better monitor the implementation of the vision and mission, the core indicators should not only highlight relevance and
representativeness, but also reflect the WBG's comparative advantages and strategic priorities, and enhanced accountability mechanism should be put in place as well.

II. Improving the operational model to comprehensively strengthen WBG’s capability to serve client countries

The WBG's long-standing practice proves that the country engagement model fit for purpose. It should remain as the foundation and cornerstone of the WBG's operating model, and the WBG should continue to cooperate with developing countries outlined by the Country Partnership Framework to provide tailor-made support.

The enhancement of the operating model must follow the client country-led and demand-driven principles, focus on strengthening capacity for both traditional development business and operations on global challenges. It should proceed on the basis of extensive consultation, especially with developing member countries, and continue to improve the relevant options, so as to achieve an early consensus.

China supports the WBG to develop a sound incentive mechanism and financing terms to encourage client countries to engage in global public goods projects, while avoiding overburdening the client countries by imposing excessive conditionalities.

China supports the WBG's efforts to strengthen its internal coordination and synergies while deepening external partnerships to maximize development impact. The “One-WBG Approach” should be further operationalized in the updated operation model by strengthening the coordination and resource integration among IBRD, IDA, IFC and MIGA. Meanwhile, the WBG should expand its partnership network for global challenges, further deepen partnerships with other multilateral and bilateral institutions, and foster private sector mobilization. In this process, China welcomes the WBG to proactively engage in the international development initiatives such as the Belt and Road Initiative (BRI) and the GDI.

III. Optimizing the financial model to effectively bridge the development financing gap

The WBG's long-term practice proves that development financing must be commensurate with development ambition. According to the WBG's estimate, the investment needs in developing countries on climate change, conflicts and pandemics will amount to $2.4 trillion per year before 2030. We expect a bigger and stronger WBG with sufficient ambition on its financing operations. We support the WBG's efforts to address the short-term “financing cliff" by further tapping into internal resources through balance sheet optimization, while maintaining its AAA credit rating and flat loan prices. At the same time, capital increase is a most efficient way to address the WBG's resource shortage. We ask the WBG to proactively explore all options, including a capital increase, to significantly enhance capital adequacy, while ensuring financial soundness, and build a "stronger bank" to effectively support its long-term vision and mission. We support the inclusion of enhancing the IDA’s financial sustainability in the priorities of the WBG’s evolution, and support the IBRD’s net income transfer to the IDA to ensure support to low-income countries.

In the long term, governance should also be contemplated as an important part of the WBG’s evolution. We expect the IBRD to further improve its governance structure, and gradually improve and resolve the significant shareholding misalignment through regular shareholding review, so that it can truly reflect the changes in the world economic landscape and enhance the voice and representation of emerging markets and developing countries. We expect the WBG to select the next President through an open, transparent and merit-based process and strengthen the Board's oversight on the management.

IV. On the Chinese economy and international cooperation on development

As an important development partner of China, the WBG has witnessed the history of China's reform and opening up for more than 40 years and has contributed to China's historic achievements in poverty
reduction. China has embarked on a new journey to build Chinese modernization in all respects, which also put the cooperation between China and the WBG at a higher starting point. As a developing country, unbalanced and insufficient development remains a key challenge for China, accompanied by many difficulties and challenges in economic and social sectors. China expects that the WBG will continue to utilize its lending project as a vehicle in support of China’s endeavor in promoting Chinese modernization, fostering high-quality development and common prosperity.

As a responsible major country, China has always been a builder of world peace, defender of the international order and contributor to global development, while focusing on its own development. China will continue to help the developing countries address their development challenges through initiatives such as high-quality development of the BRI and the GDI. China will always adhere to reform and opening-up and innovation-driven approach, and continuously provide new impetus and energy into the world economy, and share with the world the development opportunities and dividends by China.