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)

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Statement by

Mr. Koenraad Geens
Minister of Finance

Belgium

On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovakia, Slovenia and Turkey
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The World Bank Group Strategy

This Development Committee will discuss a new strategy for the World Bank Group (WBG) which is, at the same time, overdue, timely and forward-looking.

The strategy is overdue because the fulfillment of the World Bank Group’s mission has always been too daunting to depend on improvisation and short-term reasoning. At last, under the leadership of President Kim, the entire Group will share strategic directions. Beyond words, these will be accompanied by financial, budgetary, and organizational reforms. Furthermore, the strategy addresses a long-standing concern of our constituency: it promises a more selective WBG that engages in accordance with its comparative advantages, in partnership with others. The strategy also confirms the multidimensional nature of the development agenda and therefore corrects the image of an institution that equates development with economic growth and raised income levels alone. In this respect, we welcome the strategy’s affirmation of the WBG’s new goals of eradicating poverty and promoting shared prosperity in a sustainable manner. We concur with the strategy that economic growth, inclusion, and sustainability are needed to achieve the two goals, and emphasize the importance of creating good jobs for development in line with the international consensus on decent work, social protection and redistributive policies. We underscore that excessive inequality is not just morally objectionable, but also damaging for social stability and for growth itself. Finally, the strategy will enhance the coherence between the WBG’s public and private support programs. It also sensibly plans to boost private sector support in a context of public aid flows that have long been dwarfed by private investment.

The strategy is also timely. The recent turmoil in emerging markets can largely be explained by volatility resulting from international interdependency. And today’s violent intra-state conflicts, notably in the Middle East, are rooted in the denial of citizens’ participation in, or enjoyment of the benefits from, their country’s development process. The strategy aptly responds to challenges in the present day by making a strong case for inclusive development that addresses poverty as well as vulnerability.

Moreover, the strategy is in several ways forward looking. We strongly support its commitment to sustainable development in all its dimensions to protect the interests of future generations. The strategy also positions the WBG as a leading player to promote and protect global public goods and, as such, identifies a long-term agenda for the organization. In the shorter term, the strategy affirms the WBG as an actor that leads the way in the development landscape in terms of working towards results.
However, we could collectively be admiring the fabled emperor’s new clothes. The World Bank Group strategy will be insignificant unless it addresses seven issues.

First, all client countries should be taken into consideration. The WBG must not be satisfied with easy wins and improved global averages. Countries with the highest needs and the lowest capacities, particularly fragile and conflict-affected states, clearly need more support than others. Countries with lesser needs, or with higher capacities, should still be able to count on the WBG’s support, yet on adapted terms.

Second, the WBG must make selective choices to increase development impact. Selectivity in the strategy heavily relies on decisions at the country level. The Bank will have to ensure that its offer is not only consistent with country demand, but also with its comparative advantages. Moreover, the Bank will have to restrict its engagement to those areas which, based on evidence, can have the greatest impact on the WBG’s two new goals. As this may, sometimes, be a tough call for country teams, we emphasize the need for appropriate guidance and support.

Third, the WBG will need to work more closely with other multilateral and bilateral partners both from the public and the private sectors. Their joint effort and engagement in countries will have to be mutually complementary with the aim to achieving the broadest development impact while maximizing effectiveness.

Fourth, the WBG should engage more closely with its ultimate beneficiaries, the poor. Too often, the WBG relies on the assumed trickle down effects of interventions that seem far removed from the poor’s actual needs. We advocate better identification and targeting of poor and disadvantaged beneficiaries, we encourage polling of citizens ex ante and ex post WBG operations, we support efforts to promote empowerment of citizen groups and accountability of governments, and we call for improved results frameworks that put the poor first and center.

Fifth, the institution needs a change of culture. The lingering focus on commitments of funds must be replaced by a more robust culture of results and development impact. The One World Bank Group approach will bring another important cultural change that staff will also have to face. We therefore welcome the ambitious ongoing and planned human resources reforms as a critical element that can influence values and incentives. Improved organizational, managerial, and individual accountability can strengthen the WBG’s reputation of excellence. As one of the World Bank Group’s most important assets, staff are entitled to competent leadership, collaborative teams, career opportunities, and space to innovate.

Sixth, financial sustainability will be critical for the successful implementation of the strategy. The WBG will have to take measures on costs, revenues, and financial capacity to increase its financial resilience as well as grow its ability to do more, while striking an appropriate balance between volume, on the one hand, and results and selectivity, on the other. This will require a better control of the Institution’s costs and a more efficient use of its resources. Such measures should nevertheless not be taken in a way that would be detrimental to the WBG’s oversight institutions, its fiduciary standards, or its safeguards. On the revenue side, we support the expansion of revenues by growing existing business and developing new sources of income generated internally. We expect the WBG to mobilize additional means through external private and public sector sources. We, nevertheless, expect that this external funding will be geared towards directly contributing to the achievement of the twin goals. In that spirit, we underscore that the replenishment of core IDA resources is paramount. We would also be ready to have our Board examine the possibility of establishing a Global Infrastructure Facility with a view to crowding-in available public and private resources. Initial seed contributions from shareholders should nevertheless not be a substitute for IDA contributions.
Finally, as the success of the strategy will essentially hinge on its implementation, we are looking forward to receiving, as soon as possible, a detailed implementation paper that will include a timeline and the sequencing of the various initiatives to be taken. This will allow us to monitor the progress accomplished towards the WBG’s twin goals, both at the operational level and at the organizational level through a revised corporate scorecard.

Update on the Implementation of the Gender Equality Agenda

We welcome the second Update on the Implementation of the Gender Equality Agenda and commend the Bank for its commitment to further advance the Agenda. While we acknowledge the usefulness of this Gender Update, we would like to suggest that future Updates be submitted to the Board of Directors for discussion.

This year’s Gender Update rightly underlines that closing the gender data gap remains a major challenge, requiring scaled-up efforts from all stakeholders. We, therefore, fully agree that working on the gender data gap should remain a priority in the short term as well as in the longer term. We call upon the Bank to step up its efforts to address this critical constraint in a more comprehensive manner. Continued efforts are needed to address gender equality in lagging sectors and in fragile states.

We very much welcome the Bank’s intention to refresh its gender strategy and fully integrate the gender equality agenda in the implementation of the new corporate strategy. In view of the pressing need to improve the opportunities of people who are disadvantaged on the basis of their gender, we believe there is urgency in renewing the gender strategy.

Finally, future progress will also depend on increased attention to and concrete action in frontier areas, such as gender-based violence, inequality at work, and discrimination under the law.