

Madam Chair,

This is not yesterday's Bank. Just in the recent past, the term inequality was considered too controversial for the title of the 2006 World Development Report, in the end called "Equity and Development". Today, controversy has given way to common sense: Governors are talking about inequality right here at the Development Committee. Inequality is not just about globalization, it is also about governance. Globalization does not raise all the boats, but sometimes venal elites just keep vulnerable people from climbing on board. Distribution of income cannot be seen separate from distribution of power. So let's apply the lessons of this year's World Development Report on Governance and the Law here.

Madam Chair,

Just like blind market forces did not on their own bring about inequality, the forces of nature alone did not cause today's famine in Africa and Yemen. Even when the rain returns, it will not wash away the blame that irresponsible leaders bear. I commend Management for quickly putting together a 1.8-billion-dollar emergency package. Beyond the current crisis, I call on the Bank to also gear its long-term development programs in the relevant countries towards addressing underlying governance failures and building resilience. Resilience that will be bolstered as well by the Climate Change Action Plan – after all, as the temperature rises, food production drops. Exactly one year ago, this Action Plan already got the green light, now let's get to that greener future.

Madam Chair,

Let me now turn from external challenges to internal ones. As we build tomorrow's Bank, a better Bank, let's further tighten the bonds with clients, among World Bank Group partners and with the UN.

First, with clients. The best way to get closer to clients is to literally get closer to them. At least half of all Bank staff should be right where development happens. We look forward to such a target in the next progress update of the Forward Look.

Second, on tightening the bonds among World Bank Group partners. Working together as One World Bank Group is the only way to move from rhetoric to results on "Billions to Trillions" and the cascade. An ambitious target for private capital mobilization should be added to the Forward Look results framework.

Third, on tightening the bonds with the UN. It was great to see Secretary-General Guterres at the Development Committee Lunch. His focus on conflict prevention resonates. It resonates with the Netherlands as an incoming member of the Security Council. It resonates here at the World Bank. We live in a time of multilateralism questioned. For multilateral organizations, this is the worst time to compete and the best time to cooperate. So the Bank and the UN should continue down that path of working together.

Madam Chair,

Let me conclude. Especially in this day and age, we need a better Bank to make the case for the institution. We surely need it to make the case for a bigger Bank, something we are ready to think about. My constituency remains committed to the Lima Roadmap. But rather than rushing, let's get it right. Let's bring everybody here along, because we're in this together, one world. After all, as then US Treasury Secretary Henry Morgenthau said at the Bretton Woods conference: "Prosperity, like peace, is indivisible." Thank you.

**Statement by**

**Lilianne Ploumen**

**Minister for Foreign Trade and Development Cooperation**

**of the Kingdom of the Netherlands**

**Representing the constituency of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldova, Montenegro, the Netherlands, Romania and Ukraine**

**95th Meeting of the Development Committee**

**22 April 2017**

**Washington, D.C.**

Today's Development Committee meeting sees the World Bank Group (WBG) take steps to move from strategy to reality, implementing the Forward Look vision that should make it fit for purpose for the years to come. Our constituency reaffirms the WBG's central role in achieving the Sustainable Development Goals, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on Financing for Development. The WBG is a vital partner in providing resources, mobilising funds and convening actors to provide solutions to today's pressing development challenges.

Our constituency welcomes the progress made in the fight against extreme poverty in recent decades, including by the WBG. At the same time, we note that inequality remains high both between and within countries. We view the fight against inequality as a crucial component of achieving the WBG's Twin Goals. Multilateral institutions like the WBG and the International Monetary Fund (IMF) have an important role to play in fostering sustainable growth and in supporting inclusive economies, making sure that everyone can enjoy a share of the gains of global economic progress and that no one is left behind.

The current hunger crisis in parts of Africa and in Yemen deeply concerns our constituency. We need to collectively take action to prevent a humanitarian disaster. We therefore welcome President Jim Kim's initiative to create a financial package to fund operations to support the affected countries. In addition to the short-term assistance provided by humanitarian organisations, we support the WBG's active efforts to invest in the long-term development and resilience of local communities. In doing so, we encourage the WBG to work more closely with the United Nations and NGOs at country level in order to integrate and optimise their interventions.

We appreciate the WBG's continued support for countries in the Europe and Central Asia (ECA) region, including the countries of our constituency. Many of our constituency members are facing economic headwinds and sluggish growth. We call upon the WBG to deepen its engagement in the ECA region so as to support these countries in facing their challenges, in particular through fostering private sector-led growth.

*Forward Look: Progress and Challenges*

Our constituency welcomes the Forward Look as an effort to recalibrate and improve the WBG in order to enhance its contributions to the pressing development challenges facing us. The Forward Look constitutes an ambitious recognition of the leadership role that the WBG envisions itself playing in achieving the goals set out in the 2030 Agenda for Sustainable Development. We consider the WBG to be an important partner in translating these ambitious goals into development success.

Our constituency welcomes the steps that the WBG has taken to improve its business model thus far and to become fit for purpose with regard to meeting the challenges of the 2030 Agenda. In particular, we support the WBG's enhanced focus on supporting the world's most vulnerable by becoming more active in fragile and conflict-affected states, where extreme poverty is increasingly concentrated. Furthermore, we welcome the WBG's improved efforts to catalyse and mobilise private financial flows, as the sheer magnitude of the 2030 Agenda means we cannot realise our development ambitions with public resources alone. We also welcome last year's revision of the WBG's safeguard policies as a promising step towards becoming an institution that is both accountable and close to its clients. We call on the WBG to ensure a smooth transition to the new framework, including through capacity building in client countries. Building on that, we support the ongoing discussions on modernising the mandate of the WBG Inspection Panel and call for these discussions to be successfully concluded this year.

We encourage the WBG to step up its efforts in translating the ambitions expressed in the Forward Look into specific targets and tangible results. More specifically, we call on the WBG to bring the Bank closer to the client and the private sector. At least half of WBG staff should work in the field, at the heart of where development happens. What is more, there should not only be more staff working *on* fragile and conflict-affected states, but also *in* those countries. Additionally, we urge the WBG to specify targets for mobilising private capital, which will make or break financing for development. Finally, in terms of the WBG's business model, while we appreciate the commitment to cut loan processing times by one third, we stress that debureaucratisation and simplification should become entrenched in a continuous effort towards becoming a more Agile Bank.

#### *Financial Capacity*

As shareholders, we require a strong business case from the WBG to be able to decide on the need to enhance the WBG's financial capacity. We note that the WBG's commitment to achieving the targets specified in the Forward Look Result Matrix and progress towards a Better Bank should remain an important underpinning of any discussion on enhancing the WBG's financial capacity.

Our constituency emphasizes the necessity of exploring all possible options to strengthen the WBG's financial capacity and we urge the WBG to go the extra mile in this regard. We believe that there is still ample room for the WBG to further maximise cost efficiencies and increase income levels. The Expenditure Review cannot be a one-off exercise. We also urge the WBG to make more effective and efficient use of the capital already provided by shareholders, in accordance with the G20 MDB Action Plan on Balance Sheet Optimisation.

#### *Shareholding Review*

The Shareholding Review represents an important opportunity to align representation within the WBG with developments in the global economy, while properly reflecting contributions to the WBG's development mission. Our constituency has provided constructive support for this process, recognising that we need to provide adequate voice to developing countries as the WBG's clients, and we take note of the technical work done so far.

To prevent any abrupt changes to shareholding and to generate political support for a possible realignment, we need to take steps that are manageable for everyone, for example by keeping a selective capital increase small, by setting limits to avoid excessive dilution and by distributing potential losses as fairly as possible.

Finally, we note the interconnectedness between the concurrent discussions on the Forward Look, Financial Capacity, and the Shareholding Review. While the work towards a Better Bank can stand on its own, our constituency underlines that a package agreement is necessary to build political consensus on measures towards a possible general and/or selective capital increase.

**Development Committee Communiqué**

**Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries**

1. The Development Committee met today, April 22, in Washington, D.C.
2. The global economy is gaining momentum, but risks remain tilted to the downside. Further improvements in the global outlook will require policies that foster inclusive and sustainable growth, address financial vulnerabilities, and create jobs and economic opportunities for all. Actions to tackle the adverse impact of the decline in correspondent banking relations are an important priority for many countries. World Bank Group (WBG) and International Monetary Fund (IMF) advice and support are important to advance such policies, deliver the 2030 agenda, and protect the most vulnerable.
3. Reducing inequality is necessary to ensure long-term and sustainable growth. Technological change, trade, financial flows, and economic integration have helped boost incomes and have narrowed the economic gaps between countries. But these gains have not always been shared evenly within countries. We urge the WBG and IMF to redouble efforts to eradicate poverty and ensure that the benefits of international economic integration are shared widely.
4. We welcome the implementation update on the WBG Forward Look. In October, we endorsed a vision for a better, stronger, and more agile WBG and identified areas for improvement. We recognize the progress so far in becoming a better WBG. We encourage continuing efforts, in coordination with development partners, to implement and report on the Forward Look commitments and associated policies to (i) prioritize private sector solutions when deploying scarce public resources, including for infrastructure; (ii) strengthen domestic resource mobilization; (iii) support global public goods; (iv) assist all WBG client segments; (v) be more agile, responsive, and results-focused in working across the public and private sectors; and (vi) pay special attention to stabilizing the economy and supporting growth in situations of fragility, conflict, and violence, as well as to the development needs of small states.
5. We support the WBG's scaled-up activities in the area of crisis preparedness, prevention, and response, through investments to address the root causes and drivers of fragility by helping countries build institutional and social resilience. We encourage further efforts to mobilize and rapidly disburse support for countries, communities, and refugees that are affected by famine or forced displacement, in close coordination with the UN and other partners. We acknowledge the various initiatives by the WBG to strengthen the Humanitarian-Development-Peace Nexus.
6. We are encouraged by the WBG's efforts to become more efficient through reforms of its operational and administrative policies and its People Strategy. We welcome the budget discipline introduced by the Expenditure Review, acknowledge WBG efforts to ensure transparency and accountability in tracking and reporting how it uses its scarce resources, and urge continued commitment on these fronts.
7. We also welcome progress and discussions to strengthen the WBG's financial capacity. We are greatly encouraged by the successful IDA replenishment negotiations. IDA18 delivered a record \$75 billion thanks to the generosity of partners and the plans to leverage IDA's equity. Innovative measures introduced, such as the Private Sector Window, will help catalyze additional resources for IDA countries. We look forward to successful implementation that maximizes development impact.
8. We take note of the ongoing discussions to enhance the WBG's financial capacity and enable it to deliver on the ambition of the Forward Look. We ask the Board and Management to develop a set of options by the Annual Meetings in October 2017.
9. We welcome the progress made in the Shareholding Review and recall our commitment to the principles we endorsed in Lima toward a WBG that reflects the evolution of the global economy and

contributions to the WBG's mission. We are encouraged by progress on diversity and inclusion in WBG staff and management, and we support similar progress on gender diversity in the Executive Board.

10. The next meeting of the Development Committee is scheduled for October 14, 2017.