Statement by

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and

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United Kingdom
In September 2015, when Heads of State and Government agreed the Sustainable Development Goals (SDGs), we set ourselves a truly grand ambition: that we would be the generation to end extreme poverty. Underpinning this, the Addis Ababa Action Agenda established that we will all need to step up our efforts to mobilise the finance needed to meet these goals: public and private, domestic and international.

The global aid system will require faster and deeper reforms if we are to achieve these ambitions. The World Bank has a critical contribution to make in achieving these reforms by changing the way it works with others and in its own operations. It is critical that we also increase transparency and accountability across the international system both to show where aid is going and what it is delivering, and to ensure that it is delivering value for money. This is integral to ensuring that the international system is delivering real change for the very poorest people, and is helping countries to grow and trade their way out of poverty to end the cycle of aid dependency.

The UK welcomes the priority areas identified in the Forward Look and the principles underpinning World Bank Group Reform. The process has enabled an open and in-depth consideration of the new challenges that the Bank will face in delivering its mandate, and the reforms that it will need to undertake in order to remain the leading development finance institution in the world. If the Bank is to respond to these new challenges and drive effective change, concrete commitments must be made to deliver on the following priorities.

First, it is essential that the Bank allocate its resources more strategically towards the Twin Goals. We strongly endorse the proposal to significantly increase lending to Lower Middle Income Countries, with the intention of doubling the allocation to these countries over the next decade, subject to adequate financial capacity and creditworthiness criteria. In addition, we would encourage the Bank to review access of creditworthy Low Income Countries to IBRD. At the same time, we reaffirm the role the Bank plays with all clients. It should ensure its relevance for Upper Middle Income Countries and High Income Countries with a focus on financial innovation, and knowledge-based and advisory work for such clients.

Second, the Bank must play a critical role in supporting efforts to scale up private sector finance for development. This will require more proactive engagement to identify ways to de-risk private sector opportunities, bringing together the joint capabilities of the WBG working as one to develop integrated policy objectives that will create sustainable jobs, transform economies and ensure prosperity is shared. In order to make this a reality, we will want to see concrete implementation plans setting out how the WBG
as a whole, and each constituent part, will do more to create markets and unlock opportunities, particularly in the most difficult places, through working with the private sector and mobilising private capital across the institutions.

Third, for the WBG to remain an effective, leading global development financer, it is essential that it become faster, more agile and less bureaucratic. Delivering this will require a fundamental shift in mindsets and behaviours to enable staff to tailor approaches to project complexity, size and risk. We fully support initiatives including adaptive programming approaches, the Agile Bank initiative and the simplification agenda, which contribute to embedding a more risk-sensitive decision making culture, as evidenced already in the new frameworks for procurement and environmental and social safeguards. It is essential that these are properly resourced and that due attention is paid to their effective implementation.

Fourth, the international community has recognised that it urgently needs to change its approach to addressing the economic and social impacts of crises caused by conflict, natural disasters and pandemics, not least of which are the unprecedented levels of forced displacement. The Forward Look has correctly identified that the WBG has significant comparative advantages that make it well placed to help support countries move towards a more efficient, preparedness based response to crisis, but also that there is significant scope to enhance this. We welcome the establishment of the Global Crisis Response Platform, a first step in developing the effective strategic framework critical in strengthening the WBG’s approach on crisis preparedness and response, and the plans to broaden work on risk management, including with the insurance industry. We look for the Bank to go further and create new market instruments, establish a clearer offer for clients and country offices on how it can help identify and appropriate risk framework and build their capacity to manage risk.

Setting out clear commitments and deliverables for reform will be essential to make this ambitious agenda a reality and ensure that the principles underpinning the Forward Look are now turned into action. This is a pre-requisite for the discussions on capital adequacy and financial sustainability that will take place in the coming year. The UK expects consideration to be given to all ways to increase the financial sustainability and capital adequacy of IFC and IBRD, including pricing and efficiency measures, further balance sheet optimisation as well as a possible capital increase.

The UK welcomes that agreement was reached on a dynamic formula as part of the shareholding review. Whilst we were disappointed that the components of the formula did not go far enough to reflect shareholders’ rights and responsibilities in the relative weighting of IDA contributions and income, the UK recognised the importance of reaching a consensus. We now urge all shareholders to work together for the next stage of the roadmap towards shareholder realignment. This includes, as noted in the report to Governors, a “collective and principles-based approach to forbearance” in the second round before discussions on a selective capital increase can begin next year.