GLOBAL CONTEXT

The 88th Meeting of the Development Committee takes place five years after the beginning of the worst global financial crisis since the Great Depression, as we start to see some encouraging signs of normalization in economic conditions. Experience and recent events have taught us to be cautious and remain vigilant, though.

From the longer-term perspective of development, these thirteen years since the turn of the millennium have witnessed the fastest reduction in poverty in human history, with half a billion fewer people living below an international poverty line of $1.25 a day. However, this evolution in the developing world has been uneven. Despite significant increases in connectivity around the world, many low-income and middle-income countries are kept to the side of this positive development trend and continue to face substantial levels of extreme poverty and of rising inequality.

In this context, the World Bank Group has a paramount role to play. Thus, at the 2013 Spring Meetings we endorsed the two ambitious goals of eradicating extreme poverty from the world by 2030 and promoting shared prosperity in a sustainable manner.

WORLD BANK GROUP STRATEGY

Today, in order to achieve these goals and assume the shareholders’ responsibilities of what a “One” World Bank Group implies, we need to decide how we want the institution to pursue them. In this respect, we endorse the new World Bank Group Strategy proposed by President Kim.

This new World Bank Strategy should pave the way for repositioning the institution as the leading player in the development community by aligning all its activities with the two goals, while trying to maximize its development impact leaving no one behind. We believe that the World Bank Group is capable of drawing on its comparative advantages and vast stock of knowledge to deliver transformational and customized development solutions. These must help client countries focus their efforts, within the context of country ownership and national priorities, on those activities with the greatest potential impact in meeting the two goals while taking calculated risks.

In this respect, we welcome the 2014 World Development Report, which presents an important and relevant message on the need to shift attention from risk avoidance to risk management.
Operationalizing our goals at the country level to maximize development impact is a critical aspect of the new Strategy. We concur with the need for change in the organizational structure and culture of the World Bank Group to work as a “One” World Bank Group by creating synergies among its components and by increasing the use of multi-sectorial approaches. We are optimistic about the evidence-based and selective country engagement model proposed by the Strategy. But we need to be sure that the Systematic Country Diagnostic identifies the most critical constraints to, and opportunities for reducing poverty and promoting shared prosperity in a sustainable way, whilst the Country Partnership Framework should provide the clients with enough flexibility to choose among different available World Bank interventions. Country ownership will be better guaranteed in this way, and the scheme will be more fruitful. Regarding organizational change, we advocate a rapid implementation to avoid unnecessary losses of energy and focus within the organization.

The World Bank Group’s staff is a critical element of the new Strategy. We need to provide human resources with enough flexibility to be sure that the right people are in the right place at the right time anywhere around the globe. We need to encourage Staff to embrace change that may imply sacrifices as well as open up new opportunities, and we must provide them with innovative ways to support this process. The most important capital that the World Bank Group has is not financial, but human. Bank staff is the source of knowledge and experience that makes this institution unique. We should preserve the best of them and make sure that we have a more diverse and inclusive workforce at the end of this process of change.

GLOBAL PARTNERSHIP

The twin Goals cannot be met alone. In the current context of limited resources for the World Bank and for the development agenda, we need to bring together the resources, expertise, and ideas of other actors across the development spectrum. We encourage the World Bank to promote and deepen a new Global Partnership not only with other public or multilateral development institutions, but also with the private sector, to ensure a significant impact that allows the accomplishment of the twin Goals and contributes to the new post-2015 Agenda.

FINANCIAL SUSTAINABILITY

The Strategy is to be implemented by July 2014. Nevertheless, we cannot stress enough the relevance of the announced new framework for medium-term financial sustainability for the success of the Strategy. We look forward to the formulation of this Financial Strategy in the coming months.

In this regard, we would like to emphasize the importance of ensuring the World Bank Group’s financial sustainability in order to guarantee that the World Bank’s resources are commensurate with its leading role in the development community, and to allow the institution to achieve transformational development impact. We agree that improvements in financial efficiency could be attained by reducing costs, growing revenues and promoting synergies among the World Bank Group units. The new financial framework should be closely integrated with the development of the World Bank Global Practices to ensure cost-effective implementation.

We take note of the new Global Infrastructure Facility (GIF) that seems to be an innovative solution to crowd-in available public and private resources, leveraging them to satisfy infrastructure needs of clients; but we need to be sure to understand the implications of this instrument before endorsing it. We should recognize that other multilateral institutions have promoted similar initiatives and we would expect Senior Management to reach out and learn from those experiences and work together with others when possible.
We recognize the vital historical role that IDA has played in the reduction of poverty in IDA countries in all continents. We are aware of the importance of the ongoing IDA replenishment discussions and of the need to secure sufficient funding for the continuing work of the World Bank Group in these countries.

Achieving this goal in the context of the current global economic constraints will require important efforts from donor countries and from IDA recipients in order to address the risks of external shocks that could derail some of the achievements accomplished to date.

Likewise, the issue of environmental global commons is critical for development, especially when facing the challenges that climate change and environmental degradation pose to the development community in general and to poor and fragile countries in particular. We therefore look forward to a successful GEF replenishment and hope that all donors fulfill their commitments to both initiatives.

Finally, regarding the update on the implementation of the gender equality agenda, we recognize the progress made on the four priorities laid out in the 2012 Development Committee paper, including the integration of gender into the World Bank Group's work.

However, the challenges ahead are significant, and they will require scaling up the efforts made to date in order to achieve and sustain positive results on the ground. We welcome the two-stage proposed strategy, which intends to improve performance in the short term with a sharper focus on implementation and results; and the need to work on a renewed strategy in the medium term that will align the World Bank's efforts promoting the gender equality agenda with the new strategic World Bank Goals, the commitments being made under IDA17, and the post-2015 development agenda.