



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)

NINETY-SIXTH MEETING
WASHINGTON, D.C. – OCTOBER 14, 2017

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Statement by

Lilianne Ploumen
Minister of Foreign Trade and Development Cooperation

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**

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96th Meeting of the Development Committee

**October 14, 2017
Washington, D.C.**

As the world's largest development actor, the World Bank Group (WBG) plays a central role in driving progress on today's development agenda. Our constituency recognises the WBG as a vital partner in providing resources, mobilising funds and convening actors to provide solutions to deliver on the Sustainable Development Goals, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on Financing for Development.

We value the WBG's continued support for countries in the Europe and Central Asia region, including the countries in our constituency. We encourage the WBG to deepen its engagement in this region, particularly by promoting private sector-led growth.

Maximising Finance for Development

Our constituency applauds the WBG for the important steps that it is taking to move from Billions to Trillions and maximise finance for development. Specifically, we welcome the WBG's strategies for the Cascade and for IFC 3.0, following up on our call at the 2015 Annual Meetings to deliver on the implementation of the Financing for Development Agenda. We value the WBG's efforts to move beyond these strategies by introducing pilots and mechanisms to put these into practice.

To make the Cascade a success for development, we urge the WBG both to improve cooperation within the WBG and to enhance its coordination with other development finance institutions. Competition between development banks and the private sector should be minimised in order to optimise the use of private finance for development. While increasingly involving the private sector in its business, the WBG should make sure that this leaves no one behind, by promoting inclusive development.

Education and Development: World Development Report 2018

Our constituency thanks the WBG for its important World Development Report (WDR) on education and learning. We recognise that these are essential foundations for economic growth and development and key drivers for delivering on the 2030 Agenda for Sustainable Development. We value the major role that the WBG plays at a global level in increasing schooling and improving learning for children in developing countries. We also see a role for the WBG in keeping track of how well countries are performing in this area, for example through a human capital index.

In following up on the WDR, we believe that the WBG should pay more specific attention to inclusion and move beyond the generic recommendations currently included in the report. Particularly, by adopting a gender perspective and addressing disadvantaged groups, such as indigenous peoples. We

also emphasise that education can play an important role in helping address drivers of instability in fragile and conflict-affected states. The WBG should therefore draw as well on the recommendations of the previous WDR on Governance and the Law.

Forward Look Implementation Update

The implementation of the Forward Look remains an important process for our constituency to strengthen the WBG's contributions in delivering on the 2030 Agenda for Sustainable Development. Through the Forward Look exercise, the WBG has made good progress in becoming a Better Bank. We especially welcome the WBG's increased focus on the world's most vulnerable by becoming more active in fragile and conflict-affected states; on maximising financing for development through the Cascade; and on becoming a more Agile Bank, through more effective delivery on its development mission. With that, the WBG continues to remain an important partner for our constituency in translating the ambitions of the 2030 Agenda into successes for development.

Our constituency values the various efforts that the WBG has undertaken to implement the Forward Look strategy, while regularly updating Governors on this process. We encourage the WBG to step up its efforts to deliver on the strategy's goals with tangible and valuable results. Specifically, we call for progress on the following three priorities. First, the WBG should make better progress on decentralization. At least half of WBG staff should work in its client countries, at the heart of development efforts. Second, we urge the WBG to define measurable targets for mobilising private capital to deliver on its goal of maximising finance for development, including through its country strategies. Finally, we stress that striving for efficiency through the Agile Bank pilots should be embedded in a continuous, WBG-wide effort to reduce bureaucracy.

Our constituency will continue to closely follow the implementation of the WBG's new Environmental and Social Framework. We call on the WBG to ensure a smooth transition, including by capacity building in client countries. We also welcome the discussions on modernising the mandate of the WBG's Inspection Panel and look forward to the outcome of the external review.

Financial Capacity

While our constituency is willing to work towards decision-making on improving the WBG's capital adequacy at the Spring Meetings of 2018, including possible capital increases for IBRD and IFC, we note that further work is still needed to build a strong business case including a value proposition for the ECA region and consensus among shareholders. At the same time, we stress that the WBG's commitment to implementing the Forward Look strategy and working towards a Better WBG should continue to underpin our discussions on a possible Bigger WBG.

Our constituency emphasises that all possible options to strengthen the WBG's financial capacity should be fully explored before we decide on possible capital increases. We believe that there is still scope for the WBG to further increase income levels and decrease operational expenditures, including by a stronger budget framework to maintain budget discipline beyond the current fiscal year, as the Bank is meeting its budget anchors. We urge the WBG to go the extra mile in making more effective and efficient use of the capital already provided by shareholders. We therefore look forward to discussing the outcomes of the independent reviews into IBRD's and IFC's capital adequacy frameworks. We also welcome the Compensation Review as an opportunity to modernise the WBG compensation methodology and better align it with the public sector, for example by redefining the comparator mix and predominantly focussing it on public sector inputs.

Shareholding Review

The Shareholding Review is an important opportunity to align representation in 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. We

recognise that we need to give developing countries adequate voice 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. This means, for example, keeping a selective capital increase small, setting limits to avoid excessive dilution and sharing potential losses as fairly as possible. With regard to a possible realignment of IFC shareholding, we note that we can neither support the principle that IFC shareholding should be rigidly aligned with IBRD shareholding nor subscribe to the use of the dynamic formula as a benchmark for IFC shareholding.

Importantly, we note the interconnectedness between the concurrent discussions on the Forward Look, Financial Capacity and the Shareholding Review. While the work towards a Better WBG can clearly stand on its own, our constituency underlines that a package agreement is necessary to build political consensus for a Bigger WBG. We stress the need for treating potential GCIs and SCIS for IBRD and IFC as a set of decisions to be taken together, as a package.