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-SEVENTH MEETING
WASHINGTON, D.C. – APRIL 21, 2018

DC/S/2018-0005
April 21, 2018

Statement by

H.E. Ahmed Bin Mohammed Al-Khalifa
Minister of Finance

Kingdom of Bahrain

on behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, United Arab Emirates, Yemen
Statement by

H.E. Ahmed Bin Mohammed Al-Khalifa
Minister of Finance

Kingdom of Bahrain

on behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, United Arab Emirates, Yemen

97th Meeting of the Development Committee

April 21, 2018
Washington, D.C.

The Capital Package is grounded in the Forward Look. Its four main pillars remain extremely relevant for the World Bank Group: serving all clients, maximizing finance for development through mobilization of private sector investments and solutions, leading on global issues, and improving the business model.

The proposed package signifies a transformational change in how the Group deals with development challenges and the scale of financing and engagement, especially through the CASCADE.

The Capital Package aims to provide the WBG with an average annual financing capacity of about US$100 billion between FY19 and FY30. The package would generate US$315 billion of additional development financing over the same period, including an additional US$110 billion mobilized from the private sector. It would also advance each of the Forward Look pillars.

Sustaining and accelerating progress towards global development goals necessitates a bigger and stronger WBG with ample financial capacity that addresses the myriad of global challenges. Therefore, the focus on a “better WBG” and a “bigger WBG” is crucial.

Tackling a Better WBG through internal reforms is an essential step. The multipronged approach including a fiscal angle, productivity gains, innovation and agility would ensure quality, responsiveness, effectiveness and value. Introducing a range of new efficiency measures will help maintain budget discipline. This includes managing salary and workforce growth, realizing savings in corporate procurement and real estate and from administrative simplification and agile approaches. In addition to these measures, the continuous implementation of the Expenditure Review measures will be vital.

Expanding financial capacity for LICs through the transformation of IDA’s financial model and for MICs, Small States and IDA Graduates through the capital package complement and strengthen the WBG’s reach. Moreover, maximizing financing for development and adopting private sector solutions, while assisting clients in strengthening their own domestic resource mobilization and the effectiveness of their public spending is crucial.

We strongly support strengthening the capital base of the IFC. The WBG and the development community as a whole, clearly established, through the Billions to Trillions agenda, MFD approach and cascade, that the future of development finance will be clearly slanted towards private sector finance, requiring a much stronger and larger IFC, equipped with the financial means to mobilize untapped private capital, create markets, expand deployment of private sector solutions, as well as deliver on the global public goods (GPG) agenda.
In this context, we are encouraged by the leadership position that the IFC is assuming among development institutions in developing platforms and risk mitigation techniques to mobilize capital from institutional investors. Increasing the IFC mobilization ratio relative to its own account commitments will have a substantial impact on the realization of the SDGs.

The adoption of a systematic approach to creating markets across the WBG by linking policy reform, advisory, investment, and mobilization to deliver “solutions packages” and applying the Cascade approach as the “operating system” to Maximize Finance for Development (MFD), is very timely. As LICS and MICs alike are facing high levels of private and public indebtedness, resulting in no budgetary margin for capital expenditure on basic public services and infrastructure, the IFC will now be adequately equipped with the tools and the financial capacity to create the markets, and mobilize private finance for such projects through innovative financial models.

We would also like to emphasize how crucial it is for the IFC to continue its engagement with clients across the income spectrum. It is not only integral in terms of maintaining IFC’s financial sustainability under its portfolio approach, but also vital to address major constraints to private sector investment in MICs, and deliver on the global public good agenda.

Over FY19-30, a US$13 billion paid-in capital increase, consisting of US$7.5 billion for IBRD and US$5.5 billion for IFC, via selective and general capital increases will be the external financial injection needed for the WBG to deliver on its ambitious agenda. The adoption of a systematic approach to creating markets across the WBG would help leverage the additional capital almost 25 times, and offer a 50 percent return to shareholders in the form of increased IBRD and IFC shareholders’ net worth.

Maintaining the WBG’s leadership on global issues is a global public good within itself, especially, related to climate co-benefits, the gender action plan, increased financing to FCS, providing concessional funding for GPGs, leveraging the Group’s knowledge resources and enabling regional integration.

With regards to compensation, we support a WBG unified, rule-based and fiscally prudent compensation methodology, which aims at incentivizing strong performance, enhancing competitiveness and maintaining the employee value proposition. It is crucial that the human resources efficiency measures are based on the outcome of workforce planning that ensures that the right staff are well-positioned to deliver the institutional goals in an efficient and effective manner.

The robust implementation of IDA18 and utilization of the new windows reflect a strong start and the need to sustain the momentum while strengthening the narrative around IDA’s ability to maximize development impact.

It is vital to continue deepening the coordination across the WBG and designing innovative development solutions to mitigate the challenges facing FCV-affected countries and small states. We also acknowledge the efforts towards the preparation of the issuance of the IDA bond.

As the WBG is rolling out its new environmental and social safeguards, we would like to highlight the importance of supporting clients’ implementation capacity.

Given the accelerated pace of technological breakthroughs, we urge the WBG to support countries in bridging the digital divide and designing comprehensive policy and regulatory environments for deploying transformative technology that will encourage innovation while minimizing the risks that disruptive technologies might lead to.
We welcome the World Bank's increased operations in Disaster Risk Management (DRM), and we commend them for their efforts in incorporating DRM across all projects and sectors, while also designing an innovative set of instruments and mechanisms to finance its operations. We believe that it is a key measure that will contribute to the success of a project’s preparedness, implementation, and longevity. We would like to take this opportunity to emphasize the need to enhance DRM operations in climate mitigation and water scarcity. Finally, we would like to note that scaling up DRM measures and investments require the involvement of additional partners including national governments, non-governmental organizations, institutional and private investors, among other stakeholders.

Finally, implementation of the WBG’s gender strategy reflects the WBG’s commitment to gender equality, as a core element of its goal to eliminate poverty and central to the delivery of the Sustainable Development Goals (SDG). We urge more support for the women’s economic empowerment and financial inclusion agenda, particularly in FCV-affected countries. We also recognize the Progress Report to Governors on Gender Diversity at the Board and support continuing the work to enhance and promote gender diversity at the Board level.