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-SECOND MEETING
LIMA, PERU – OCTOBER 10, 2015

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Statement by
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Minister of Finance, Corporate Affairs and
Information & Broadcasting
India
Representing the Constituency of Bangladesh,
Bhutan, India and Sri Lanka
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92nd Meeting of the Development Committee

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1. This year will be remembered for charting a new course of developmental journey culminating in 2030 with elimination of extreme poverty. We have made impressive progress in achieving many Millennium Development Goals (MDGs). The unfinished agenda of MDGs and our aspirations for comprehensive and inclusive sustainable development are now embodied in the SDGs.

2. Strong and inclusive economic growth in the developing countries is primary means for reduction of poverty and boosting shared prosperity. The world economy is slowing at 2.8% this year. More worrisome is the fact that the developing countries are also experiencing slower growth at 4.5% in 2015. My constituency is expected to do better. India is likely to grow at well over 7.5% during this period, Bangladesh at 6.3% to 6.7%, Sri Lanka at about 6.5% and Bhutan at 7%.

3. The Sustainable Development Goals (SDGs) aim for a more holistic, comprehensive and inclusive development while ensuring the sustainability of the planet and its resources. SDGs address all the drivers of faster, inclusive and sustainable development such as, human development, health, education, social protection, infrastructure, energy, water, cities, habitat and ecosystem while not losing sight of the means of implementation. The SDGs are ambitious and thus need an equally ambitious financing and implementation plan.

4. The gravity of development challenges in both middle and low income countries is enormous. While implementing the SDGs, middle income countries will mobilize as much of domestic resources as is possible. In this endeavour the World Bank has to supplement through provision of technical assistance and financing support. The countries would also need substantial international capital, from private as well as multilateral sources, for raising growth and financing development to meet the SDGs. The MDBs would also have to scale up their own financing manifold to be partners in this endeavour. The challenge before global economic and development governance is to build a partnership between the developed and the developing world and raise resources in a way that is consistent with national priorities, and respects the policy space of the developing countries.

5. The World Bank Group is quite well positioned to support its clients in realization of SDGs through its twin goals of ending extreme poverty and shared prosperity; a strong country engagement strategy; 14 global practices; and 5 cross-cutting solution areas covering all aspects of the SDGs. We strongly urge the Bank to formulate targets for WBGs intervention for each of the SDGs and ensure that it aligns itself to the priorities that emerge at the intersection of the twin goals, client demand, and the Group’s comparative advantage. This should be accompanied by a regular monitoring framework which
should capture the baseline values of the SDG indicators and progress thereof, with the explicit contribution of the WBG interventions.

6. WBG’s support to the 2030 SDGs, therefore, needs to be further strengthened significantly on the means of implementation. The fundamental challenge is of raising resources to achieve the SDGs. MDBs must significantly increase their level of finance, to become significant partners in realising the SDG agenda. The World Bank Group must lead the way. While the World Bank, over the last two years, has increased its lending, this has been achieved through increase in the leverage ratio, increase in loan prices and reduction in operating costs. In this respect, we note the candid admission by the Bank that the capacity of the World Bank (IBRD) to support elevated levels of lending remains constrained beyond financial year 2018. IFC also needs to play a critical role in promoting the participation of the private sector in the development arena; but now it is severely capital constrained. Given its current capital situation, IFC cannot support the kind of robust growth in its portfolio that is needed to significantly scale up the private sector development and help flow of private investment in infrastructure. We, therefore, reiterate that shareholders must agree to a significant increase in the capital of the World Bank Group.

7. Finally, there is a need to increase the credibility and legitimacy of the World Bank Group in the eyes of its clients. Shareholders have, time and again, reiterated their commitment to increasing the voice and participation of the developing and transitioning countries in the governance of the World Bank Group. Shareholding is the most important pillar of voice. There have been significant shifts in the economic weights of the shareholders. The share of the developing and transitioning economies in the world GDP has increased from 39% in 2008-2010 to 49% 2013-15. Economic weight has been the fundamental determinant of shareholding in the World Bank. There is, therefore, an urgent need to take up shareholding realignment with a view to reflect the changing economic reality in the ownership of the institution. In this respect, the report of the Board of Executive Directors on shareholding review is less ambitious than expected. Going forward, the Board of Executive Directors should carry out the tasks identified in the right earnest and complete them within the timetable and in the spirit of achieving meaningful voice reforms.

8. While we are looking to mobilize large scale resources to meet the SDGs, there is the additional challenge of mobilizing over US $ 100 billion per year to support mitigation and adaptation to climate change in developing countries. I would like these resources to be mobilized from new and additional sources and not at the cost of ODA for poverty and shared prosperity goals. The IBRD financing which is non-concessional and does not flow from donor resources should not get accounted in the $ 100 billion flow.

9. The “Global Monitoring Report, 2015” is a well-researched document which will enable us to focus on demography and the associated development challenges and possible strategies to deal with them as we move ahead. Apart from presenting a report on the achievement of the Millennium Development Goals, it presents interesting and useful policy ideas. Nations which are at the threshold of enjoying the demographic dividend must put in place policies that support the youth by providing them quality education, skills and jobs. The post dividend developed countries must consider supporting more open policies on flow of all factors of production, including labour.