STATEMENTS SUBMITTED TO THE NINETIETH MEETING OF THE DEVELOPMENT COMMITTEE

Chairman, Marek Belka
President, National Bank of Poland

Washington, DC
October 11, 2014

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NOTE ON THE NINETIETH MEETING
OF THE DEVELOPMENT COMMITTEE

The Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries – the Development Committee – held its ninetieth meeting on October 11, 2014, in the Preston Auditorium of the World Bank in Washington, DC. The meeting consisted of a single session, preceded by an informal Ministerial-level lunch for Members only on the same day. Members circulated their written statements in advance and these are part of this document. Also included is a note by the International Monetary Fund Managing Director distributed ahead of the meeting. The meeting started at 3:15 p.m. with opening statements by Dr. Kim, President of the World Bank Group, and Ms. Christine Lagarde, Managing Director, International Monetary Fund, and ended at 5:30 p.m. It was chaired by Mr. Marek Belka, President, National Bank of Poland.

The Agenda (Annex A) was adopted at the beginning of the meeting, followed by a discussion of the agenda topic; A paper entitled “Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group”.

In addition to the above discussion topic, papers entitled “Global Monitoring Report 2014/2015 – Ending Poverty and Sharing Prosperity - Overview”, “Update in the Implementation of the Gender Equality Agenda at the World Bank Group” and ”Macroeconomic Developments in Low-Income Developing Countries: 2014 Report” were submitted to the Committee as background reports. Ministers commented on these documents in their written statements to the Development Committee.

The Communiqué (Annex B) was adopted at the end of the meeting and records the salient points and outcome of the Ministerial discussion.
Statement by the Managing Director of the International Monetary Fund, Ms. Christine Lagarde

The global recovery remains both brittle and uneven, with growth projections for 2014 having been marked down in light of disappointing outturns in several countries during the first half of the year. Growth prospects for 2015 projections have weakened only slightly, given help from moderating fiscal consolidation and sustained support from accommodative monetary policies, but downside risks, including from geopolitical tensions and potential asset price corrections, have increased. Against this background, the policy priorities for emerging market economies (EMEs) and low income developing countries (LIDCs) vary across countries: cross-cutting themes are to reduce vulnerabilities, in the face of a likely tightening of external financial conditions, by adjusting macroeconomic policies; and to implement structural reforms to spur growth, including through investment, and to promote inclusion.

I. ECONOMIC OUTLOOK AND RISKS

Global growth projections for 2014 have been pared back to 3.3 percent for this year, after a slower-than-expected performance in the first half of the year. Country-specific factors at play included heightened geopolitical tensions in Eastern Europe and the Middle East, lackluster domestic demand in many EMEs and Japan, and stalled growth in the euro area. The growth forecast for 2015 has been lowered only slightly to 3.8 percent, as the expected drivers of growth—moderating fiscal consolidation, highly accommodative monetary policy, progress in balance sheet repair—remain broadly in place. But the persistent weakness of investment and economic activity, coupled with increasing evidence that the pace of potential growth has slowed in advanced and many emerging economies, indicates that bolder policies and more decisive execution are needed to generate higher, job-rich, and inclusive growth.

- **Advanced economies** are recovering at very different speeds. The strongest rebound is expected in the United States, while growth in Japan will remain modest. High private and public debt burdens are among the factors weighing on growth in the euro area, with deflationary risks on the rise.

- **Among EMEs**, the pace of growth has differed significantly across regions: resilient in merging Asia, supported by policy stimulus in China and positive post-election sentiment in India; slowing in Latin America and the Caribbean, due to weak export performance, supply constraints, and policy uncertainties; and also slowing in the Commonwealth of Independent States countries, partly reflecting recent geopolitical tensions. Growth is projected to rebound modestly in the remainder of 2014 and in 2015, helped by gradual lifting of some structural growth impediments (e.g., India and Mexico).

- **LIDCs** continue to record strong growth, set to exceed 6 percent in both 2014 and 2015. Exports should be helped by the pick-up in demand from advanced economies, although some commodity exporters will be adversely affected by easing non-fuel commodity prices. The impact of the outbreak on the countries directly affected will be sizeable; the impact on the wider region will depend on the success of containment efforts.
Downside risks to the global outlook have risen since the spring. Protracted monetary accommodation and the ensuing search for yield may be fueling credit mispricing and buildup of systemic liquidity risk, especially in the nonbank sector: this situation could unravel disruptively, particularly if U.S. long-term rates rise faster than expected. Geopolitical tensions may persist, hampering recovery in affected countries and generating negative spillovers, both regionally and globally. As noted above, evidence is increasing that potential growth has declined in advanced and many emerging economies, which would constrain the pace of recovery and job growth.

II. POLICY PRIORITIES

A. EMERGING MARKET ECONOMIES

The twin challenges for EMEs in the near-term are a) to successfully navigate adverse spillovers from the changing global environment, including those linked to the normalization of U.S. monetary policy, and b) to revive growth through targeted structural reforms. In broad terms, countries need to strengthen policy frameworks and reduce vulnerabilities, but specific policy needs vary across countries, depending on cyclical positions and the state of policy buffers. Countries where output is below potential but inflation is elevated (e.g., Brazil, India, and South Africa) have little scope to ease monetary policy. In countries with strong demand pressures, rapid credit growth, and elevated inflation levels, macroeconomic policies need to be tightened (e.g., Turkey), and supported by efforts to strengthen prudential regulation. Fiscal consolidation will remain important to stabilize public debt and contingent liabilities in countries with moderate to high debt levels (e.g., Brazil, India, Poland, and Hungary). Where nonbank lending is expanding quickly (e.g., China), efforts may be required to extend the perimeter of regulation and address associated information gaps.

Looking ahead, the policy response to adverse external financial shocks should allow the exchange rate to adjust, complemented where feasible by other measures, such as foreign exchange intervention to limit excessive market volatility. Should demand also slow, monetary policy could be eased where inflation is well-anchored (e.g., Chile, Mexico, Peru, and Poland). Where fiscal space is available, automatic stabilizers can be allowed to operate and further fiscal easing could be considered in the event of tail risks materializing. Those with generally limited policy space, however, will need to tighten policies in the event that downside risks materialize. A lesson from the bouts of market volatility seen earlier in 2013-14 is that strong macroeconomic fundamentals matter, and where vulnerabilities exist, countries that act decisively to address them generally fare better.

With growth slowing across many EMEs, structural reforms are urgently needed to boost growth. Key elements of the reform agenda include addressing infrastructure bottlenecks (e.g., Brazil, India, and South Africa); easing limits on trade and investment and improving business conditions (e.g., Indonesia and Russia); and implementing reforms to education, labor, and product markets to raise competitiveness and productivity (Brazil, China, India, and South Africa). Many of these reforms are politically difficult—but essential if growth prospects are to strengthen. Reforms are also needed to achieve a sustainable composition of demand—by reducing over-reliance on investment (e.g., China) or on consumption (e.g., Brazil, South Africa, and Turkey)—building on the progress that has been made in this direction.
B. LOW-INCOME DEVELOPING COUNTRIES

The robust growth performance of LIDCs in recent years, in the face of weakened global activity, is a welcome indication that domestic growth momentum is strong, but the aggregates hide significant variation in performance across countries and the uneven progress made in meeting the 2015 Millennium Development Goals (MDGs).\(^1\)

The key macroeconomic challenges currently facing LIDCs include mobilizing financing for development, strengthening resilience in the face of external shocks, and maintaining systemic stability as financial systems expand.\(^2\) Separately, countries in fragile situations face special challenges in building institutions and capacity while often handling difficult security situations.

Mobilizing additional financing for development is high on the development agenda as we move towards the formulation of post-2015 development goals next year. Governments seeking to increase investment, whether in infrastructure or in people, will need to obtain adequate funding without putting at risk the sustainability of the public finances:

- Boosting domestic revenue mobilization is the starting point in this regard: key measures include broadening the tax base, by ending tax exemptions and deploying an easy-to-administer value-added tax, and strengthening revenue administration.
- Additional space for development spending can be created by the ending of untargeted subsidies (e.g., of fuel prices), accompanied by measures to adequately compensate the poor.
- The new external commercial borrowing options that are emerging provide the opportunity to augment domestic resources, but need to be invested in high-return projects if they are to generate the resources to finance future debt service payments. Boosting debt management and public investment management capacity is an imperative if tapping commercial loans.

While most LIDCs have maintained strong output growth in recent years, a significant number are poorly placed to handle adverse shocks, given elevated fiscal deficits (e.g., Ghana and Vietnam) and eroded foreign reserve positions. In these countries, measures to re-build macroeconomic buffers are now warranted, with fiscal consolidation as the core element; the appropriate measures to strengthen fiscal positions depend on country circumstances.

Financial deepening is necessary as countries develop, but also poses new challenges for both financial supervision and monetary policy. Currently, private credit is growing rapidly in several LIDCs, justifying close oversight to ensure that loan quality is not being compromised. Several “frontier market” LIDCs (e.g., Ghana and Zambia) are attracting foreign portfolio inflows, facilitating domestic market development but also introducing exposure to shifting sentiments in international financial markets. Countries with more advanced financial systems now need to modernize their monetary frameworks to strengthen the effectiveness of monetary policy (as is being done by Kenya and Uganda), moving away from traditional monetary targeting towards forward-looking inflation-focused policy frameworks.

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\(^1\) A detailed analysis of macroeconomic developments and policies is contained in “Macroeconomic Developments in Low Income Developing Countries: 2014 Report”, circulated as a background paper for this meeting

\(^2\) The broader policy challenges of promoting inclusive growth and shared prosperity are discussed in the 2014 Global Monitoring Report, also circulated as a background paper
III. FUND SUPPORT

The Fund will continue its active support for its emerging market and developing country members via the established mix of policy analysis and advice, the provision of financial support, and assisting domestic capacity building.

Our cross-cutting analysis in the period ahead is set to include: a) assessing the global implications of asynchronous monetary policy normalization in advanced economies; b) ongoing assessment of geopolitical shocks; c) analysis of productivity-enhancing reforms in EMEs; d) evaluating the role of financial inclusion in boosting growth and reducing inequality in EMEs and LIDCs; e) expanding existing work on income inequality and female labor force participation; and f) examining the design of social protection floors (working in collaboration with the ILO) in lower income countries.

Through a combination of advice, technical assistance, and training, the Fund is assisting members in developing fiscal packages to reduce public debt overhangs; strengthening fiscal institutional frameworks (including to better manage contingent risks); advancing financial sector supervision and regulation; and strengthening monetary policy frameworks in LIDCs.

The demand for Fund financial support is shifting from crisis support, as euro-zone programs wind down, to support for members confronting specific challenges (Ukraine, Georgia, Yemen, and Chad); flexible credit lines that have buttressed strong policy packages in some EMEs (Mexico, Columbia, and Poland) are still in place. Fast-disbursing assistance under the Rapid Credit Facility has been provided to Madagascar, emerging from political stalemate, and the Central African Republic, struggling to rebuild a functioning state. In recent weeks, the Fund has provided expedited financing to Guinea, Liberia, and Sierra Leone to help respond to the outbreak: further financial assistance can be made available, if warranted.

In regard to its own operational policies, the Fund is moving towards completing a reform of its policy on external borrowing levels in Fund-supported programs and is considering ways to make its lending framework more flexible in cases of sovereign debt distress.

The Fund devotes more than a quarter of its budget to technical assistance and training programs, with the bulk of this assistance targeted at developing countries and much of it through regional technical assistance centers (RTACs). Recent developments include the inauguration of a new Africa Training Institute in Mauritius and the opening of a fifth African RTAC in Ghana.
Prepared Statements Submitted by Members

Statement by Dr. Fahad Almubarak, Governor, Saudi Arabian Monetary Agency

This year’s Annual Meetings are taking place at a critical juncture. Since the onset of the global financial crisis in 2008, economic growth has been stubbornly slow in advanced economies and many developing countries. Whatever growth we have witnessed has been largely jobless and high levels of unemployment remain a challenge in most parts of the world. As we approach 2015, it is clear that a large number of countries will not be able to achieve some of the MDGs, especially those relating to child and maternal mortality, water and sanitation, and some will also miss the target of halving poverty. There are also lingering concerns about inequality within and between countries. 2015 will also be the year the global community will commit to new development goals for the next fifteen years and hopefully agree on a fair climate deal at the UNFCCC.

In this backdrop, and in the context of its own twin goals of eradicating poverty and boosting shared prosperity, the World Bank Group (WBG), being the world’s premier development institution, will be challenged in more ways than it has in the past. Recent geopolitical developments and conflicts in the Middle East and North Africa (MENA), Europe and other regions have posed new challenges as large parts of populations have become internally displaced or have taken refuge in neighboring countries, become aid-dependent and remain deprived of adequate food, shelter and basic facilities.

I am confident that the WBG has the necessary intellectual resources and the ability to optimally use its knowledge, experience and financial capacity to take on these challenges. In engaging with client countries, the focus should be on the twin goals. The prevailing situation in MENA countries and territories justifies rapid scaling up of Bank assistance, IFC investments and MIGA guarantees, where situation on the ground permits. On global public goods, such as climate change, the Bank should support the agenda agreed at the UNFCCC. Care should be taken that the financial burden of climate mitigation and adaptation does not fall on poor countries, and that countries are left free to choose least-cost development paths in energy and other sectors. The WBG should also play the lead advocacy role to promote separate accountability for development finance and climate finance. I am pleased that the Bank is in the process of refining its Corporate Scorecard (CSC), which I view as both an internal management tool and an instrument of accountability to shareholders and external stakeholders. In this regard, a few words of caution are in order. First, since many CSC indicators are composite outcomes of the efforts of the global community, the Bank and its clients, attribution is a challenge and needs to be handled deftly to assign credit where it belongs. Second, in choosing CSC indicators, care should be taken that faith-based norms are respected.

On its part, Saudi Arabia has made rapid strides on several development fronts and contributed to the global development agenda. First, it has by far exceeded the Millennium Development Goals. Second, it has embarked on ambitious energy efficiency and large-scale solar energy generation programs. Third, it has taken several affirmative measures—legal, administrative and financial—to enhance female opportunities in education, training skills development and entrepreneurship, and access to finance as part of the Government’s SME development efforts. Importantly, women occupy 30% of the seats in the Shura Council (consultative assembly). At the global level, Saudi Arabia has maintained one of the largest aid programs relative to its GDP and continues to be a large donor to IDA. Besides, Saudi entities are significant contributors to some of the special-purpose funds launched by IFC and its subsidiary, the IFC Asset Management Company. Equally important, Saudi Arabia is contributing to global demand and
trade through its large-scale infrastructure investment program, and by maintaining an open labor market policy and large amounts of outward remittances ($34 billion in 2013).

**Shared Prosperity**

I take note of the report’s main messages, including the high-impact intervention areas and the WBG’s policy agenda for promoting shared prosperity. The WBG can deliver the highest and quickest poverty and prosperity impacts by focusing on enhancing human capacities; supporting infrastructure, agriculture and rural development and sustainable urban development; improving the access of SMEs and the poor to finance; promoting good governance; and building institutional capacities.

The issues of poverty, inequality and shared prosperity are intrinsically linked. It is heartening that the income or consumption per capita in a third of countries has been growing 5% annually. However, rising inequality in some of the large economies is a matter of concern as it can undermine the benefits of economic growth. Poverty therefore needs also to be analyzed in relative terms. Have incomes of the poorest 10%, for example, risen faster or slower compared to the top 10% over the past decade or two? A similar analysis can also be undertaken to assess relative poverty trends between countries, in order to have a better understanding of whether and to what extent prosperity is shared across countries. I encourage the Bank to undertake such analyses.

I can see the importance of international policy coordination to ensure the global economy works for promoting shared prosperity. It is however critical that the focus remains on policy areas directly relevant to the objective. Promoting openness of the global economy to allow free movement of goods and capital is a good example of the policy area where international cooperation can be strengthened. Exchange of knowledge and experience relating to tax and spending policies is another. The caveat, however, is that internationally coordinated policies should leave enough space for countries to adapt them to national circumstances. Having said that, I do not believe it is appropriate to link the climate change issue to the shared prosperity agenda. The relationship between them is remote, if at all.

Finally, creating jobs is an essential part of the anti-poverty and shared prosperity agendas and deserves special attention in WBG operations. However, at macro and global levels, it is also important to explore the technology-jobs nexus more thoroughly. While technological advancement and use of technology can vitally contribute to growth, it would be useful to know whether, on an incremental basis, technology contributes to, or replaces, jobs. I would urge the Bank to undertake a systematic analysis of this phenomenon.

**Global Energy**

If there is a single sector that is most critical to the WBG’s twin goals, it is energy. As the Bank implements its energy sector strategy spelled out in the Energy Sector Directions Paper of 2013, especially in the context of policy advice to client countries and global advocacy, it needs to maintain focus on the highest-impact areas. First, the overarching goal should be universal access to affordable energy. The need to invest in electricity generation is obvious. But investing also in energy efficiency, reducing line losses and improving the system’s reliability can bring immediate and higher economic returns. The Bank Group also has a critical role in mobilizing private investment in client countries and helping to structure energy sector projects on the basis of a fair risk-sharing between government and private investors.

Second, energy pricing is a key issue but it has to be seen in the context of both cost and affordability. The question of subsidies should be approached from the broader angle, covering all subsidies, whether in energy or other sectors, since they have the same fiscal impact.
Third, Bank support for energy sector development in poor countries should be independent of climate change agenda. It is only fair that the economic and financial burden of producing global goods such as reduction of Greenhouse Gas emissions does not befall poor countries. It should be borne in mind that poor countries are not responsible for today’s climate variability, which is the result of historical policies and actions of industrialized countries, as well as that the global climate agreement is yet under negotiation at the UNFCCC.

Fourth, the Bank should take every opportunity to advocate for, mobilize and serve as a conduit to channel climate finance.

Fifth, we should be conscious that carbon pricing and carbon taxes have serious implications for poor countries, and they interfere with affordability and least-cost principles. The Bank Group should not push these measures as conditionality but stand ready to provide technical analysis and advice if a country requests it.

Finally, and in the context of global energy supply, it is well known that, by maintaining an excess oil production capacity of 2.5 million barrels per day, Saudi Arabia plays a critical role in the stability of international oil markets.

Global Monitoring Report (GMR) 2014

I am pleased that this GMR sees development issues through the lens of the Bank Group’s twin poverty eradication and shared prosperity goals. It maintains the tradition of high quality of reporting on the achievement of the MDGs, identifying major challenges and highlighting actions needed to advance progress. It is appreciable that the GMR 2014 has monitored sustainable and inclusive growth both within and across generations. The report’s stress on greater investments in human capital with a focus on the poor, and prudent use of safety nets is apt and a useful reminder. However, its advocacy of policies to make growth greener in my view needs to be caveated. Green growth is a laudable objective but, for poor countries, it could also mean departure from least-cost development paths, which they may be able to ill-afford without provision of adequate concessional climate finance. This aspect needs to be kept in mind while applying the GMR’s policy messages to Bank Group operations.

Overall, the report’s messages are hopeful and important. It is hopeful that the three regions with almost 95 percent of world’s poor—East Asia, South Asia and Sub-Saharan Africa—are expected to grow at an annual average of 6 percent over the next two years. Ending extreme poverty by 2030 will require accelerated poverty reduction in Sub-Saharan Africa and fragile and conflict-affected states over the next fifteen years. Achieving shared prosperity in high- and some middle-income countries is stalling because of unemployment, while it is constrained in low and middle-income countries by slow progress in education, health and sanitation. Suffice to say that inclusive growth is paramount to achieving the twin goals, and this requires well-designed safety nets, building climate resilience, and greater investments in human capital.

Gender Equality

I take note of the informative update on the implementation of the gender equality agenda, and welcome the meaningful progress achieved, in particular the improvement in preparing gender-informed country strategies and the integration of gender in a number of lending operations. The WBG is encouraged to continue filling the knowledge gaps to effectively address gender issues in some meaningful areas of interest, such as poverty eradication, shared prosperity, inclusive growth, and gender-based violence.
In line with the findings of the IFC report titled “Investing in Women’s Employment: Good for Business, Good For Development”, the WBG should use its comparative advantage and global outreach to promote initiatives tailored to improve economic opportunities for women, such as training, childcare support, health services, and alternative work arrangements, as well as improve working conditions for both women and men. Another area of interest is to work on closing the gap in access to credit and other financial services of women-owned SMEs. Nevertheless, families being the most important stakeholders should be left free to make choices and tradeoffs in allocating responsibilities for income-earning and family care.

Looking ahead, we are confident that the new organizational model has the potential to address some meaningful areas of interest related to gender equality, and build a learning tool based on the existing solid foundation, while promoting client ownership of the gender equality agenda.

**Macroeconomic Development in Low-Income Countries**

This paper provides a constructive guide for macroeconomic developments in low income developing countries (LIDCs). I am pleased that it addresses issues and questions that are forward-looking and relevant to both the WBG and IMF. I agree with the broader message that paying attention to inequality is not only an integral part of achieving the twin goals but failing to understand its dynamics can put a heavy burden on economic stability and the sustainability of growth. The 60 countries that represent the LIDCs group account for only three and a half percent of the global GDP. But they also account for one-fifth of the world’s population, which makes them prime testing grounds for the achievement of the WBG twin goals, and for testing the sustainability of our global growth model.

**Statement by Mr. Ahmed Bin Mohammed Al-Khalifa, Minister of Finance, Kingdom of Bahrain**

The downward trends in growth and reform, and growing number of global crises - including, geopolitical conflicts, terrorism, climate change, and rise of Ebola- will exacerbate inequality within and between countries. Greater global leadership and actions are required to mitigate these trends.

We welcome the initiation of the discussion on shared prosperity and its sharpened focus on income inequality. The growth in the incomes of the bottom 40 percent in many countries is encouraging. However, income inequality remains a salient issue that almost all countries are grappling with, where improving the income earnings of citizens, especially the poor and bottom 40 percent, remains an unrealized priority. Policies on human capital development, access to markets, and fiscal management are at the heart of achieving this goal, so are issues of good governance, social inclusiveness and environmental sustainability.

Globally shared prosperity also implies a shared responsibility between the public and private sectors, advanced and emerging markets, as well as MDBs and civil society. Many of the complex problems we face cannot be resolved without solid cooperation and collaboration with the private sector, for example. Other times, especially during global crises, the world must find global solutions and work within structured and coordinated environments and frameworks to maximize impact.

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3 Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Maldives, Oman, Qatar, Syria, United Arab Emirates, Yemen
Shared prosperity is a central issue and goal for our constituency, and we believe that it cannot be addressed in a piecemeal approach. At the global and transnational level, we welcome the process of formulating the post-2015 Sustainable Development Goals and commend the WBG and UN system for their partnership. Within the Bank, we are closely following the progress in the internal change process and note the steps taken by the WBG to mainstream the goal of shared prosperity in its policies and operations. We expect the newly implemented reforms to expeditiously reflect stronger synergies so client countries can reap faster and greater development gains, including in mainstreaming and tracking shared prosperity.

Shared prosperity will not be attained without more jobs. With a global deficit of more than 600 million jobs in the next decade, the challenge is to ensure that jobs created are inclusive, productive, and private sector led. The WBG as a whole must play a larger and more transformational role in shaping and implementing this policy agenda. The multifaceted aspects of this challenge, including youth and female unemployment, informal employment, entrepreneurship and SMEs, productivity, and educational mismatch are to be thoroughly considered. We urge the WBG to strengthen its analysis and targets, and monitor its results at the country, regional, and global levels. We would also encourage regular reporting to the Development Committee on the progress of implementing this important agenda.

Today, many countries in MENA face unprecedented risks and challenges that can compromise countries’ development, and regional and global prosperity and stability. These exceptional times require concerted efforts to spur inclusive and sustainable economic growth, and ensure that the people, especially the bottom 40 percent and the large youth population, see tangible benefits. While reforms are underway in a number of countries in transition spanning a number of complex issues including service delivery, jobs, subsidies and safety nets, and governance, some of the choices to be made are not easy or quick. They will certainly require the support of the World Bank Group and other development partners.

Situations of conflict and fragility require an even greater attention to extreme poverty and shared prosperity. The definition of conflict and fragility should go beyond the traditional boundaries to include countries at risk of falling into conflicts, such as countries in transition and those bordering regional conflicts. Indeed, the influx of refugees in a number of our constituency members has pushed a large number of people into poverty and this issue continues to persist. We expect the WBG arms to continue to push the envelope on this focus area. The WBG must ensure greater flexibility, timeliness, and improved staffing arrangements to meet country needs and context. Achieving this will require a deeper understanding of the political economy of every client country, including the drivers of fragility and peace building. More also needs to be done to understand the impacts of conflict on women.

Comprehensive and consistent data is a prerequisite driver of the shared prosperity policy agenda. We welcome the tracking of the Twin Goals in the 2014 Global Monitoring Report. However, the absence of valid and reliable data on poverty and shared prosperity poses a real threat to the level of action countries and the Bank can take. We call on greater leadership and collaboration between the WBG, IMF, and UN system to expeditiously kick start the "data revolution" by setting clear standards for measurement and further investing in global data infrastructure and country capacity to ensure the availability of data necessary to inform decision makers and citizens, especially in the poorest countries. The WBG must also seize every opportunity to improve its project level data and targets relating to gender, and the bottom 40 percent.

We look forward to continuing the discussion on shared prosperity and thank President Kim and Bank staff for their efforts.
Statement by Mr. Tatsuo Yamasaki, Vice Minister of Finance, International Affairs, Japan

First of all, let us express sympathy to the people suffering from Ebola and offer our condolences to the families that have lost loved ones. We highly appreciate the strong leadership that the World Bank has displayed in the provision of concerted support by international organizations and governments to the West African Countries where the Ebola epidemic is spreading. Humanitarian aid to tackle this crisis needs to be provided. As President Kim proposed, it is essential to ease the people’s fear and to contain economic damage as soon as possible by promptly taking adequate actions. Japan has announced financial assistance worth more than 45 million dollars and will continue to contribute to containing the Ebola epidemic.

While many developing and emerging countries have been showing steady economic growth, many people are still living in extreme poverty or face the immediate risk of falling into poverty due to various shocks. We note that the World Bank Group (WBG) has set two strategic goals of “ending extreme poverty by 2030” and “promoting shared prosperity” in order to address such challenges. To this end, the WBG adopted new operational strategies and has been carrying out organizational and budget reforms. In what follows, I would like to present the efforts Japan has made for development assistance in collaboration with the WBG from the perspective of promoting shared prosperity, and express our expectations of the WBG.

Japan’s efforts for development assistance in collaboration with the WBG—Promoting Shared Prosperity

There are two important elements in facilitating shared prosperity in developing countries. The first one is to achieve steady economic growth, which is a prerequisite for sharing the benefits of any growth. The second is to manage economic policies and create jobs to ensure that the vulnerable do not get left behind. While it is necessary to identify and to remove impediments to shared prosperity inherent to each country, Japan will particularly cooperate with the WBG in the following fields: healthcare; disaster risk management; global environmental issues; promotion of infrastructure investments using private funds; and capacity building of governments’ results management.

(1) Healthcare

Despite the emergency response by the international community to the countries suffering from the Ebola epidemic, the number of people infected with Ebola has been increasing. To contain and eradicate Ebola and other infectious diseases, it is essential not only to take measures to contain specific infectious diseases but also to strengthen overall health systems along with improving public health. We also need to develop a health system that can address all healthcare needs, including non-communicable diseases so that all individuals can contribute to economic and social development by exercising their abilities throughout their lives while staying in good health.

Achieving universal health coverage (UHC) is of particular importance where all people can receive healthcare services at an affordable cost as needed. Japan has been conducting a joint study with the World Bank for about two years to extract experiences and lessons regarding UHC in eleven countries, including Japan, and explore the feasibility of applying them to other developing countries. We are pleased to have the opportunity to deliver the results of the study at the Annual Meetings. Japan remains committed to cooperating with the World Bank in disseminating the contents of the joint study at various opportunities, and in providing technical assistance to help developing countries introduce UHC in a way tailored to their respective circumstances.
(2) Disaster Risk Management (DRM)

Vulnerable people, including the poor, are most likely to be affected by natural disasters, which have tended to be increasing in scale in recent years due to the effects of climate change. These natural disasters could instantly destroy many years of development efforts and achievements. Japan welcomes the fact that DRM and climate change were identified as priority areas in the IDA 17th replenishment (IDA-17). Japan is paying close attention to the implementation of one of the IDA-17 policy commitments: “screening all new IDA operations for climate change and disaster risks and, where risks exist, taking appropriate resilience measures.”

Japan and the World Bank launched a new joint program for DRM in February this year. The World Bank DRM Hub based in Tokyo has made good progress and already started projects. Japan will work with the World Bank to further promote assistance for DRM to developing countries with our abundant knowledge and experience accumulated over many years in the field of DRM.

(3) Global Environmental Issues

To promote shared prosperity, it is also important to preserve the global environment that we see as a “global public good.” If global environmental issues are left unattended, they could increase the number of vulnerable people by raising the probability of natural disaster. At the UN Climate Summit in September this year, Japan pledged assistance for developing countries, including human resource development for about 14,000 people over the next three years in the area of climate change, an "Adaptation Initiative" to support the adaptive capacity of developing countries in a holistic manner, and the promotion of technological innovation and dissemination. Japan also announced the early submission of its intended nationally determined contribution and financial contribution to the Green Climate Fund, as contributions to the future international framework.

We welcome the selection of climate change as one of the priority areas of the IDA-17 and the successful completion of the sixth replenishment of the Global Environment Facility (GEF), which achieved the largest-ever increase in its history. Japan is expecting that under the strong leadership of CEO Ishii, the GEF will play a larger role than before in the field of the preservation of the global environment through the “Integrated Approach,” a new initiative that supports cross-sectorial and cross-border programs.

(4) Promotion of Infrastructure Investments using private funds

Meeting growing infrastructure needs is necessary to enable developing countries to achieve sustainable growth. To this end, it is important to mobilize private funds. Japan expects that the WBG will promote the formulation of infrastructure projects using private funds by utilizing its global network, high credibility among private investors, and diverse financial products, including credit enhancement, while maintaining high environmental and social standards in infrastructure development in developing countries. Japan will actively contribute to the Global Infrastructure Facility (GIF) in designing an effective framework so that it can work as a catalyst for infrastructure development using private funds.

(5) Enhancement of Governments’ Results Management

To effectively deal with difficult development challenges, such as healthcare, DRM, climate change and infrastructure development using private funds, it is important to enhance the government’s
capacity for better results management. The government needs to grasp the progress and outcomes of policies and projects based on data in a timely manner, diagnose what worked well and what did not, and use the results for future policy development and resource allocation. Japan will cooperate with the World Bank in establishing a new support framework for enhancing the results management capacity of the government in developing countries.

Expectations for the WBG

Japan supports the WBG’s organizational reform implemented in July 2014 that changed its structure from a regionally-divided system to a more cross-regional and issue-oriented system underpinned by the Global Practices and the Cross-Cutting Solution Areas. For enabling the reformed WBG to provide more effective supports than before, it is important to utilize both global knowledge on specific issues and area-specific knowledge on recipient countries’ characteristics that Regional Departments have been nurturing. From this perspective, Japan expects the WBG to appropriately conduct its operations based on the new country engagement model (“Systematic Country Diagnostic” and “Country Partnership Framework”) and further contribute to the development of client countries.

Moreover, we want the WBG to create a new stream of development assistance by collecting and integrating innovative ideas and lessons scattered across the global community and disseminating them globally. In this regard, it is important for the WBG to further deepen cooperation with other international development organizations including the Asian Development Bank (ADB), bilateral donors, such as the Japan International Cooperation Agency (JICA), U.N. agencies, and non-government organizations (NGOs).

Closing Remarks

The WBG’s mission is to deliver solutions efficiently and effectively to achieve the twin strategic goals of “ending extreme poverty by 2030” and “promoting shared prosperity.” To accomplish the mission, the WBG needs to do its business in a manner tailored to the reality faces each country. In addition, the WBG should ensure diversity in its human resources, and Japan intends to make maximum contributions in this respect.

In March 2015, Japan will host the U.N. World Conference on Disaster Risk Reduction in Sendai, at which international DRM strategies will be discussed. We will welcome President Jim Yong Kim, together with many practitioners from all over the world to participate. We expect that lively discussions in the conference will lead to concrete outputs.

Statement by Mr. Mohamed Boussaid, Minister of Economy and Finance, Kingdom of Morocco

On behalf of my constituency, I would like to thank the Development Committee for the important topic selected for this year, namely “promoting shared prosperity.” This choice is all the more important given that the target date for the Millennium Development Goals is one year away and we have reached the one-year mark since our approval of the new World Bank Group strategy.

We should bear in mind that this strategy focuses on two objectives—ending extreme poverty by reducing the number of people living on less than US$1.25 a day to under 3 percent of the world’s population by

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4 On behalf of Afghanistan, Algeria, Ghana, Iran, Morocco, Pakistan, and Tunisia.
2030, and promoting shared prosperity by fostering income growth of the bottom 40 percent of this population group.

In this context, we would like to thank the World Bank, IMF, and OECD for their contribution to the Global Monitoring Report 2014. This report is particularly important because it (i) underscores the progress made by developing countries toward achievement of the Millennium Development Goals and (ii) presents the institutional and operational framework needed to achieve the dual strategic objectives of the World Bank Group.

**Public Policies Focused on Reducing Extreme Poverty and Boosting Shared Prosperity, Drawing on the Achievement of the Millennium Development Goals.**

The report demonstrates that over the past two decades, robust growth in developing countries has been instrumental in halving extreme poverty.

In the early 1990s, most developing countries did indeed implement public policies that were aligned with achievement of the Millennium Development Goals. Implementation of these policies has been evident in the clear-cut progress made with poverty reduction and more equitable wealth distribution.

Even more recently, public policies in developing countries have increasingly sought to take into account inclusive pro-poor growth imperatives, in particular in their human capital and sustainable development components.

In this context, we think that important lessons must be drawn.

Indeed, we note the success achieved with the implementation of the different local and community development initiatives, particularly in rural areas, by expanding access to basic social services and promoting income-generating activities for the poor.

We also underscore the priority accorded in public policies to investing in intangible capital, in particular human capital. Significant productivity gains have been made in this regard as a result of the implementation of programs to strengthen competencies and align training with employment.

For some years now, the promotion of financial inclusion has also been one of the key public policy priorities of developing countries. These policies have facilitated access by low-income households, very small, small and medium-sized enterprises, young people, and women to financial products suited to their needs.

Similarly, we note that the initiatives that allow the vulnerable to break the intergenerational cycle of poverty have been successfully implemented. These initiatives have mainly targeted subsidy programs and the adoption of various types of conditional cash transfers.

The same positive results can be noted with public policies implemented with the aim of boosting agricultural productivity. The investment of many countries in the agricultural sector has in fact allowed the poorest residents of rural areas to gain access to markets and has enabled countries to increase the value-added of the sector.

From a sustainable development standpoint, we welcome public policy initiatives that include an environmental protection and green growth component, in order to ensure better management of natural resources and greater energy efficiency. The interest shown by several countries in programs to develop renewable energy must, in this regard, be commended.
In light of the results achieved, we are confident that these initiatives that target more robust growth and greater equity can prove to be very decisive. Deepening and replicating them, with World Bank assistance, could pave the way for achievement of the dual strategic objectives of the World Bank Group.

**Role of the World Bank Group**

With regard to the placement of the dual strategic objectives of the World Bank Group in an institutional and operational framework and now that one year has elapsed since their adoption, the question now arises as to how the World Bank Group plans to help member countries reduce poverty and promote shared prosperity.

We agree with the goal pursued by the World Bank Group of being more selective in its intervention areas by recentering its activities around programs that lay the groundwork for structural changes that are likely to help countries achieve the dual strategic objectives.

Against this backdrop, we are confident that the “country diagnostic framework,” which will serve as a basis for formulating the new “country partnership framework,” will allow the Bank to better assist developing countries with the selection of public policies based on each country’s specificities. We are eager to see the Bank undertake, as expeditiously as possible, the review of partnership frameworks based on sound diagnostic work.

Furthermore, with regard to the Bank’s quest to become “a solutions and knowledge Bank,” we are pleased with the speedy action taken to implement the new organizational structure and to fill all management positions for the 14 global practices and 5 cross-cutting solution areas.

These areas should facilitate the interregional transfer of knowledge and technical expertise to support the design and implementation of public policies aimed at promoting shared prosperity in member countries. In this regard, we call on these areas of the new organizational structure to invest heavily in this decisive phase with the aim of operationalizing the World Bank Group’s strategy.

Lastly, as we approach the target date for the Millennium Development Goals and the rapid operationalization of the strategy, we would like the World Bank Group to make a decisive contribution to formulating new sustainable development goals that the international community will be called upon to adopt after 2015.

**Statement by Dr. Arvind Mayaram, Secretary, Department of Economic Affairs, Ministry of Finance, India**

We are meeting at a time when the global economy has shown signs of improvement, though significant challenges towards faster recovery persist. The prospects are uneven across economies and vulnerability of most economies to adverse shocks remain. Hence, to accelerate growth to pre-crisis levels, we need a more benign global environment, sustained economic recovery and better coordination in monetary policies.

While growth spearheads the reduction in poverty levels across countries, we recognise that strategic and focused interventions are vital to meet the twin goals of eliminating extreme poverty at an accelerated

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5 On behalf of Bangladesh, Bhutan, India and Sri Lanka.
pace and to deliver on the universal challenge of promoting shared prosperity. The agenda of the Development Committee, with its focus on promoting shared prosperity, is, therefore, very relevant.

The World Bank has defined milestones for achieving these goals: a strategy for achieving the twin goals has been outlined; it has set for itself an ambitious organizational restructuring; has a new country engagement model; and is further moving towards increasing its lending capacity. We reaffirm our support to the WBG in its endeavours to build upon its successes and learn from various challenges that have been encountered while remaining steadfast in the commitment of achieving our shared aspirations. The WBG must work with clients, through the country engagement model, to define more clearly the poverty and shared prosperity challenges and to craft country specific solutions.

The policy options, instruments, interventions and frameworks proposed in the Development Committee paper are comprehensive. We believe that the most sustainable way of building shared prosperity is by investment in inclusive growth and creation of productive and durable jobs, together with investment in human capital and skills. The emphasis placed in the DC paper on policies and instruments that support the development of human capacity and asset building is welcome.

While these frameworks, options, and instruments are significant, the drivers and determinants of shared prosperity should also embody the following key messages:

i. The centrality of **strong and inclusive economic growth** for both the goals of ending extreme poverty and shared prosperity must be recognized explicitly. Although the Global Monitoring Report (GMR), 2014, is right in saying that growth alone cannot sustainably reduce poverty and boost shared prosperity, without rapid and inclusive economic growth, there can be no shared prosperity.

ii. Strategies for shared prosperity also require **emphasis on agriculture and food security**. Hence focussed strategies aimed at increased agricultural productivity, diversification of agriculture and which enhance natural capital and foster sustainable habitat would be vital for food security and spearheading employment generation.

iii. **Sustainable urbanisation** and strategies to enhance the capacities and resources of the developing countries to manage the challenge of rapid urbanisation, plan for it and ensure access to amenities is critical for extending shared prosperity.

iv. Finally, **investment in infrastructure** is a crucial catalyst, for boosting sustainable growth and achieving the twin goals in an accelerated manner. It supports and augments better living conditions and provides access to roads, electricity, drinking water and sanitation, health and education, opportunity and skills to all, particularly the poor. The need for investment in infrastructure is humongous and national efforts in this sphere need to be robustly supported through flow of long term financing from MBDs.

We had expectations that the World Bank Group would strengthen its engagement with client countries to facilitate the flow of investment into the infrastructure sector. Though, the WBG is finally moving forward with the setting up of the Global Infrastructure Facility, in its pilot phase, it lacks ambition and reach. We hope that over time the GIF structure will evolve and play a greater role in catalysing investment flows. We would like borrowing countries to have a strong and effective voice in the management of GIF. We would also like GIF to present us with a credible plan regarding the contribution it can make to bridge the humongous infrastructure financing gap.
The World Bank Group has achieved some increase in its lending capacity. However, the challenges of ending extreme poverty and promoting shared prosperity demand a much more robust effort on the part of shareholders to augment capacity. A review of the authorized capital stock of the Bank and the voice and participation of the Developing Countries is due in 2015. I request a prompt completion of the review from the Board. An increase in capital and a more equitable representation in governance will only strengthen the WBG and equip it to meet its goals.

I welcome the update on implementation of the Gender Equality Agenda at the World Bank Group, creation of gender CCSA (Cross Cutting Solution Areas) and compliment the Bank for the progress made in incorporating gender concerns in Bank operations. I would urge the WBG to deepen the gender integration in lending operations by supporting higher standards for deliverables. The WBG, through its operations and knowledge activities, must address structural factors that constrain the realization of more equitable gender outcomes, not only in the social sectors but also in infrastructure and production sectors.

I also acknowledge the analytical work on monitoring of the shared prosperity goal that the GMR presents. There are, indeed, great data challenges and I urge the World Bank Group to continue to support clients in developing capacity and databases for improving the measurement and monitoring of shared prosperity.

I look forward to successful implementation of the WBG strategy, with a clear focus on the twin goals and careful nurturing of the re-organized systems within the one World Bank Group. In doing so, we urge the WBG must keep the client centre stage and address their problems and challenges in a spirit of partnership.

Statement by Ms. Maria Kiwanuka, Minister of Finance, Planning and Economic Development, Uganda (African Group 1 Constituency)

Introduction

Economic growth in Sub-Saharan Africa (SSA) is projected to remain robust in 2014 at about 4.7 percent, continuing to be underpinned by large investments in infrastructure, mining and manufacturing. Poverty levels are falling, while education and health outcomes are improving. However, the region, like other developing regions, still faces challenges. Under the circumstances, achievement of the two goals of ending extreme poverty and promoting shared prosperity calls for concerted efforts and strengthened partnerships between our countries and the development community in general.

Promoting shared prosperity in an unequal world: Key challenges and the role of The World Bank Group (WBG)

We note and appreciate the efforts put into promoting synergies of the One World Bank Group in the new country engagement model that aim to facilitate the partnership between the public and private sectors in our countries for maximum impact of the WBG’s country programs. In this context, recognizing the important role of the private sector in job creation, we look forward to the implementation of IFC’s FY15-17 Road Map and MIGA’s Strategic Directions FY15-17 in SSA.

African countries face a number of challenges, the biggest of which include creating and expanding employment opportunities, especially for the youth. Other challenges include income inequality, and vulnerability to economic, social and environmental risks. Moreover, the ongoing Ebola crisis in West Africa has already brought about a major slowdown in the economies of the region, and has stretched the
limit of the under-resourced health and social infrastructure. We, therefore, reaffirm our strong commitment and reiterate our call on the international development community to ramp up its support to our countries to address these challenges.

Similarly, we share the concerns about high global inequality levels, despite the efforts and progress made in improving the welfare of the bottom 40 percent population globally. Relatedly, we continue to face significant data deficiencies which undermine our ability to adequately measure progress and effectively plan for the future. We, therefore, call on the WBG and other development partners to strengthen our efforts to enhance statistical capacities in our countries during the post-2015 era.

The Millennium Development Goals (MDGs) and the WBG Twin Goals

We take note of the 2014 Global Monitoring Report (GMR), which provides an update on the progress towards the Millennium Development Goals (MDGs), including the performance on the WBG twin goals. As the Report indicates, despite significant progress in meeting the MDGs globally, the attainment of the goals relating to primary education, basic sanitation, and infant, child and maternal mortality are lagging, particularly in SSA. We, therefore, reiterate our call on development partners, including the WBG to join efforts with our countries in accelerating progress on these fronts, while ensuring the unfinished agenda is adequately captured in the Post-2015 Framework.

We concur with the main policy messages of the Report on the importance of sustained growth, early investments in human capital and well-targeted social safety nets. Further, we agree with the view that promoting green growth is vital for promoting intergenerational inclusive growth. However, environmentally friendly options are not often cost-neutral, and can impose trade-offs that limit the scope of our development resources. Thus, we call on our development partners to provide appropriate and timely support for our countries to take up and persevere with actions that promote progress on the environmental front without compromising their efforts on other pressing development issues.


We welcome the findings of the WDR 2015 that suggest a major paradigm shift in the way the WBG engages with our countries. We appreciate that the Report recognizes that for effectiveness, it is important for the WBG to contextualize interventions, taking into account culture and psychological disposition of client countries. The implementation of these proposals is likely to result in a significant change in the way the Bank engages with our countries in the design and execution of programs and projects. Obviously, these changes will require capacity building in both the WBG and client countries. In this regard, we cannot overemphasize the importance of early consultations to assess the needs of our countries and staff in the WBG in readiness for these changes.

We understand that work on the operationalization of the WDR 2015 is ongoing and, in this regard, it would be imperative that the transition from conventional development economics to behavioral economics is managed in a manner that prevents disruption of program delivery to clients, and enhances the on-going Change Process.

Development Financing and the Post-2015 Development

Our countries face large financing gaps in sustaining the current rapid rate of economic growth and funding transformation of their economies. Several African countries are exploring policy options to ensure that available resources, including those obtained as external flows, are efficiently utilized to
achieve economic, social and environmentally sustainable development. Moreover, in an effort to diversify the sources of funding, many of our countries are making progress and deepening their domestic financial markets and are successfully accessing international bond markets. More African countries are seeking sovereign credit ratings and, importantly, are putting in place solid debt management strategies.

These efforts notwithstanding, official development assistance (ODA) will remain relevant in meeting the large and long-term financing needs of our infrastructure projects. It also continues to be a significant source of development financing, especially for the poorest countries that have limited or no access to capital markets. It is important that ODA is not only sustained but leveraged. Therefore, the need to explore innovative sources of finance that could be channeled into high impact, high return investments with potentially transformative impact cannot be overemphasized. We encourage the Bank to work with development partners in looking into modalities for attracting surpluses in emerging markets, including sovereign wealth funds, remittances, and leverage public resources with private sector flows. More specifically, we continue to call on the WBG to work with partners and our countries on innovative financing mechanisms, including especially promoting access to affordable finance by SMEs, which are key for job creation.

The World Bank Group Change Process

We are cognizant that the World Bank Group Change Process is continuously evolving with the attainment of several milestones so far. In particular, we take note that the Country Partnership Framework (CPF) and the Systematic Country Diagnostics (SCD) have gone into effect in WBG operations. We further recognize the progress made in terms of operationalizing the Global Practices and finalizing the Monitoring and Evaluation Framework. We however must reiterate that the success of the process will ultimately be determined by its results on the ground, in terms of specifically facilitating and improving timely project implementation.

As we have mentioned before, to achieve the level of ambition set in terms of the WBG twin goals, the Change Process demands better utilization of existing resources as well as strengthening the WBG’s financial capacity. We note that work is on-going to engender the desired changes while simultaneously ensuring that there would be virtually no disruption to the current measures being undertaken to assist partner countries. In this regard, we would like to once again stress the need to ensure streamlined and simplified internal procedures and processes necessary to ensure faster service delivery.

Response to the Ebola Outbreak

We recognize the efforts Liberia, Sierra Leone and Guinea, are making under difficult circumstances, and that of the other African countries in the fight against this epidemic. In this context, we welcome and appreciate the financial and humanitarian support of the international community in the fight against the Ebola disease that is having a devastating impact in the affected countries with the potential to become more widespread. We also appreciate President Kim’s leadership in the WBG’s support in this regard, including especially the recently approved Ebola Emergency Response Project (EERP) and the WBG’s announcement to double its financing to $400 million, with additional new resources for medium-and long-term projects to help the worst-affected countries address the problem over the coming years.

We welcome the roundtable discussions with Heads of States of the three countries affected and appreciate the pronouncement of the valuable support of the WBG, International Monetary Fund and the other development partners, which represents a show of the kind of global coordination needed to tackle this urgent and destructive global externality. We urge the WBG to continue with ramped up global coordination efforts and to play a leading role in mobilizing resources and exploring ways and means of
not only to stopping the spread of the disease, but also to determine the root cause(s), facilitate its obliteration and assist these countries in their socioeconomic recovery endeavors. In this regard, we also emphasize the need to focus on boosting the vulnerability and crisis preparedness capacities of the affected countries and the other countries in need.

Other Recurring Development Issues

**Diversity and Inclusion:** We have over the years repeatedly raised the subject of lack of diversity, especially at the professional and managerial levels in the WBG. While we recognize the progress that has been made in some diversity and inclusion indicators in the last few years, we are concerned that the overall progress measured against the targets has been slow. Therefore, we wish to stress that concrete actions are needed in order to address this issue in a meaningful way. Relatedly, we take note and welcome the WBG’s recent pronouncement reverting its commitment to *Diversity and Inclusion*. We encourage the WBG to strive towards fulfilling this commitment. In the same vein, we recall the undertaking that the WBG President had made to update us on the progress made on this front, and we would like to hear from the President on this issue.

**Update on Implementation of the Gender Equality Agenda:** We acknowledge the achievements on the *Gender Equality Agenda*. We also note and welcome the statistical capacity building initiatives and the heightened focus on developing sex-disaggregated databases, as a means of tracking gender gaps over time. In this regard, we urge the WBG to incorporate into the upcoming *Gender Equality and Development Strategy*, measures to prevent reversals of gains, and to focus on linking gender to sectors including agriculture and energy, which directly improve the livelihood, voice, and agency of women. In addition, we call on the WBG to continue to ensure that its support and partnership with the private sector remain gender-sensitive.

**Securing the Transformational Potential of Extractive Industries – The World Bank Group Approach:** Generally, we welcome and encourage the WBG’s engagement with client countries in supporting investment in extractive industries. We also support the emphasis given to initiatives such as the *Extractive Industries Transparency Initiative (EITI)* that would go a long way in helping to ensure the transparency on the benefits accrued from the oil, gas and mining sector receipts. Resolutely, a number of our countries, with the support of the Bank, are either now EITI complaint or are in the process of doing so. In this respect, we cannot overemphasize the importance of the WBG’s support to countries in need, in extractive sector management including value addition, establishing requisite legal and regulatory, environmental, and fiscal frameworks for managing natural resources wealth, and in contract negotiations.

**Support to Africa’s Middle Income Countries (MICs) and Small Island Developing States (SIDS):** While we recognize the Bank’s support of projects in some MICs in SSA, we express our disappointment with the slow progress exhibited so far. Therefore, we once again urge for the development of a meaningful, tailored solution for dealing with the challenges these countries are facing. We also encourage the Bank to recognize the special needs of the SIDS that, because of their small size, limited resources, geographic dispersion and isolation from markets, SIDS face challenges which cause major set-backs to their socio-economic development. We, therefore, reiterate our call for a tailored strategy by the Bank to address these challenges.

**Debt Relief:** We remain concerned with the slow progress in helping Somalia, Sudan, and Zimbabwe benefit from the debt relief initiatives – a situation that has hampered meaningful development in these countries. We call, once again, for the WBG to help these countries accomplish the requisite task as well as take the lead, together with the IMF, in rallying development partners to provide the sought debt relief.
World Bank’s Non-Concessional Borrowing Policy for IDA Countries: We call for an urgent review of the IDA Non-Concessional Borrowing Policy (NCBP) that would allow the full exploitation or promotion of the one WBG synergy in resource mobilization to support transformative infrastructure projects in IDA countries. Specifically, we urge the WBG to improve accessibility to IBRD resources by IDA creditworthy countries. In the same vein, the revised policy should take into account IFC’s efforts to mobilize capital from third parties, and/or, foster stronger participation and collaboration from IBRD, IDA and MIGA in attracting private sector participation in promoting this cause.

WBG’s Procurement, Environmental and Social Safeguards and Policies: We welcome the ongoing review of the WBG’s Procurement Policies, and the Environmental and Social Safeguards and Policies. We take note that the review takes into account lessons from WBG’s engagement with countries in the past decades. In this regard, we would like to emphasize that the reviews need to aim mainly at addressing the deficiencies inherent in the Bank’s procedures and processes that have remained unresolved for a long period of time. With respect to the safeguards policy, we would like to, at the outset, reaffirm our commitment to ensuring and safeguarding the economic, social and environmental interests of all our people, including specially those who are historically marginalized. Notwithstanding this, we would like to underscore that the Bank’s policy needs to be crafted in such a way as to be sensitive to client countries’ values and cultures, and respectful of national Constitutions. Our interest is to ensure that the WBG remains part of the solutions to our economic and social challenges and/or problems. We, therefore, urge the WBG take into account our views and comments on the respective draft documents.

Conclusion

In conclusion, Africa needs to sustain the remarkable growth momentum in order to be able to achieve the twin goals established by the WBG in a sustainable manner. To this end, our Governments believe and are committed to a strengthened, mutually beneficial cooperation with development partners. We therefore call for a similar commitment from our development partners, including the WBG in particular, to our joint efforts towards achieving these goals.

Statement by Ms. Lilianne Ploumen, Minister of Foreign Trade and Development Cooperation, Kingdom of the Netherlands

The Development Committee meets (DC) today after several DCs during which we discussed the change process at length. – Our constituency reiterates its support and welcomes the creation of the Global Practices per July 1. In this phase of the reorganization, we wish to call on management to maintain the momentum on the expenditure review’s measures of austerity, while at the same time providing WBG staff – the real capital of the organization – with much-needed and much-deserved clarity. Nevertheless, while this internal housekeeping needs to continue, our focus should turn ever more toward the outside world, where disease, war and poverty demand our attention.

First of all there is the alarming evidence of the spread of the Ebola epidemic in West Africa. Our Constituency is deeply concerned about this growing humanitarian crisis with large socioeconomic consequences. We welcome the swift and strong response by the World Bank Group (WBG). In the coming period, the World Bank Group shall concentrate especially on measures to boost the economies of

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6 On behalf of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, former Yugoslav Republic of Macedonia, Moldova, Montenegro, the Netherlands, Romania and Ukraine.
the most affected countries. Of course, close collaboration with the IMF, World Health Organization, and other UN agencies and international partners is imperative.

Secondly, the situation in South Sudan and the Central African Republic is still fragile, and conflicts in Iraq and Syria have been affecting millions of people. Also our constituency has been affected by fragility. We welcome the continued support of both the World Bank Group and the IMF in helping Ukraine addressing its economic challenges.

In these times of crises, we urge the WBG to stand by its client countries, help them absorb the economic shocks, while building resilience and laying the foundations for medium-term growth. It is our duty as governors to make sure that the WBG continues to play this role while sticking to its mandate and maintaining focus on its central mission of achieving the twin goals of ending extreme poverty and boosting shared prosperity.

Promoting Shared Prosperity

Although the global economy is still recovering, the recovery is vulnerable and uneven. Inequality has risen in recent years in a number of countries, both advanced and emerging, which is a worrisome trend. Our constituency therefore welcomes the fact that this DC agenda revolves around the goal of promoting shared prosperity.

Promoting shared prosperity at country level involves different country-specific challenges and trade-offs. We encourage the WBG to apply a tailor-made approach using all knowledge and expertise across the Group. A One World Bank Group approach is key to delivering and implementing this new vision of shared prosperity. With the Global Practices, lessons learned on one side of the world can become lessons applied on the other side of the world – nevertheless, we should acknowledge that every country is different and therefore methods to boost shared prosperity that have worked in one country might not work in the next. Country-level expertise should remain the bedrock of any country-level program.

Our constituency would like to highlight in particular the importance of infrastructure, often the way to provide more people with access to the growth process and to thus boost shared prosperity. In that context, my constituency supports the current Global Infrastructure Facility proposal. The GIF aims at playing a useful role through leveraging public capital with private sector funds to finance the infrastructure gap. It can help build pipelines of well-prepared and efficiently financed bankable projects. With this instrument, the WBG can be of added value in addressing the challenges of infrastructure finance and development.

Gender Equality Agenda at the World Bank Group

Our constituency reiterates the importance of gender equality both intrinsically and as a means of pursuing the Bank Group’s goals of reducing poverty and boosting shared prosperity. We therefore welcome that this development committee will be used to discuss the review of the progress in the implementation of the WBG Gender Equality Agenda.

Our constituency supports the recommendations stemming from ‘The Update on the Implementation of the Gender Equality Agenda’. Firstly, the level of ambition needs to be raised in line with the WBG strategy that has been endorsed by the Governors last October, in order to achieve the goal of ending poverty by 2030. Secondly, the reorganized structure of the Bank around Global Practices (GPs) should enhance the capacity of the WBG to assist client countries with improving gender outcomes.
Our constituency shares the analysis of the WBG that it is insufficient to solely work on the economic empowerment of women, but that we also need to strengthen political participation, eradicate violence against women (including early- and forced marriages) and bolster sexual and reproductive rights and health, also in conflict situations.

**Macro-Economic Developments in Low-Income Developing Countries**

Our constituency welcomes the discussion on the Macro-Economic Developments in Low-Income Developing Countries (LIDCs). As LIDCs have distinctive economic and social performance aspects, it makes sense to treat them as a separate subgroup within the wider category of developing countries. This nonetheless heterogeneous group contains large exporters, frontier market economies, and fragile/conflict-affected states (FCSs). We call upon the WBG to ensure that the reorganisation and budget cuts will not affect the Bank's potential for working in fragile and conflict-affected states. Having high quality staff closer to host countries through the hub in Nairobi as well as in country offices has made a substantial difference which enables important further work.

We underline the effort of the WBG to reaching the vision of shared prosperity in fragile states. After all, a disproportionate part of the poorest people in the world lives there. Moreover, as FCSs will form IDA’s main client base in the future, we need to strengthen our engagement in these countries to be successful. Our constituency reiterates that this requires a less risk-averse management framework.

**Reform of the Safeguard policy**

We welcome the ongoing review of the safeguard policy and encourage the Bank to aim for a new safeguard policy that receives broad support. Our constituency therefore invites all CSOs working on strong safeguards to engage constructively in the consultations with the WBG that have recently been opened.

Our constituency reiterates its view that effective safeguards are core contributors to achieving development impact. Safeguards allow the WBG to maximise the positive impacts of its activities, and minimise the potential harm to the environment and communities affected.

**Statement by Messrs. Mohamed Diare, Amara Konneh, and Kaifala Marah, Ministers of Finance on the Ebola Outbreak, Guinea, Liberia, and Sierra Leone**

1. We, the Finance Ministers of Guinea, Liberia and Sierra Leone, have held joint discussions in Washington DC at the Annual Meetings of the IMF and World Bank. Our three countries have been the worst hit by the ongoing and unprecedented outbreak of the Ebola Virus Disease (EVD), with over 8,000 cases of infection and nearly 4,000 deaths so far recorded across our countries.

2. We, at the outset, thank our international partners who have already committed finances, people and expertise to support us in responding to the crisis. But much more needs to be done and there is an urgent and immediate need for further resources to get a grip on the outbreak and prevent what is already a terrible humanitarian crisis from becoming a truly catastrophic one.

3. However what started as a health crisis has quickly become a deep social and economic one. Our fear is that without immediate and innovative action by our international partners the damage will
be long-lasting and will have far-reaching consequences for the citizens in our countries. Projections of economic growth are being slashed and the World Bank has estimated that the GDP cost over for our three countries may be $1.2bn in 2 years alone. And with the very large informal sectors that make up our economies the real impact on our people will be much worse than the numbers show. Further, we share a recent history of civil wars and instability that left our economies in a state of fragility, whose effects still remain. Consequently, the lack of an immediate and adequate response to the epidemic could further increase the fragility of our countries. We therefore urgently call on the international community to scale up the response with a comprehensive support package which must include:

3.1 Major direct budget support to plug the gaps in our heavily damaged public finances – without which we are at risk of not being able to re-open schools, secure the livelihoods of millions of farmers and market sellers who have lost an entire harvest or protect the orphans that this crisis is leaving behind;

3.2 Commitment and resources to fundamentally revisit and strengthen our health systems, the vulnerabilities of which have been painfully exposed by this outbreak; and

3.3 Significant resources to enable critical investment and interventions over the short to medium-term, particularly in infrastructure, to ensure that our economies do not merely scrape through this crisis but recover onto a path of much stronger and more inclusive and poverty reducing growth.

4. We also call on the international financial institutions, including the IMF, to consider how greater flexibility can be applied in the implementation of our support programmes.

5. Finally, we agree that a key objective in responding to this crisis and addressing its aftermath is to deepen our regional integration, including through a more harmonised approach to economic recovery. We therefore ask that our partners work together to support us in this goal.

Statement by Mr. Daniel Kablan Duncan, Prime Minister and Minister of Economy and Finance, Republic of Côte d’Ivoire, on behalf of the Group II African Countries

My speech focuses primarily on the reports related to the topics appearing on the agenda for our October 11, 2014 meeting, namely:

i. Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group;


I. Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group

We thank and commend the World Bank staff for the quality of the document. In light of concerns regarding growing inequality in the world and its implications for future economic growth, we believe that this is an opportune time to bring this issue to the attention of the governors.

We endorse all of the key messages pertaining to the WBG’s policies for the promotion of shared prosperity and the high-impact areas of intervention mentioned in the report. We believe that in order to reduce poverty and promote shared prosperity, priority must be accorded to building institutional and human capacity and developing infrastructure, agriculture, SMEs, and the financial sector.

We note with regret, however, that the document submitted to the Ministers does not present any specific proposals regarding the activities and operations that the WBG intends to conduct to promote shared prosperity in countries. In that regard, we believe that improving working conditions and productivity for the bottom 40 percent would make a meaningful contribution to efforts to promote growth and shared prosperity. We therefore urge the WBG to increase human and financial resources for the new jobs crosscutting solution area, with a view to helping African countries meet this challenge.

II. Global Monitoring Report 2014: Ending Poverty and Sharing Prosperity

We commend the staffs of the World Bank and the IMF for this 11th Global Monitoring Report (GMR), which, in our view, is thorough and objective. We broadly endorse the recommendations and key messages of the report on the progress made toward achievement of the Millennium Development Goals, as well as those pertaining to the twin goals of the WBG, namely, ending extreme poverty and boosting shared prosperity. We would, however, like to underscore two points:

First, we note, based on the analytical work presented by Bank and IMF staffs on the GMR, that the sectoral composition of GDP growth plays an instrumental role in efforts to reduce poverty and share prosperity, with the greatest contributions coming from labor-intensive sectors. However, it bears noting that this is not clearly conveyed in the document on shared prosperity, which, in our view, should propose a specific plan outlining how the WBG will tackle the goal of boosting shared prosperity in the future. To that end, we believe that in order to end poverty and promote shared prosperity, the WBG should accord priority to jobs in its programs and strengthen its crosscutting solution area tasked with helping our countries create jobs.

Second, we support the key messages of the GMR 2014 and concur with the assessment of the challenges of ending extreme poverty and promoting shared prosperity, and tracking progress toward the MDGs. However, we believe that the Global Monitoring Report 2014 should focus on the principle of mutual accountability, which is a core element of the report, while emphasizing the key measures needed to accelerate progress toward the MDGs.


We welcome this update on the WBG’s support in the area of gender equality.

We are pleased with the overall conclusions of the report, which highlights several gains from WBG interventions during the period under review. This annual exercise is extremely useful and should, in our view, be continued.
Despite these achievements, we note that there is still much to be done, and emphasis must be placed on proposed plans and the evaluation of these outcomes. In order to reverse the lack of effectiveness of WBG actions, which has been clearly demonstrated, efforts must be made to improve diagnostic and dialogue tools with respect to analysis and outcomes. We therefore encourage the Bank to move beyond the social sectors, according priority to synergies between the Bank, IFC, and MIGA to boost the impact and effectiveness in the areas of employment for women, microfinance, and social inclusion.

We believe that clear accountability must be established for experts, country directors, and senior management. This accountability could take the form of the development and application of a mechanism that tracks the extent to which operations mainstream, as appropriate, gender equality concerns in the WBG’s work. To that end, country directors must be accorded a key role, because it is largely in them that accountability is vested.

Directors must also communicate to stakeholders the importance of gender equality to ending poverty and promoting shared prosperity in countries. Adequate human and financial resources should be allocated in order to foster a culture change and achieve tangible and sustainable outcomes.

We strongly encourage the WBG to formulate an action plan to promote knowledge sharing and its ownership among client countries. In particular, efforts to provide primary, secondary, and tertiary education to young girls must be continued and sustained. The same applies to land reforms that promote access by women to full property ownership with a view to empowering them and boosting their productive potential.

Implementation of WBG programs targeting gender equality will still require donor support, at least in the short and medium term. To increase the effectiveness of implementing programs aimed at reducing extreme poverty in client countries, it is important that the WBG ensure fiscal sustainability by providing the new gender crosscutting solution area with sufficient resources and by strengthening collaboration with the other sectoral and crosscutting solution areas to facilitate implementation of these activities.

IV. 2014 Report: "Macroeconomic Developments in Low-Income Countries"

We thank the IMF staff for this important report and welcome the detailed assessment conducted on macroeconomic developments, the near-term outlook, and the vulnerabilities in low-income countries (LICs).

We also take this opportunity to urge the IMF to include the "development of debt financing" aspect in its analysis, in particular the considerable need for financing of key infrastructure in IDA countries. In this regard, the WBG should evaluate the progress achieved with the review exercise of its policy on non-concessional borrowing. Moreover, we think that this report offers an important opportunity for the Bretton Woods institutions to develop policies that can help LICs face non-economic shocks such as the Ebola virus epidemic.

Finally, we believe that all of these documents clearly demonstrate the importance of having reliable, consistent, and comprehensive data. In this regard, we call on the WBG once more to strengthen our statistical tools in order to improve data availability and quality, including with regard to gender in IDA countries.

Once more, we urge the WBG to find innovative methods of supporting capacity building in national and regional data collection institutions in IDA countries.
Statement by Mr. Koenraad Geens, Minister of Finance, Belgium

Promoting Shared Prosperity in an Unequal World: Key Challenges and The role of the World Bank Group

The World Bank Group’s shared prosperity goal, which we adopted at the 2013 Spring Development Committee meeting, has expanded the boundaries of this organization’s traditional mission. The need for this shift in paradigm is also emerging from the findings of the 2014 Global Monitoring Report that states that, to eradicate extreme poverty by 2030, promoting economic growth will not be sufficient. Growth will have to be sustainable, inclusive and complemented by redistributive policies. Aside from alleviating poverty, we now also expect from the WBG that it will promote greater equity. Our development policy agenda is thus on the edge of a new frontier.

This welcome change responds to our evolved thinking not only about what is morally right and wrong yet also about what is (counter)productive for development. In this day and age, it almost seems unimaginable that it took until the early seventies of the 20th century (during President McNamara’s term at the World Bank) for a broad consensus to emerge that poverty must and can be fought. How far have we come since the mainstream views in the days of Oliver Twist and Les Misérables, when poverty was looked upon as the lot of man, and even as necessary, to ensure a country’s economic success. Today, many share the conviction that deprivation, not only in absolute terms, but also in relative terms, is unjust.

This correction of our moral compass corresponds to present-day realities. Even as extreme poverty rates are falling, inequality in many countries across the GDP/capita spectrum remains high and in several cases is on the rise. Inequality at the global level also continues to be high. We witness how persistent high levels of inequality fuel violence and conflict. Extreme concentration of wealth leads to concentration of political power, economic capture and corruption, and can become an assault on democracy. We also have evidence that inequality impedes stable and sustainable growth.

These changes in our mind, world and conscience call for a drastically changed policy agenda and way of operating. Poverty and inequality are often two sides of the same coin and attention for equity has been on the fringes of the World Bank Group’s agenda for a long time. Still, an overt concern about inequality on par with a commitment to eradicate poverty should raise the ambitions and the lifespan of this organization. Indeed, the new shared prosperity goal implies a –not self-evident- choice to target the very poorest and also a larger group of vulnerable, excluded or disadvantaged people, regardless of whether they live in a Low, Middle or High-Income Country.

We cannot satisfy ourselves with an organizational reshuffling that de facto legitimizes business as usual. The shared prosperity goal should lead to an overhaul of the World Bank Group’s strategies, products and partnerships. It should reshape its country engagement model and also its research agenda, its policy priorities, its staffing needs and its budgetary choices. The goal should also serve as an additional screening to ensure that the Bank Group’s Safeguards are not diluted but strengthened.

We welcome the insight and policy suggestions offered by the Development Committee Paper and this year’s Global Monitoring Report. We appreciate the GMR’s main message that growth-related policies need to be complemented with greater investments in human capital with a focus on the poor and with more robust support for safety nets and subsidies that are directly benefitting the poor and driven by

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7 On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovakia, Slovenia and Turkey.
appropriate re-distributional and taxation policies. This also implies that countries should reduce aid reliance and fully embrace responsibility for their own development.

Inspired by the GMR, we look forward to an ambitious revision of everything the World Bank Group does and stands for. Above all, this organization should come to terms with a much more targeted agenda. If one message should resonate far past and beyond this Development Committee meeting, it should be that economic growth, despite its importance for development and poverty reduction, is not a rising tide that automatically lifts all boats. Growth that is pro-poor, notably through good jobs for development, and that is accompanied with well-directed transfer policies, notably through social protection systems, is the most direct way to eradicate extreme poverty and promote shared prosperity. This is ever truer in countries higher up the income ladder where poverty is less a reflection of scarcity than a problem of targeting and distribution.

A more targeted agenda focuses attention on the bottom two quintiles of the income distribution of a country, instead of passively relying on the benefits of growth of GDP per capita to “trickle down”. In this respect, we expect the World Bank Group to become better at identifying the poor and the bottom 40 percent and at measuring distributional impacts and results of Bank Group support at the level of concrete beneficiaries, including through a gender-sensitive lens. We also advocate stronger awareness of political economy issues, accompanied by continued efforts to promote good governance and anti-corruption, voice and accountability to empower the poor, the vulnerable, and the excluded, including women and youth. The WBG’s new approach to country engagement holds some promises in this respect, which we hope to see fulfilled through a better delivery of operations based on evidence-based design and a more adaptive project approach. As part of a more targeted agenda, we also look forward to enhanced implementation of the WBG’s gender equality agenda.

In targeting the bottom 40 per cent, we should not disregard the most striking recent trend in the inequality debate: the increasing gap between the poorest and a small elite (the top 10 or even 1 percent). It is not acceptable -by any standard- that 85 people in today’s world own the same amount of wealth as the bottom half of the world’s population. This shows the magnitude of the problem and the difficulty of the task ahead of us.

Finally, we expect the WBG to be a forerunner in the international debate on combating inequality, including in the discussions on Sustainable Development Goals post 2015. Our Institution and its leadership should test and push the boundaries of conventional thinking. In this respect, the WBG should not shy away from examining and proposing responses to forces pushing towards greater inequality, notably inequality of wealth.

**Statement by Ms. Justine Greening, MP, Secretary of State for International Development and Mr. George Osborne, MP, Chancellor of the Exchequer, United Kingdom**

**World Bank vision**

The UK commends World Bank Group President Jim Kim and his staff for the recent reforms to ensure the Group remains relevant in a changing world and effectively delivers the twin goals of poverty reduction and shared prosperity. We look forward to seeing the fruits of these efforts.

To ensure that the gains from the new structure are realised other change processes will also need to succeed. We look forward to the new strategic country diagnostics identifying the priority development
challenges where the Group can have the biggest impact and to the change in structures driving greater collaboration across the Group. We recognise the substantial progress made in the implementation of the Expenditure Review and will work with the Group to bring about a further improved budget process that secures efficiency and maximises results through client facing activity over the medium term.

Economic development

Economic development is the main driver of long term poverty reduction and shared prosperity. Accelerating economic development is thus essential if the twin World Bank Group (WBG) goals are to be achieved. The UK and the WBG have therefore increased their collaboration to support economic transformation, particularly in fragile and the poorest countries.

The private sector is the engine of growth. Successful businesses drive growth, create jobs and pay the taxes that finance services and investment. Governments have a critical role in planning for the right sort of investments, encouraging responsible business, being intelligent customers of private sector providers, and helping markets work better for poor people. We are keen to see the new WBG structure bring closer together the public and private arms of the Bank to better promote policies and investments that encourage high, sustainable and inclusive growth. We welcome the creation of the Global Practice Group on Jobs to enable the WBG to improve its own diagnosis and policy/programming on jobs and play a stronger lead in the international development community on this issue.

Growth is more sustainable and has a greater impact on poverty reduction if countries ensure it is inclusive of all segments of society, in particular girls and women. This requires actions to tackle the structural barriers that deny marginalised people the chance to find jobs and raise their incomes. We encourage the Bank to better track and monitor the impact of its economic development work to ensure no one is left behind.

Post 2015

Negotiation of the Post 2015 Framework is a critical opportunity to accelerate poverty reduction and sustainable development. It is also essential to meet the zero poverty goals of the post-MDG framework. Our best chance of success is if the goals are concise, compelling and focused on eradicating extreme poverty. The framework needs to inspire a generation and galvanise international action – from governments, the private sector and civil society - over the next 15 years.

Inclusive and sustainable growth must be a core element of the post-MDG framework. We will neither eliminate poverty nor achieve many of the other goals without a compelling goal that addresses the building blocks of inclusive and sustainable growth.

We welcome the fact that the Bank is stepping up its engagement on the debate. Our common efforts should now focus on securing a tighter framework, including strong, clear goals on inclusive and sustainable growth and on Financing for Development.

Resilience, fragile states, conflict and crises

The progress that the Bank has made in improving its engagement in fragile contexts is critical to meeting its new goals. As well as the persistent challenge from crises such as those in the Middle East, we also face the structural challenge that an increasing proportion of the world’s poor will be found in fragile contexts.
The Bank is rightly moving to an intelligent focus on taking and managing the right risks rather than a focus on risk aversion. The new Turn Around Regime under IDA 17 is also a welcome development. However, significant challenges remain, in particular at the point of implementation. We recognise the work which the Bank has initiated to deploy more staff to country offices, to increase flexibility in their operating procedures, and promote institutional learning on what works. We also welcome the creation of the new Group for Fragility, Conflict and Violence and the appointment of a new Senior Director to lead their work. We encourage the Bank to maintain and deepen this momentum. We stand ready to collaborate with them at all levels of our organisations to share resources and experience.

**Gender and anti-discrimination**

The World Bank has continued to demonstrate energy and commitment to achieve gender equality and shared prosperity for all. The creation of the Gender Cross-Cutting Solutions Area is an important symbolic and practical step to embed gender across the Bank. It has a critical role to play in setting the agenda for transformative work in areas such as violence against women, women’s economic empowerment and voice and agency. The UK and UNICEF’s recent Girl Summit on ending child, early and forced marriage and Female Genital Mutilation saw international interest in tackling such difficult issues.

We welcome the Bank’s greater attention to gender issues in its projects and its commitment to ensuring that it has the right indicators, data and skills to measure progress in so doing. The new World Bank Group Gender Strategy scheduled for next year will need to set out an ambitious road map to translate this commitment into transformative change in key areas.

**Statement by Mr. Steven Ciobo, Parliamentary Secretary to the Treasurer, Australia**

We welcome the focus of this meeting of the Development Committee: on the challenges of promoting shared prosperity. This is an agenda common to all of the Bank’s member countries. It is a particularly pertinent topic in the countdown to the 2015 Millennium Development Goals (MDG) deadline, and as the post-2015 development agenda is being finalized.

The world has made genuine progress in recent years. The MDG goal of halving extreme poverty was reached by 2010, five years ahead of schedule. Three other MDG goals have been reached ahead of the 2015 deadline: gender equality in primary education; access to safe drinking water; and improving the lives of 100 million slum dwellers. These achievements are real and should be celebrated.

But the overall report card is less satisfactory. In particular, progress on the social indicators represented by MDGs 2 to 7 has been halting. Many of the poor’s basic needs remain unmet. Indicators that track the socioeconomic status of the bottom 40 per cent of the population have proven difficult to improve, even though the income growth of the poor has been faster than that of the general population in many countries.

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8 On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu.
It is clear that growth is the key driver of poverty reduction; growth was instrumental in halving extreme poverty between 1990 and 2010. We therefore welcome the expectation that the global economy will strengthen between now and the end of 2015, and in particular the encouraging projection that the regions with 95 per cent of the world’s poor – East Asia, South Asia and Sub-Saharan Africa – are expected to grow at an annual average of six per cent over the next two years.

But we are all aware of the very real risks to this recovery, both geopolitical and economic. The pace of growth is currently low and uneven, and subject to downside risk. Moreover, even under the expected trend of a strengthening global economy, the prospects of reducing extreme poverty to three per cent by 2030, as envisioned under the World Bank Group Strategy, are not good. The status quo will not be sufficient for us to reach our objectives.

It is therefore critical that nations commit to policies that foster a more robust, job-rich recovery. More and better jobs should be our central policy goal in the battle to end poverty and boost shared prosperity. Fundamentally, job creation requires structural reforms to increase productivity and improve the enabling environment for private investment. A healthy private sector is the key driver of growth. Growth must be balanced and inclusive, creating the confidence for private firms to invest and expand, and thereby creating the jobs that help lift people out of poverty.

Earlier this year in Sydney G20 Finance Ministers and Central Bank Governors set an ambitious target of lifting the G20’s collective GDP by 2 per cent over the next five years. At their most recent meeting in Cairns, international organisations announced that members had already put forward more than 900 measures – including to accelerate infrastructure investment, progress financial reforms and encourage free trade – that the IMF and OECD estimate could add 1.8 per cent to collective GDP over the next five years. Countries will continue to work right up to the November G20 Leaders’ Summit in Brisbane to bring forward additional measures to reach the 2 per cent growth ambition. Together these measures can lead to the creation of millions of jobs, not just in G20 countries, but globally.

This Development Committee meeting provides a parallel opportunity for nations to consider the measures required to further boost job creation and ensure that its benefits are broadly shared. In addition to structural reforms, investments in human capital, in particular through education, are vital. So too are the development of efficient and well-targeted social safety net schemes, which, when effectively implemented, can break down barriers to economic participation and thereby contribute to growth.

Our constituency has a particular interest in the issue of sustainability, with many of our Pacific members facing challenges emanating from climate change and other forms of environmental degradation, including of our oceans. We urge ongoing investments to improve energy efficiency and increase the capacity of countries to manage their natural resources and plan for and respond to extreme weather events. We would welcome the World Bank Group’s consideration of the Samoa Pathway Outcomes of the recent 3rd International SIDS Conference as meaningful inputs to the implementation of the post 2015 agenda for many of the countries in our constituency.

We strongly welcome the partnership arrangements announced for the Global Infrastructure Facility (GIF). The facility is an example of the highly valuable and catalytic role that the World Bank Group can play when it works at its best: applying convening power and technical capacity to unblock constraints to private sector investment and thereby stimulating growth and poverty reduction. We look forward to its further development, including the trialing of the GIF concept in the Asia-Pacific region.

We welcome too the update provided on the World Bank Group’s work in supporting gender equality. Gender equality is not just a clear imperative but an economic necessity: improving women’s workforce participation increases growth rates and contributes to shared prosperity. We encourage the Bank Group
to take further steps to support countries to address constraints to gender equality, including those relating to broad-based economic participation. This includes the development of better sources of data and innovative analytical tools to support action on the ground.

We note the update to the World Bank Group’s Corporate Scorecard. As shareholders, we continue to closely monitor and track the Group’s results. Ultimately the success of our efforts will be measured by results on the ground, through progress towards our twin goals of ending poverty and promoting shared prosperity.

Finally, in light of the Scorecard’s findings and the 1 July move to a new organizational structure for the World Bank Group, we wish to highlight the importance of the Group remaining attuned to the diverse needs of its membership. Global aggregates should not be the only measure of success; the Group will need to keep a focus on small members too. Our constituency spans a vast and varied area, from landlocked Mongolia to the small island states of the Pacific. A number of these members face unique challenges related to their size, isolation and capacity constraints. We will continue to closely monitor the Group’s responsiveness to the needs of its members, particularly small island states. We wish to reinforce that the Group’s capacity to be genuinely transformational is perhaps most evident in small, resource and capacity constrained countries such as those represented in our constituency.

**Statement by Mr. Axel Kicillof, Minister of Economy and Public Finances, Argentina**

The global economy has not yet fully recovered from the last financial crisis, and the outlook is still fragile and volatile. This, coupled with the rise in income inequality in both advanced and emerging countries in recent years, poses risks for continued progress in ending extreme poverty and promoting shared prosperity.

The debate on reducing global inequality is gaining momentum worldwide. We deeply agree with the importance of achieving egalitarian and inclusive societies, and we firmly believe that unless growth is inclusive, it will not be sustainable.

Therefore, addressing inequality is vital for achieving the twin goals set out in the New World Bank Group Strategy endorsed last year. This becomes especially critical now in its implementation phase.

In this sense, we welcome the opportunity to discuss the document entitled “Promoting Shared Prosperity in an Unequal World: Key Challenges and The Role of the World Bank Group”, prepared for this meeting.

Reducing inequality calls for strong political will and is a choice that needs to be sustained over time. We are glad that the World Bank Group (WBG) recognizes the crucial role of governments in this matter.

We firmly believe that reducing inequality requires strong and active public policies. On the contrary, we consider that excessive reliance on restrictive fiscal policies could undermine inequality reduction and, ultimately, hinder economic recovery.

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9 On behalf of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay.
While progress toward poverty reduction has been remarkable in South American countries, challenges toward building more equitable societies still remain.

Argentina’s experience in the last years reflects the importance of sustainable macroeconomic policies for enabling growth and job creation, but more importantly, it reflects the key role of quality job creation, wage growth and a strengthened domestic market in ensuring more sustainable and inclusive growth.

Since 2003, Argentina’s economic growth has been inclusive, making the country one of the top two Latin American performers in terms of poverty and inequality reduction.

Through the implementation of social safety nets and proactive public programs, economic growth in Argentina has enabled the country to reduce poverty, inequality and unemployment. The pension system, which in 2003 covered 70% of the population 65 years old and over, expanded its coverage to 92% in 2013, the second highest in the region. The conditional cash transfer program Universal Child Allowance (Asignación Universal por Hijo), created in 2009, currently reaches 3.4 million children in 1.8 million households, promoting a more equitable distribution of income, improving school enrollment, and encouraging the use of public health services.

Currently, the progress achieved so far in terms of reducing inequality in the country, which was supported by the WBG, is at risk due to the speculative attack orchestrated by some hedge funds. We consider of the utmost importance that both multilateral institutions as well as the international community as a whole scale up their efforts to regulate the activities of these funds.

We consider that the WBG is the right partner to work alongside countries and support them in achieving their own agendas toward boosting shared prosperity. It is critical for the Bank to be efficient, responsive, and deliver high quality services to its clients. The key to the success of the new country engagement model will hinge on a strong partnership based on mutual understanding and respect for country ownership.

Recognizing the diversity of its member clients, the Bank should use its convening power and explore opportunities to develop new capacities for delivering new solutions and services for the purpose of boosting shared prosperity.

Long-term financing can work as a key driver for inclusive growth and economic and social development. Infrastructure needs in developing countries are huge and lack of infrastructure is often a key obstacle to growth. As the document “Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group” clearly states, access to infrastructure is a major problem for the bottom 40 percent of the population in many developing countries. We believe the WBG can play a catalyst role in scaling up private sector engagement to fill the financing gap in infrastructure.

Finally, on the gender equality agenda, we welcome the document Update on Implementation of the Gender Equality Agenda at the World Bank Group. We believe that gender equality is integral to development and one of the key components toward achieving a more egalitarian society. Progress on gender equality requires sustained political commitment, and it should be tackled effectively and with no delay.
Statement by Mr. Jacob Joseph Lew, Secretary of the Treasury, United States

Seventy years since the first meeting at Bretton Woods, the World Bank remains the premier global development institution, tackling poverty directly, driving growth through its lending and knowledge activities, and setting standards for other development institutions.

President Kim’s reform agenda rightly prioritizes the World Bank’s ability to continue contributing solutions to the world’s development challenges. In our fast-changing and complex times, we welcome both the constancy of the World Bank’s global leadership and the dynamism of its thought leadership.

A key test of the World Bank’s effectiveness as it evolves will be its response to pressing near-term crises while still making progress on long-term goals like expanding infrastructure financing, addressing state fragility, taking action on climate change and food security, and creating opportunities for all.

World Bank Role in Current Crises

Ongoing crises around the globe underscore the continued value and relevance of the Bank, and the importance of having a trusted and broadly-owned multilateral institution at the service of the world’s countries.

For example, the World Bank is playing a crucial role in containing Ebola in West Africa, which threatens economic, social, and governance gains in some of Africa’s most fragile economies. The World Bank’s leadership in responding to the Ebola outbreak has galvanized others to act and set the bar for the urgency and creative thinking that the crisis requires in both the short and long term. The World Bank has already committed $400 million to provide essential health services and supplies, bolster the region’s capacity to identify and respond to future outbreaks, and counter macroeconomic shocks.

In Ukraine, where violent conflict has killed thousands and pushed the economy into severe crisis, the World Bank has committed over $2 billion to cushion the impact while supporting needed reforms and infrastructure investments.

In the Northern Triangle of Central America, growth has not been strong enough to provide quality jobs, and insecurity drives emigration and discourages investment. The World Bank has redoubled its work with other development partners and the private sector to build on the governments’ ownership of reforms.

Infrastructure Financing

The lack of infrastructure poses a major obstacle to growth, and we welcome the World Bank’s attention to this issue, including through the creation of a Global Infrastructure Facility (GIF). We fully endorse the GIF’s mission to bring well-structured and bankable projects to the market by providing support at the design and preparation stage. We also welcome the plan for a second phase for the GIF to directly participate in project financing, using innovative instruments to overcome risk perceptions and crowd in private sector financiers. The GIF’s partnership platform model promises to bring the know-how and resources from private and public sector actors together in an effective way.

We also welcome the World Bank’s support for President Obama’s Power Africa initiative, which seeks to increase sub-Saharan Africa’s generation capacity by 30,000 MW over the next four years, and has the potential to greatly improve the standard of living for millions across the continent.
We especially value the role of the World Bank in infrastructure financing because of the high standards that it develops and implements. Nowhere is this more central than with the Bank’s policies on (1) procurement and (2) environmental and social impacts. The reviews of both of these policies must strengthen their effectiveness and incorporate best practices. In the case of procurement, we are pleased to see the World Bank adopt a “value-for-money” approach that will allow for a more comprehensive costing over the entire project lifecycle. In the case of environmental and social impacts, we welcome the release of a new draft safeguards framework and its focus on monitoring and managing environmental and social impacts over the lifetime of projects. We expect the World Bank to continue to conduct robust consultations, including with project-affected peoples, to better inform the final safeguards policy.

**Fragile States**

Eliminating extreme poverty by 2030 is a bold objective, especially in fragile and conflict-affected states, where poverty reduction goals have proven especially difficult. The International Development Association (IDA) is taking the lead in addressing the needs of these countries, exploring ways to respond more quickly as conflicts emerge or opportunities to promote peace arise. IDA is also developing a tighter focus on real-time monitoring of results, speeding the World Bank’s ability to adjust its approach in fragile states. We see great potential for the International Finance Corporation (IFC) to deepen its engagement in fragile and conflict-affected states and call upon the IFC to redouble its efforts in these countries and seek out investments with the greatest levels of development impact, even if this requires taking more financial risk.

**Action on Climate Change and Food Security is Imperative**

Climate change threatens to affect the poor disproportionately, setting back progress on both eliminating extreme poverty and increasing shared prosperity. Therefore, investments that boost countries’ resilience to climate change and help them shift away from carbon-intensive economies are essential. The World Bank has emerged as a vital partner and leader in supporting developing countries to use existing resources more efficiently and move to cleaner energy sources. We urge the World Bank to include climate change resilience as a fundamental aspect of the design and preparation of every project, as well as to incorporate climate risks into country partnership frameworks. This is particularly important with the increased focus on infrastructure investment and the introduction of the GIF.

Climate change also poses a severe risk to food security, and the World Bank must continue to be a leader in addressing this cross-cutting challenge. We welcome the World Bank’s ongoing support of the Global Agriculture and Food Security Program. Given that the majority of the world’s poor rely on agriculture for their livelihoods, investing in sustainable agriculture will remain one of the most effective ways to reduce poverty.

**Creating Opportunities for All**

To be successful in battling extreme poverty, the World Bank must also address the challenges of inequality. Social inclusion is the basis for shared prosperity, as marginalized groups often account for a disproportionate share of the bottom 40 percent of income earners in developing countries. In showing how countries can improve their overall economic prospects by creating opportunities for all members of society, the World Bank can facilitate a shift in the treatment of women and minority groups.

To maximize social inclusion through the World Bank’s activities, it must invest sufficient budget and staff resources into developing better data and analysis on the demographics of poverty and project beneficiaries. The Gender Cross-Cutting Solutions Area will have a strong role in mainstreaming gender objectives into all types of projects and all country partnership frameworks, while strengthening the focus
on implementation and results. We also look forward to the designation of focal points for LGBTI inclusion within the Global Practices and Cross-Cutting Solutions Areas. These focal points will help identify risks and opportunities across the entire World Bank project portfolio and support deeper knowledge and understanding of the intersection of LGBTI inclusion and reducing poverty and inequality.

With the World Bank’s firm commitment to social inclusion already in place, now is the time for the World Bank to also meet its own longstanding, but never achieved, institutional diversity goals. A newly established Talent Desk is helping to build a stronger pipeline of diverse talent, but it is up to managers across the World Bank to embrace this resource. Better data on institutional diversity can also help in monitoring progress in key areas of human resources management.

**Reform of the World Bank**

Careful and efficient implementation of the reform process is necessary to support the ambitious agenda for achieving the World Bank’s corporate goals. An effective budget process must provide appropriate incentives and optimize the use of scarce resources. As the reorganization works to more effectively tap into the best global knowledge, the World Bank must simultaneously reinforce that client countries remain at the heart of all its efforts by retaining strong regional relationships and deepening its understanding of local contexts. We are confident that the World Bank will emerge from this process better positioned to serve its client countries and respond to global challenges. President Kim has our strong support as he continues to implement these important reforms.

**Statement by Mr. Shi Yaobin, Vice Minister of Finance, The People’s Republic of China**

The global inequality remains a key challenge for us. The DC paper has made comprehensive analysis on this issue and proposed policy recommendations. I would like to emphasize three observations.

First, economic growth is fundamental for eliminating inequality. Economic growth makes it possible to increase the income and consumption of the poor, and address underlying causes for increased inequality. With sustained rapid economic growth over the past 30 years, China has been able to successfully lift more than 600 million people out of poverty, reduce its share of population in extreme poverty of the world by 30 percent, and contribute significantly to achieving the UN Millennium Development Goals. In this regard, we believe it is critical for countries to put growth as the top priority and strengthen the foundation of sustainable economic growth through vigorous structural reforms.

Second, government intervention is an indispensable means to addressing inequality. Economic growth is necessary to eliminate inequality, but not sufficient. In his book *Capital in the Twenty-First Century*, Mr. Thomas Piketty, the French economist has concluded from the data analysis of past centuries that, return on capital grows much faster than economic growth rate, while wage growth often lags behind. Therefore, it is difficult to achieve equality by relying solely on market forces, and government intervention is also required. On one hand, it is necessary to improve the governance of financial capital, create a fair and competitive environment, expand market access, reduce monopoly, encourage innovation, and guide financial sector to support real economy and SME development. On the other hand, it is also critical to increase investment in human capital, promote equitable distribution of basic public services and increase labor productivity, while avoid wrong incentives and unsustainable social welfare system. We need to explore effective ways to establish a new welfare state whereby fairness and efficiency are properly balanced.
Third, promoting economic openness helps boost equality. Globalization does not cause intra-country inequality or inter-country inequalities. Rather, promoting globalization in a mutually beneficial way helps reduce inequality. The rapid development of internet and information technology has made the world closely linked, therefore isolation and protection are not an option. With openness we could achieve optimal allocation of resources, improve efficiency through competition, and promote sustained growth. In an open economy, we need to strengthen coordination of international economic policy and international development assistance, and create a favorable external environment for developing countries in order to foster their self-development capacities.

We hope that the newly established Global Practices can consolidate the advantages of the World Bank Group and provide enhanced solutions for achieving inclusive development for developing countries. We encourage the World Bank to continue to innovate in financing, including through the establishment of GIF, in order to increase global infrastructure investment and create global demand and growth. We regard the World Bank as an important international organization that promotes shared prosperity. China will set up its first single donor trust fund in the World Bank with a total amount of US$50 million. Through supporting project preparation and knowledge cooperation, the Trust Fund will further promote the World Bank reform and make new contributions to achieving poverty reduction and boosting shared prosperity.

Statement by Mr. Guido Mantega, Minister of Finance, Brazil

One year since the World Bank Group (WBG) established its twin goals of eliminating extreme poverty and promoting shared prosperity, it is a good occasion to make an initial assessment of the achievements so far and the remaining challenges. According to our Global Monitoring Report (GMR 2014), the Millennium Development Goal of halving extreme poverty was achieved in 2010, five years ahead of schedule. However, much remains to be done: as estimated by the GMR in 2011 over a billion people remained in extreme poverty. Furthermore, experience suggests that reducing the number of poor people is increasingly difficult as poverty falls. The WBG should continue to concentrate its efforts in tackling this ineffable situation.

As far as shared prosperity is concerned, the indicators are less encouraging. The bottom 40 percent are still far from the upper 60 percent in terms of access to goods and services, especially health, education, and pension system. Many indicators — infant mortality rate, access to improved sanitation facilities, secondary education — reveal a deep disparity between rich and poor in a large number of countries. The challenge is daunting, and central for all of us, as even in advanced economies income inequality has reached levels unprecedented in the post-war period, and some analysis indicate may be one of the roots of this protracted great depression. Indeed, many analysts argue that a large part of the dynamism of developed countries in the last decades has been explained by a flourishing middle class, whose purchasing power could buttress economic activity and move the engine of the economic system. The WBG should thus continue to analyze the effects on the world economy of an increasing unequal income distribution in advanced economies.

Ending extreme poverty and promoting shared prosperity are interconnected goals, and growth is an integral part of any strategy to address these fundamental issues. We are thus very much concerned about  

10 On behalf of Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname and Trinidad and Tobago.
the perspectives of the world economy and its effects on the well-being of the poor. The rate of global economic growth in 2013 — 3.2 percent — was the lowest rate recorded since 2010. The WBG forecasts a moderate recovery in 2014 and 2015, but it warns that risks remain in the downside: very low inflation could have impacts on private and public debt in advanced economies; the normalization of the Federal Reserve monetary policy could lead to financial stress in emerging economies; not to mention geopolitical risks and the Ebola scourge. Thus, in order to achieve the twin goals, it is important that the WBG, in coordination with the IMF, continue to monitor and analyze the perspectives of the world economy.

Even in a lackluster global economy, governments and civil society should search for the design and implementation of appropriate social policies, as a vital component in our poverty reduction strategy. Among the countries in our Constituency, Brazil, Colombia, Ecuador and the Philippines have experienced faster growth of the income/consumption of the bottom 40 percent of the population than the income/consumption of the total population between 2002 and 2012. The case of Brazil is illustrative of this potentiality. According to the Report “The State of Food and Nutrition Security in Brazil”, released in August 2014 by the Food and Agriculture Organization (FAO) of the United Nations, since 2011 more than 22.1 million Brazilians have been lifted out of extreme poverty as a result of the additional policies that compose the Brazil Without Extreme Poverty Plan. The FAO Report also concluded that the set of policies implemented in Brazil contributed to decreasing inequality. The real value of the minimum wage increased 70% from 2003 to 2013. Income of the lowest population quintile increased at three times the rate of the richest quintile from 2001 to 2012 – 6.2% compared to 2.0%, respectively.

The elimination of extreme poverty and the promotion of shared prosperity are goals that can be achieved by a mixture of economic growth, adequate social policies and international support. The WBG is well-positioned to be a depository of good practices and successful experiences of social policies. South-South cooperation, which has been developing very rapidly during the last years, is a realm of interest for all emerging and developing countries, and we hold the view that the WBG has an important role to play in fostering it.

The change process led by President Jim Kim is a good example of how a multilateral institution should always adapt itself to a changing environment. The new country engagement model, for example, has the potential to bring excellent development results, insofar as client countries remain at the driver’s seat of this engagement. And the new structure of the institution, based on Global Practices and Cross-Cutting Solutions Areas, can also be beneficial, as long as they are able to achieve the ultimate goals of increase knowledge sharing within the organization, deploy expertise, talent, and proposals at a faster pace, and break existing silos. The key to success will be in the implementation of all the changes and their management going forward.

The WBG should also respond to the ongoing transformation of the world economy, by which many emergent countries represent an increasing share of the global output and are progressively relevant as development partners. For that reason, we attach great importance to the WBG shareholder’s reform of voice and participation. We should expedite the beginning of negotiations, if we are to conclude a new reform by the end of 2015, as we have agreed in 2010.

**Statement by Mr. Gerd Mueller, Federal Minister for Economic Cooperation and Development, Germany**

In the sphere of international development policy, we are still facing major challenges – notwithstanding all achievements – if we want to reach, in a sustainable manner, our common goals of eradicating extreme poverty and achieving shared prosperity. It is vital to make headway on poverty reduction and
simultaneously reduce the threats to our vital natural resource base, especially the threats arising from climate change. Worldwide, environmental degradation and climate change are affecting mainly the poorer groups of the population. It is therefore the shared responsibility of multilateral institutions and national policymakers to actively address these threats. By defining new goals and developing a strategy to reach them, the World Bank Group made some crucial decisions last year to get ready for the challenges of the future. We regard the World Bank Group's goal of achieving poverty reduction and inclusive growth, with due consideration for all aspects of sustainability, as a fundamental prerequisite for our joint success.

I greatly welcome the fact that the Development Committee will focus primarily on the substance of the challenges and on the implementation of the new goals. I welcome the special focus on how to promote shared prosperity. Ensuring that all strata of the population share in a country's prosperity and that such prosperity is distributed more equitably is both a goal and a prerequisite of poverty eradication and sustainable development. In the past few years, it has become evident that our economic system is increasingly hitting its social limits. If the gap between rich and poor continues to grow, if the share of wages in national income continues to decline, if no good jobs are created for new generations, this means a threat for economic growth and for social stability in general. The international economic system needs to be guided by human needs and simultaneously respect the limits of our natural environment. Only in a socially and environmentally sound global economy will we be able to reduce poverty on a lasting basis. The World Bank, too, will be judged in terms of its contribution to the reduction of excessive inequality.

And we must not look at the monetary side alone, because shared prosperity means much more than adequate incomes. We also need to work for more equality of opportunity, social integration and political participation. Factors of particular importance in that regard are improved access to education and health, job creation, and the enhancement of social protection systems. With a view to safeguarding prosperity in the medium to long term, we also need an economic model that ensures climate change mitigation and environmental sustainability, and we need clear rules to ensure that government action is transparent, in line with the rule of law, and efficient.

Some factors are particularly important for poverty reduction and inclusive, sustainable growth. The international community in general and the World Bank Group in particular should make these aspects a major focus of their future work:

1. Political crises and violent conflicts, economic and financial instability, and emergencies caused by disasters or epidemics are the greatest threats to sustainable development, better opportunities and poverty and hunger eradication. They destroy livelihoods, lead to material hardship and trigger refugee flows. If a society does not have enough resilience, crises give rise to new crises. The tragedies in West Africa, the Central African Republic and South Sudan and the armed conflicts in Syria, Iraq and Ukraine show just how important it is for the international community to work for stability, a peaceful balance of interests, and economic progress, especially in fragile regions.

So we need to jointly focus our efforts on stabilizing regions that are particularly at risk and on quickly lending impetus to development there – inclusive development that benefits the population at large and gives people new opportunities. This includes disaster preparedness and crisis prevention. The current Ebola epidemic in West Africa shows that the international community needs to do an even better job in this regard. The efforts of the World Bank Group and of President Jim Yong Kim himself to launch a quick response have been exemplary. And it has proven successful that, to fight the Ebola crisis, we have been able to draw on IDA's crisis
response window on a large scale. This crisis is one more illustration of the need to ensure that international organizations, too, have sufficient core resources and are able to use them flexibly. Together, we need to ensure that adequate, suitable tools are in place for swift crisis response.

2. One key factor for the eradication of poverty and hunger is progress on rural development through socially and environmentally compatible structural change. We need to foster climate-smart food production, rural infrastructure development and responsible land use. Farmers need access to innovation and extension, to inputs and loans. Only then will we be able to ensure that all people, everywhere, have access to affordable, healthy, sufficient food. This particularly goes for women and children.

In the world's poorest countries in particular, agriculture-based growth is making a particularly strong contribution to the creation of new jobs, which means that it is an important factor for poverty reduction and sustainable development. This is all the more important in view of the World Bank's latest analytical work, which shows that jobs and adequate wages are crucial to poverty eradication.

I am pleased that the World Bank Group, too, has significantly increased its activities in the agricultural sector and wants to become a leader in supporting climate-smart agriculture. It should also reinforce its efforts for responsible land use and for strengthening people's land rights. Germany will be a strong and reliable partner for the Bank in these areas.

3. Natural disasters, pollution and the devastating consequences of increasing climate change are having a particularly strong effect on developing and emerging economies, and especially on the lower strata of their societies. If the World Bank is serious about its goals, it needs to address this challenge head-on. The melting of glaciers in the Himalayas is putting the drinking water reservoirs of millions of people at stake. In Africa alone, 90 per cent of the areas for maize and millet cultivation may be lost as a result of climate change. A recent IMF study shows that the price of fossil fuels is too low in most countries. Appropriate pricing could prevent an annual 3.7 million deaths from air pollution, especially in developing countries. Appropriate pricing would also contribute to international climate change mitigation. The list of examples is endless. So it is particularly important to make climate change mitigation and adaptation the cornerstones of our efforts. Using resources more efficiently is an indispensable task for us in the industrialized nations, but also for developing and emerging economies. We need to make sustainability the guiding principle of all our actions. Only then will we be able to safeguard the integrity of creation in the long term and achieve sustainable progress on development. The World Bank therefore needs to systematically assess its strategies and projects in terms of whether they serve the purposes of climate action and of preventing environmental disasters. In order to translate this strategic focus into practice, the World Bank Group's Systematic Country Diagnostics, Country Partnership Frameworks and Corporate Scorecards need to fully reflect the sustainability dimension.

All countries share the responsibility for climate action. This means that we need to make more determined efforts to seize the opportunities involved in climate-friendly, resource-saving development models. The World Bank Group in particular can demonstrate its transformative power in this area. It should commit itself, in a climate action plan, to ambitious targets on support for energy efficiency and renewable energy.

4. Economic globalization continues to advance. It creates many new opportunities and options. But globalization is not an end in itself and must not serve solely the interests of the markets. Above all, it must serve the people. We need to impose limits on markets in those instances where profit
takes precedence over people and over the natural resources that are vital to our survival. I therefore launched an initiative for environmentally and socially sound textile production. Competition must not be all about low prices for consumers, fought out on the backs of the poor, of garment workers, in developing countries. They often have dreadful working conditions and are not able to live on their wages.

Our goal is an environmentally and socially sound market economy where environmental and social standards are not only accepted in industry and finance but in fact become firmly established parameters of responsible action. The World Bank Group needs to put an even stronger focus on this, for instance when it comes to supporting investment in infrastructure and harnessing the potential of the private sector. That is also why it is so important to reform the social and environmental safeguards and the Bank's procurement system. It must be ensured that World Bank projects meet ambitious standards in terms of human rights and social and environmental concerns.

5. The political crises of the past few months have shown us once more just how uncertain global economic and financial stability really is. Development achievements can be undone overnight through developments of this kind. In many countries, income and, particularly, capital is increasingly becoming concentrated in the hands of a relatively small group. This concentration of capital and countries' increasing integration in the international capital market are creating new vulnerabilities for more and more developing countries. We therefore need to strengthen financial systems at the national and international levels with a view to crisis preparedness and crisis response, and introduce tighter regulations if need be. This is an area where the World Bank Group, working closely with the IMF, can and should increase its involvement and play an active part in moving developments forward. We should also keep cross-border capital flows in mind. We should not rule out their regulation as a matter of principle.

Our goal must be to develop a comprehensive set of instruments and have it ready to respond to economic and financial crises in a swift and targeted manner. In addition, it is also important to reduce volatility in international financial markets. Introducing a financial transaction tax – as has been decided by Germany and ten other European countries – can be helpful in this regard and increase the contribution of the financial sector to meeting the cost of important tasks for our future, such as sustainable development and climate action. I support the demand that a significant proportion of the revenue from such a financial transaction tax be used for development cooperation.

6. The new goals provide clear guidance for the World Bank Group's future work. They focus on the right priorities. This particularly applies to shared prosperity. If we want to eradicate poverty for good, we need to reduce, above all, the growing inequality in the world. It is not acceptable that only the rich few benefit from development progress while the poor work under what are often inhuman conditions and have no share in economic development. This is not acceptable from a moral point of view, either. The World Bank Group needs to vigorously tackle the goal of a more equitable distribution of income, and put it into action swiftly. I expect the Group to systematically assess its support strategies and programs for distribution impacts and adjust them accordingly. This goes for country programs and individual projects, including in particular IFC's private-sector projects. Our goal must be to create good jobs so as to enhance the income of the bottom 40 per cent while at the same time establishing fundamental social standards and supporting social protection systems.

In view of this context, I count on continued close cooperation between the World Bank Group and Germany in pursuit of our common goal of achieving sustained development progress worldwide and
giving people from all strata of society new and better opportunities. This is aided by the course of World Bank Group modernization on which President Kim has embarked and by the structural reforms within the organization. Germany is supportive of the systematic continuation of that course in terms of the World Bank Group's focusing on poverty eradication and inclusive growth while taking account of all aspects of gender equality, climate action and sustainability. Using all its influence and focusing on the priorities set out above, Germany will continue to be involved in the international development architecture, and in that effort it wants to work closely with the World Bank Group.

Statement by Mr. Nhanhla Nene, Minister of Finance, South Africa

Global Economy

We are concerned about the prevailing uncertainty in the global economy, with growth prospects being marred by downside risks. These risks are not just reflective of cyclical weaknesses but point to structural limitations that need to be addressed, in both advanced economies (AEs) and emerging markets and developing countries (EMDCs). We are particularly concerned that the low growth being experienced may become the “new normal”. The robust growth experienced in the last two decades in Africa, spurred by high commodity prices, improved governance and enhanced macroeconomic management, among others, contributed to a significant increase in the per capita income of many countries on the continent. Sustained growth and economic progress on the continent is however challenged by a number of factors, including the direction and divergence of monetary policy in and between high-income countries, exacerbation of geopolitical tension, a slow down in growth of large systemically important emerging market economies, stagnation in the high-income countries and health concerns, specifically the outbreak of Ebola.

At the outset, we would like to acknowledge the important role the World Bank Group (WBG) is playing in partnership with the World Health Organization, the United Nations, International Monetary Fund (IMF) and African Development Bank, among others, in containing and eliminating the Ebola virus. We echo the sentiments of President Kim, where he noted recently that the pandemic brought to the fore the ‘deadly cost’ of unequal access to basic health services and the consequences of the failure to fix this problem. Much more needs to be done to contain and eradicate this deadly virus, we therefore call on the international community to do more, to avoid further human and economic losses, which in turn threatens to erode the positive gains made to date in the three worst affected countries of Liberia, Guinea and Sierra Leone, with the possibility of wider contagion effects in the rest of the region and beyond. On our part, we will continue to contribute within our means, noting that Nigeria and South Africa have provided support.

Shared Prosperity

The outlook of the global economy is particularly important for the WBG’s twin goals of ending extreme poverty and boosting shared prosperity, endorsed a year ago by the Development Committee (DC). When the DC approved these twin goals, there was optimism with regard to the growth forecast, despite downside risks. The World Bank has however revised the projected global growth downward, four times from June 2013 to date. Growth is central to achieving the twin goals. As we ponder the future of global growth, the DC topic of “Promoting Shared Prosperity in an Unequal World”, gives us an opportunity to

11 On behalf of the Angola, Nigeria and South Africa.
reflect on how to make it more inclusive, by ensuring that the bottom 40% also benefit from the gains of economic growth. Discussion on this topic, we believe, is beneficial to both AEs and EMDCs.

We therefore welcome the timing of this discussion and commend the Bank for its analysis of the key challenges on the issue of shared prosperity, the on-going work and positioning of the WBG to assist client countries, as well as President Kim’s leadership role in this regard. We concur with the Bank’s main findings on the significance of jobs and the private sector, investing in people and social safety nets and inclusive growth in addressing challenges to promoting shared prosperity. We therefore agree with the Bank that countries face a three-fold agenda of enhancing human capabilities and building assets of the bottom 40%; improving access to markets; and strengthening tax and tax transfer systems. The journey in terms of how countries get to the point of identifying the most appropriate responses is particularly important, since it will vary from one country to another and region to region.

Understanding the dynamics of our particular countries, including the adequacy of data and prioritization of policy choices, as well as the linkages between polices, among others, is critical for the structural transformation of our economies. To this end, we note the reorganization of the Bank’s structure, with a focus on becoming a knowledge repository particularly in reflection to what policy choices and interventions work; the new Country Engagement Model (CEM), focusing on providing in depth analyses of the key challenges and opportunities in focusing on the bottom 40% of our respective countries, with the Bank targeting its assistance to where it has a comparative advantage; and enhancing the Bank’s lending capacity.

We also welcome the 2014 Global Monitoring Report (GMR), which we find extremely informative in outlining the progress and challenges to achieving the Millennium Development Goals (MDGs). The report is particularly significant because it incorporates the WBG’s twin goals in its assessment, as well as monitoring shared prosperity in developed countries, making this year’s GMR a truly global report. In addition to noting that the MDGs will not be achieved by 2015, the report is also not optimistic about the future prospects of eradicating extreme poverty by 2030. Achieving the WBG’s corporate goals will therefore require a significant shift in growth patterns, including engaging closely with client countries on what needs to be done, the Bank will also need to increase its engagement and partnership with global and regional entities to deliver what is considered a global public good.

**Macroeconomic Developments in Low-Income Developing Countries**

We note the IMF’s recent release of a report on the macroeconomic developments in low-income developing countries (LIDCs). We look forward to further engagement with the WBG and the IMF not only in assisting LIDCs in developing appropriate comprehensive responses to these challenges but also putting in place metrics that assist us in tracking progress.

**Gender Progress Report**

We note the progress made in the integration of gender equality in the operations of the WBG and we look forward to the revised gender and development strategy.

**Diversity of the World Bank Group**

The on-going change process not only provides an opportunity for the WBG to make important internal changes regarding the way it does business; it is also an opportunity to entrench diversity and inclusion as a culture of the WBG through matching words with actions. We want to see an organization that is diverse, one that includes gender, regional representation and a range of educational institutions from
around the world, at all levels of the WBG. This adds richness to what the Bank has to offer. We look forward to seeing concrete efforts on this matter by the next meeting of the DC, with further updates on progress on a regular basis.

**Statement by Mr. Joe Oliver, Minister of Finance, Canada**

On behalf of Canada, Ireland and the Caribbean countries that comprise our constituency, I would like to express our appreciation and support for the leadership of the World Bank Group over the past year, particularly as it has responded to a number of urgent crises.

The world is facing an increasingly complex array of social, economic and political challenges. The global economic recovery continues to underperform, growth in major emerging economies is slowing and unemployment remains unacceptably high. Global policy makers must take actions to boost job creation, ensure sustainable public finances, and make their economies stronger and more resilient. In order to meet its twin goals of ending extreme poverty and boosting shared prosperity, the World Bank Group has an important role to play in these efforts by helping developing member countries to achieve stronger, more sustainable and more inclusive growth.

As the Development Committee representative for a large and diverse constituency, I believe that it is important to focus and balance many legitimate development priorities. In this respect, I would like to take the opportunity to commend the World Bank Group on the recent launch of the innovative Global Financing Facility, which builds on Prime Minister Harper’s leadership in maternal, newborn and child health. The Facility will provide the critical financial infrastructure to mobilize support for developing countries’ plans to accelerate progress on the health-related Millennium Development Goals and bring an end to preventable maternal and child deaths by 2030. The Facility will also establish a multi-donor platform to help developing countries build and strengthen their civil registration and vital statistics systems. Canada is pleased to be an anchor donor to this initiative.

I will now proceed by raising three areas that our constituency also considers as priorities for the Bank over the coming year. These are areas in which the Bank is already hard at work, and in which our constituency intends to continue to provide support.

**Responding Effectively to Crises**

Recognizing the impact of pandemic disease, geopolitical tensions and economic uncertainty on poverty, the World Bank Group has continued to demonstrate its ability to respond quickly to a number of critical situations over the past year, putting in place a range of projects and programs to help moderate the impacts of crises on the world’s most vulnerable people.

Most notably, our constituency is highly appreciative of the World Bank Group’s leadership in responding to the Ebola crisis. Both the human cost of the Ebola outbreak and the potentially serious impacts on growth and stability in the affected countries are of serious concern to the global community. There is also a risk that the crisis will have a chilling effect on investment, commerce and growth in other areas of Africa, exacerbating the economic impact across the continent. I encourage the World Bank Group to continue to mobilize financing and to coordinate its interventions closely with other international and country partners.

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12 On behalf of Antigua and Barbuda, The Bahamas, Barbados, Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, Saint Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.
The World Bank has played a major role as part of the coordinated international response to the Ukraine crisis, where the Russian-backed insurgency has intensified economic and financial uncertainties which began in 2014. As the Bank moves forward with the implementation of a number of projects in Ukraine, it is crucial to ensure continued attention to careful planning and appropriate risk analysis. In light of the challenges facing Ukraine, the Bank must continue to deliver high quality lending and advisory services while carefully monitoring its programs. Conversely, as long as Russia undermines Ukraine’s sovereignty, territorial integrity and independence, Canada will continue to be seriously concerned about any World Bank Group involvement with Russia.

Addressing Enduring and Complex Development Challenges

More than six years have passed since the global economic crisis, and many of the Caribbean countries in our constituency are still struggling through the slow recovery. While some countries are showing signs of progress, much work remains. The ongoing problem of low and sluggish growth remains a concern and must be aggressively addressed by building stronger partnerships with the private sector. Governments alone cannot be the main drivers of growth, especially in the current environment where high deficit and debt levels remain a constraint. Going forward, our constituency will continue to underscore the importance of adapting the Bank’s existing operations to effectively meet the needs of small states, and we look to the World Bank Group for help in crafting a strategy which can become the model for engagement with small states.

While some development challenges are geographically bounded, others—such as the infrastructure gap—span borders. Investment in infrastructure is essential to lifting long-term growth and reaching the World Bank Group’s twin goals. In this context, our constituency welcomes the launch of the Global Infrastructure Facility, a new platform developed by the World Bank Group to foster a collaborative approach among public and private sector players in order to lift the quality of infrastructure investment in emerging markets and developing economies. In particular, I am pleased to note that Canada signed a Collaboration Agreement with the Global Infrastructure Facility team earlier this week. Our constituency looks forward to working with the Bank to further shape the Global Infrastructure Facility. Key success factors will be its ability to work with developing countries to introduce reforms to improve the investment environment and collaborate with other stakeholders to attract institutional investors.

About 805 million men, women and children around the world face chronic hunger. Lack of access to sufficient, safe and nutritious food is one of the major obstacles to reducing poverty in developing countries. Ireland has brought real leadership to developing a stand-alone goal on ending hunger, ensuring food and nutrition security for all, and building sustainable agriculture systems. Moving forward, both Ireland and Canada will also continue to advance attention to the important connections between nutrition, food security and climate resilience, evident in the increasingly important climate smart agriculture agenda. Working as One World Bank Group will be of paramount importance in identifying innovative and responsive solutions for countries seeking to address food insecurity and malnutrition.

Promoting Development Effectiveness Through Internal Reforms

The World Bank Group has undertaken significant internal reforms over the past year, with the goal of better helping countries achieve their poverty reduction and shared prosperity ambitions. On behalf of our constituency, I would like to thank President Kim for his leadership during this intense period of internal changes. While the work is not yet over, the World Bank Group staff can be proud of what has been accomplished to date, and our constituency stands ready to work with the Bank on refining the many pieces of the Bank’s change agenda.
In addition, our constituency is eager to engage over the coming months in the multi-phased process to update the World Bank environmental and social safeguard policies. In this area, we will continue to work with the World Bank to ensure respect for human rights and governance principles are reflected in and effectively implemented through the Bank’s safeguards. Non-discrimination, equality, empowerment, participation, transparency and accountability are among the key principles to be addressed. We also encourage stakeholders from across Canada, Ireland and the Caribbean to actively engage directly in the external consultation process being managed by the World Bank Group, and to contribute their ideas and perspectives regarding the safeguards.

In 2014, the World Bank Group approved a number of measures to strengthen the Bank’s financial sustainability framework. Our constituency applauded the Bank’s leadership in this area and has since then encouraged regional development banks to follow the World Bank Group’s financial stewardship. We continue to believe that altogether, multilateral development banks can further optimize their balance sheets. With regards to the World Bank Group, our constituency also looks forward to the full results of the expenditure review and will press the Bank to pursue further financial innovations that can play a catalytic role in financing development priorities.

**Looking Ahead**

Before closing, I would like to say a few words on a global process that demands all of our attention in the development community. As the world moves towards finalizing a post-2015 development agenda at the United Nations next year, our constituency is advocating, among other things, for robust targets and indicators related to improving the investment climate, business growth, productivity, competitiveness and skills development. We look to the World Bank Group as a key partner in advocating for these priorities, and in contributing to their achievement, once defined by the global community.

Finally, I would like to note that our constituency has just re-elected Alister Smith as Executive Director. In the last year, he has rapidly earned respect within the Bank and the capitals that he represents. I look forward to continuing to work with Mr. Smith over the duration of his next term, and I trust he will be a constructive voice in supporting the World Bank Group’s ambitious agenda.

**Statement by Mr. Sommani Phasee, Minister of Finance, Thailand**¹³

We meet today amid what can be described as a period of cautious optimism. Leading indicators show that the global economy has picked up after a sluggish start to 2014. Growth in the global economy in 2015 is projected at 3.9 percent (WEO, October 2014), driven mostly by stronger than expected projections for some advanced economies. This could be further bolstered by the G20’s recent commitment to take more measures to push global GDP by an additional 2 percent by 2018. However, this growth has been uneven with developing and emerging markets, albeit experiencing relatively higher rates than their advanced counterparts, still underperforming at an average growth of below five percent for the third consecutive year. More work must be undertaken to ensure that these economies continue to support the growth momentum for global recovery.

There are also significant downside risks we need to watch out for. Aside from geopolitical risks, the World Economic Outlook (WEO) Update issued on October 2014, shows that structural reforms are

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¹³ On behalf of Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam.
urgently needed to close infrastructure gaps, strengthen productivity, and lift potential growth in many advanced and emerging market economies. Many developing and emerging market economies are also still adjusting to tighter financial conditions and implied higher cost of capital since May 2013. Against this backdrop, we urge that continued efforts be placed on monitoring macroeconomic developments. For substantive progress to be made on the twin goals of ending extreme poverty and ensuring shared prosperity, sufficient and sustainable growth is needed in all countries and regions. On the development front, this is a period for reflection and consolidation. The year 2015 marks a major milestone when the global community is set to take stock of the Millennium Development Goals – 15 years after they were committed. Much progress has been made including the work to eradicate extreme poverty, for which the World Bank is heavily involved with. This is an opportunity for all countries and development partners to come together to learn from what has been achieved and to formulate new commitments in the form of the post-2015 Global Development agenda. As a leading global development institution, the World Bank Group (WBG) will have an instrumental role to play.

Change Process and new Client Engagement Strategy

Last year, Governors spoke in support of the WBG’s twin goals of ending poverty and promoting shared prosperity. This included the reformulation of the WBG into an integrated Solutions Bank. The change process is now well on its way with a new organization structure which came into effect from 1 July 2014.

Following these changes, the WBG will be in a strong position to fulfil its development objectives. We expect further improvements in terms of the responsiveness and quality of engagements from the WBG. One example where this has already been observed was in the swift and decisive action that the WBG took in response to the Ebola outbreak in West Africa. We commend the Bank and urge that this high level of responsiveness continues to be extended to all clients and regions especially in periods of crisis, when such interventions are most critically needed.

More generally, all efforts undertaken by the Bank must stem from rigorous and systematic country diagnostics. Developmental priorities, as outlined in the Country Partnership Framework, must be aligned with the national development plans of each country. Solutions or interventions must be impactful, sustainable and able to build capacity for resilience and self-help consistent with the WBG as a Solutions Bank. Most critically, there must be joint partnership and ownership between the WBG, the client governments and constituent stakeholders for the development initiatives. Maintaining close partnerships and programmatic flexibility to adapt to evolving client needs is expected as part of the Bank’s commitment to client responsiveness.

Our constituency looks forward to continued partnership with the refocused Bank to address the twin goals.

Promoting Shared Prosperity in an Unequal World

The Global Monitoring Report (GMR) 2014 presents an honest and robust account of how we are dealing with the challenge of ending extreme poverty and promoting globally shared prosperity, while continuing to monitor progress towards the Millennium Development Goals. We concur with the report’s findings that to make economic growth inclusive and sustainable, we need greater investments in human capital with a focus on the poor, prudent use of safety nets, and policies to make growth greener. We expect that these findings will facilitate the WBG’s work with client governments and support the national development plans of the countries.

The GMR 2014 and the theme of the 90th Development Committee meeting – “Promoting Shared Prosperity in an Unequal World: Key Challenges and the Role of the World Bank Group” is closely aligned with the second and arguably more challenging goal of addressing shared prosperity. This is a
more complex endeavor as the issue is universal and would require significant additional resources. Given the enormity of this task, we reiterate the call for the WBG to work synergistically and effectively with members and other development partners to put forth concrete proposals that would contribute significantly towards this global goal of uplifting the bottom 40 percent.

For a start, it is important to frame the issue in a manner in which the target beneficiaries can relate to directly. More than just focusing on topline indicators, helping the bottom 40 percent of any economy will require solutions that address fundamental issues such as access to public goods and fair opportunities for advancement. We look to the WBG to put forth practical and implementable solutions.

Contributing to this effort, we also appreciate the WBG’s flagship reports like the World Development Report 2015 titled “Mind and Society – how a Better Understanding of Human Behavior Can Improve Development Policy”. Such publications expand the boundaries of our understanding on development issues and spur innovations. They provide policy makers and development partners with an enhanced combination of policy tools with which we can frame and pursue the development growth agenda. In this regard, we encourage the WBG to effectively incorporate this innovative and practical knowledge into its development programs where applicable to strengthen the quality of delivery. Similarly, we fully support the Bank’s efforts to build up statistical capacity of its clients. This is a necessary precursor for more robust data-driven analytics and informed decision-making. Having better and timely data on key developmental indicators, including income distribution and consumption patterns within a country would help to maximize available resources and interventions in the best possible manner.

**Pragmatic Partnership and Thought Leadership**

As the leading global developmental institution, the WBG must continue to work collaboratively and effectively with all governments and other development partners in pursuit of the twin goals. As a Solutions Bank, it is incumbent on the WBG to demonstrate thought leadership by setting high standards and safeguards in all of its operations, spurring sectorial best practices and pursuing game-changing development innovations. The WBG must also strive to be a trusted development partner and to be accessible and adaptable in its engagements with members, clients, partners and constituent stakeholders.

On the regional front, the WBG is also instrumental in supporting and partnering regional architectures. A regional-based approach to development allows for a more coordinated and comprehensive way to address trans-border development challenges. We expect that efforts be made to work with regional entities and member governments to develop economic growth plans that are complementary and sustainable.

Many of our constituency’s members are from ASEAN. On behalf of these Governments we would like to acknowledge the support that the WBG has extended to ASEAN. At the 46th ASEAN Economic Ministers’ Meeting in Nay Pyi Taw, Myanmar in August 2014, the group noted that a key achievement of the ASEAN Economic Community has been in the area of equitable economic development plans. In particular, delivering on the initiatives committed under the SME Action Plan 2010-2015. Supporting this work is the drafting of the first ASEAN Framework for Equitable Economic Development (AFEED) Monitoring Report which was done collaboratively with the World Bank. As ASEAN moves ahead to finalize the ASEAN Economic Community’s post-2015 agenda next year, we look towards continued engagement with and support of the WBG in these areas of development.
Sustainable and Equitable Growth

Small and Island States
In supporting the focus on global shared prosperity, this constituency has repeatedly emphasized the need for the WBG to pay special attention to small and island states. Small and island states by their physical endowments face numerous developmental challenges; small populations, nascent private sectors, dependency on remittances, high vulnerability to climate-related natural disasters, and logistical challenges due to their remoteness. Country focused interventions are therefore vital and much needed. There are also significant opportunities for truly transformational activities to be put in place if the WBG acts collaboratively with other development partners and takes a regional perspective in its development interventions. Efforts must be made to ensure that these countries keep pace in terms of sustainable and equitable global growth if we are to meet our twin goals.

In this regard, we commend the WBG’s active engagement in the Small Island Developing States (SIDS) global initiative in particular its increased support for disaster and climate resilient development. We welcome the recent announcement by the Bank in developing a Small Island States Resilience Initiative for increased and improved assistance in the face of mounting disasters and climate change – which stifle growth prospects and at times threaten their very existence. We encourage the Bank to facilitate clients’ access to this instrument as well as other ongoing services and support. We also acknowledge the recent publication “Hardship and Vulnerability in the Pacific Island and Well-Being from Work in the Pacific Island Countries” which articulates many of the challenges faced by small and island states in the Pacific region. We look forward to the WBG’s continued engagement with respective client governments to address the challenges highlighted in the report.

Gender
We appreciate the progress made with regards to advancing the Gender Equality Agenda at the World Bank Group. We note that the World Development Report 2012 on Gender Equality and Development is continued to be shared with stakeholders both internally within the Bank and externally. We also appreciate the WBG’s continued commitment towards mainstreaming and promoting gender equality through all of its operations. We urge that these efforts be continually tracked under the WBG Corporate Scorecards and operationalized through the IDA 17 policy commitments. Focus should also be on regions and sectors that are lagging behind and where persistent gender gaps exist.

Bridging the World’s Infrastructure Gaps
As reflected in our previous statement, we concur with the assessment that there are significant gaps in infrastructure financing required to bridge the ever-growing global demand for high quality infrastructure assets. We continue to support efforts to create conducive investment conditions, adequate policy instruments and risk mitigation structures that would attract a wide segment of investors.

Therefore, we welcome the new Global Infrastructure Facility (GIF). This open facility has the potential to address many of the existing bottlenecks by developing a viable pipeline of bankable infrastructure assets that would attract co-financing from a wide range of capital sources. For this to work, trust will need to be built between client governments and investors. This is where the WBG and its partners play a critical role in structuring projects that adhere to appropriate sets of standards and safeguards. Over time, we expect these standards and best practices to be institutionalized across the WBG and for a transformative shift in the financing of all public infrastructure. We look forward to continued progress in this effort and expect to have concrete proposals on the governance, operational principles and project pipelines of the GIF in due course.
Conclusion

The post-2015 agenda requires that the global community pursues with renewed vigor the challenge of ensuring shared and equitable growth for all. The WBG together with other development institutions are well positioned to play an instrumental role in setting both the pace and strategies needed to achieve these goals. On the change agenda, we are pleased to note that the changes are well in effect and that the Management remains committed to keeping the WBG flexible and responsive to its members, clients and stakeholders. We look forward to receiving regular progress reports on the refocused Bank and the enhanced engagements. We are confident that the Management and Staff of the WBG would continue to meet the high standards and expectations of all its members in pursuit of our twin goals.

Statement by Mr. Michel Sapin, Minister for Finance and Public Accounts, France

The official development assistance landscape, particularly the multilateral landscape, has changed over the past few years, and it is now changing even faster. Yesterday’s beneficiaries have become donors to others; there is growing diversity and cross-over among development paths; and even as undeniable progress has been achieved in the fight against poverty, we have witnessed one security, food or public health crisis after another. Moreover, broad global challenges have emerged in addition to increasingly complex specific ones.

Between today and the end of next year, two major events are likely to have a major impact on our actions in the decades to come. First of all, the discussion process under way for quite some time at the United Nations should, we hope, lead to the definition of new Sustainable Development Goals, accompanied by a new vision of how to finance development. Second of all, at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change in Paris, the participants are expected to achieve a universal agreement that is sufficiently ambitious to offer the world reasonable hope of avoiding a climate change that would be enough on its own to thwart our aim of ending extreme poverty once and for all for billions of individuals.

Issues of such magnitude required us to take an uncompromising approach to reviewing our strategy and our forms of action, to thinking through new ideas and innovations proposed for implementation. It was against this backdrop that, at the recommendation of its President, the World Bank set itself two ambitious goals and overhauled its financing model and internal organisation to be able to respond more effectively to the challenges facing client countries. France supports this bold agenda. We are convinced that, through these reforms, the Bank can and must provide greater support to the vulnerable. And that includes devising a development model that is more resilient to the anticipated climate change impacts. We have now reached the sensitive, yet crucial stage for concrete, operational introduction of those reforms, a pivotal stage that calls for extreme vigilance.

Ending poverty and promoting shared prosperity are ambitious but achievable goals, provided that three fundamental issues are tackled: sustainability, which is the Bank’s third overarching goal, fragility and infrastructure.

Let’s begin with the third pillar supporting our new strategy – the essential incorporation of social and environmental sustainability into paths to development. The goal of reducing poverty and inequality can no longer be pursued in opposition to the fight against climate change and environmental degradation. Across all sectors, everyone is aware of just how much climate change undermines both past progress and future efforts made by developing countries, and institutions involved with development...
need to take this issue into account. In France, it is time we realized that we are inescapably heading towards a post-carbon society, one in which decisions on what to consume and produce, on development and investment, will no longer be made at the expense of future generations. We consider it absolutely imperative that the Paris Conference in December 2015 send out a powerful signal to all stakeholders that such a change is under way.

In the short term, both developed and developing economies are facing a daunting challenge. This is why the World Bank will have a vital role to play in the necessary transformations. The Bank can further expand its own portfolio of activities, whether they are geared to financing mitigation or adaptation projects. It can refine its tools, for example by ensuring the resilience of infrastructure and improving its environmental and social safeguard policies. It can develop bold, innovative initiatives, as it recently did in launching a widely supported international carbon pricing initiative. Furthermore, due to its power of conviction, the Bank can obtain the buy-in of other international financial institutions and development actors and work with the Green Climate Fund, the new keystone of the multilateral climate finance architecture, to enhance project implementation. But above all, because it represents a primary partner and source of support to recipient countries, the Bank must offer them the full range of its invaluable expertise and assistance as it accompanies them down the path they are to follow, whether that means developing low-carbon growth strategies or promoting resilient development strategies in both medium-developed and least developed countries.

The second key issue to be addressed if we truly want to end poverty and achieve shared prosperity involves creating the basic prerequisites for economic development. This requires us to focus more heavily on fragile states, particularly in Africa. Yesterday in Mali, today in the Central African Republic, experience has all too often taught us one thing: there can be no lasting reduction in poverty unless the security situation has been stabilised and the rule of law is upheld. That makes it essential not only to mobilise all available resources, but also to become more effective at adjusting the Bank’s operational policies to specific conditions in fragile states. In its updated form, the Bank must have the human and financial resources, along with the procedures and objectives, that such an approach requires. We have decades of experience to go on. We must now show we are capable of moving from reaction to prevention – by giving a permanent character to the tools and practices developed in emergency situations and by combining them into a lasting crisis-prevention framework. In addition, efforts from across the entire Group to develop the private sector in those states must be coordinated more effectively and accentuated. Lastly, we must help countries develop their own resources, which is the only viable road to long-term endogenous growth. Such a process must include greater transparency in the related industries and equitable redistribution of the natural resources that those countries possess. By launching an Africa Sustainable Extractive Industries Trust Fund last year with the Bank, France has demonstrated how important it considers this point. We call on all the development partners to join us in this endeavour.

In addition to economic fragility, we must also be mindful of health crises and of the Ebola epidemic. Mobilization by everyone is now critical, so that we can better coordinate our actions and ramp up our efforts not only financially but in terms of the provision of experts, equipment, and food aid. Having started its mobilization work since July, France is currently building a treatment center in the heart of Guinea’s forest region. We must also commend the volunteers from MSF, the Red Cross, and research institutes on the work they have been doing for months in the affected countries to eradicate this virus. Supporting them, in concrete terms, also entails the establishment of a health evacuation system to meet needs that may arise. The message to be jointly conveyed is “Isolate Ebola, not countries!”

The third key issue confronting us is to provide countries with the infrastructure they need to grow, not only physical, but also economic and political infrastructure. The new tools put in place by the Bank, most notably the Systematic Country Diagnostic and Country Partnership Framework, must be used to identify the keys to growth, productivity and shared prosperity, which are necessarily specific to
each country. In this connection, it is particularly worth recalling the crying needs of North African and Middle Eastern countries in political and economic transition. The Bank must continue to assist those countries. This means focusing on projects and reforms that generate inclusive growth and higher employment in the short term, while laying the groundwork for inclusive growth that can be sustained in the longer term. The aim is to pursue two goals concurrently and consistently: develop high-priority infrastructure, and carry out the appropriate institutional and structural reforms in sequential fashion. The Bank has a range of invaluable tools that it is enlarging today, with the much-awaited launch of the Global Infrastructure Facility. The GIF must become a means to mobilise large-scale funding for the benefit of all countries, including for the most complex projects and for low-income countries, and in close cooperation with other donors. At the same time, the Bank is working with full support from France to roll out innovative mechanisms for pooling risk among financial institutions, such as risk exposure exchanges. By leveraging those tools and by taking such innovative and collaborative approaches further, the World Bank can deliver a level of aid that fulfils the hopes and needs of recipient countries.

Substantial challenges therefore lie ahead, but France is entirely confident that the World Bank Group will address the priorities discussed here in ways that serve the most vulnerable states and populations and that enable us to achieve the goals we have set ourselves.

Statement by Mr. Johann N. Schneider-Ammann, Minister and Head of the Federal Department for Economic Affairs, Education and Research

Achieving Shared Prosperity and Poverty Reduction through Jobs

Developed and developing countries face the urgent challenge of generating sustainable and inclusive economic growth and creating good jobs. Persistent unemployment, in particular among the youth, precludes that the benefits of economic activity are shared within societies. High levels of income inequality in turn increase political and social pressures, discouraging trade, investment, and hiring. In fact the lack of job opportunities does not only reduce the ability of households to improve their material well-being; it also tends to generate frustration and undermine social cohesion. While targeted and well-designed transfers can be useful instruments to reduce inequality and reduce poverty, policies that promote economic growth and job creation are indispensable to sustain shared prosperity in the long run. We therefore expect that the World Bank Group (WBG) addresses the causes of mass unemployment as a major obstacle to achieve sustainable social, economic, and ecological development.

The Global Monitoring Report (GMR) 2014 provides an excellent basis for engaging in a policy dialogue on poverty reduction and shared prosperity with client countries. The report reaffirms the key message of the World Development Report (WDR) 2013: economic and social development mainly happens through jobs. Indeed, growth is more effective in fostering poverty reduction and shared prosperity if the pattern of growth is labor intensive. The development payoffs from jobs include acquiring skills, empowering women and youth, and stabilizing post-conflict societies. At the same time, the GMR 2014 makes clear that job creation is a complex global public good that requires a collective effort not only at the national, but also at the international level through responsible macroeconomic and structural policies aimed at stimulating strong private sector-led growth. These policies have to be accompanied by sound investments in human capital, an efficient use of safety nets, and steps to ensure environmental sustainability. Inclusion is the foundation for shared prosperity. In line with the WBG report “Inclusion

14 On behalf of Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan and Uzbekistan.
Matters – the Foundation for Shared Prosperity”, inclusion can be planned and achieved by creating an inclusive society, not only in terms of economic welfare but also in terms of voice and empowerment of disadvantaged groups.

In view of the potentially high development impact of good jobs and the multidimensional efforts needed to sustain job creation, we encourage the WBG to incorporate the findings of those reports in its country diagnostics and country strategies in order to help client countries put in place responsible and inclusive development policies, private investments and programs that further the creation of decent and productive jobs.

Move the Jobs Agenda Center Stage

Both the GMR 2014 and the WDR 2013 provide clear messages and operational lessons on how to advance the jobs agenda. Sound and even-handed monetary, fiscal and financial policies ensure the macroeconomic stability required for the private sector to invest and increase opportunities for employment. Upstream diagnostics and downstream capacity building and implementation tools are widely recognized as important instruments for identifying vulnerabilities and strengthening institutional capacity of client countries. We believe there is scope to further enhance the way the WBG works with its partners, in particular the IMF, to help clients achieve their employment goals through sound macroeconomic management that keeps public finances on a sustainable path.

Structural reforms should focus on promoting market competitiveness and fostering private investment to raise the potential for economic growth and job creation over the longer term. In particular, structural reforms should promote access of the poor, men and women, to relevant value chains to create jobs for the bottom 40 percent. They should also strive to make market systems work more effectively for micro, small and medium enterprises. Efforts to improve the business environment by reducing red tape and opening up protected sectors to competition can open investment opportunities at all levels and improve the overall efficiency of the economy. We support the WBG’s continuous engagement for an improved business climate through policy dialogue and advisory and knowledge work. The WBG’s flagship report on Doing Business, which compares business regulation in 189 economies and ranks them on their overall ease of doing business, has encouraged countries to reduce regulatory barriers to entrepreneurship and monitor improvements on the ground. IFC’s Advisory Services have been very effective in promoting growth and employment generation through sustainable lending to traditionally under-served groups, such as women entrepreneurs, micro, small and medium enterprises, or businesses in fragile contexts. IFC’s trade finance and the Bank’s support of single trade windows have been contributing to the global trade facilitation agenda. IFC’s investments in financial intermediaries as well as private equity funds have reached out to thousands of micro, small and medium enterprises with a tremendous employment impact.

Adequate infrastructure is a key ingredient of the business environment. Efficient provision of infrastructure improves labor productivity, which in turn can increase the demand for workers. The USD 24 billion invested in FY2014 reflect the increasing needs and demands in infrastructure financing in developing and emerging countries. These investments, beyond providing necessary reliable services for future generations, also work as a powerful engine for the creation of local jobs during the construction phase. We thus support the WBG’s increased engagement in the infrastructure sector. The WBG can play a catalytic role in closing the infrastructure gap in emerging markets and developing economies. The WBG should integrate the efforts of public and private infrastructure stakeholders to find solutions to complex challenges. Enabling framework conditions are a precondition for attracting private investments in infrastructure. Hence, we consider that the WBG should prudently advise governments on best approaches to improving the investment climate and sectors regulation. Since we are witnessing a proliferation of infrastructure initiatives at the global level, we strongly encourage the WBG to work in close collaboration with multilateral development banks and other actors in this area.
Macroeconomic and structural policies have to be complemented by sound social policies. We need investments in human capital as well as well-designed and efficient safety nets to increase opportunities for the poor. Good nutrition, health, and education outcomes improve people’s lives and equip men and women for productive employment. Some developing and emerging countries have shown that good investments in health, education and productive social safety nets can be key drivers of inclusive and sustainable growth. Adequate room should thus be given to smart and targeted social policies that have recently allowed some countries to translate growth into lower levels of inequality. Promoting gender equality is also of the utmost importance. Empowering women and improving their access to essential public services and productive assets must be an integral part of the shared prosperity agenda. Gender should not be limited to analysis, but also be integrated into the WBG’s operations across all sectors.

Our Group faces specific challenges in situations of violence, conflict and fragility. A perspective that a job can give under these circumstances can be of special importance. Although the level of risk is much higher in fragile contexts, the potential opportunities and impact can be very high too. We encourage the WBG, and in particular the IFC, to develop solutions for these contexts. Partnerships with other actors, especially the United Nations and other multilateral development banks, will be important for the WBG to leverage its influence and resources and scale up best practices.

**Focus on Implementation**

The release of the GMR 2014 provides an appropriate window of opportunity for the WBG to shift its focus from internal issues to more substantive and universal issues of growth, shared prosperity and job creation. It also provides a chance to demonstrate in practical terms how the WBG, under its new structure, can operate as one, bringing together the public sector expertise of IBRD/IDA with the private sector knowledge and mobilization capacity of IFC and MIGA. The ability to engage in a complementary way both on public and private resources in addressing development challenges in general and the obstacles to job creation in particular is an obvious comparative advantage of the WBG.

The WBG should emphasize the decisive importance of implementation. The WBG’s technical breadth across sectors and its experience in implementing projects worldwide should enable it to provide context-specific, innovative and evidence-based policy advice that encompasses upstream policy design and downstream implementation support based on client needs and demands. Potential conflicts of objectives and trade-offs must be made explicit and collaboratively addressed.

The Solution Area on Jobs will have to ensure systematic, effective and efficient provision and exchange of knowledge. It should promote practical solutions and appropriate design and planning of programs and projects across other relevant Solution Areas (such as the one on Gender or Public Private Partnerships), Global Practices, Regions and country units. Realistic design and implementation necessitates an adequate assessment of the specific political, social and economic factors that affect the implementation process. We expect IFC and MIGA to take an active role in formulating country diagnostics and in developing and implementing country strategies. The WBG will also have to further increase its coordination with bilateral and multilateral development partners as well as the private sector in order to ensure the effectiveness and quality of its interventions. The WBG’s undergoing effort to consolidate and align jobs-related trust funds under one umbrella to prevent inefficient fragmentation and duplications and ensure a smooth implementation of interventions is highly welcome.

A solid but simple system of results measurement will have to provide the feedbacks necessary to adjust strategic choices and operational tools and approaches. We fully support the WBG’s effort to improve the measure of inequality and shared prosperity and to expand data collection while strengthening statistical expertise, especially in poor and fragile countries. It is important that the WBG proposes a way to
streamline reporting of income growth of the bottom 40 percent throughout its publications. Only if data on both overall growth rates and growth rates of the bottom 40 percent are widely available, countries and the WBG will be able to focus their policies systematically on the second of the twin goals. We therefore ask the WBG to propose an approach to measuring growth of the bottom 40 percent in a reliable, timely and practical way.

Statement by Mr. Anton Siluanov, Minister of Finance, Russian Federation

Russia supports the World Bank's efforts to make the goal of shared prosperity a cornerstone of its activities. Social and income inequality at the prevailing, let alone rising, level often leads to conflicts and political instability, and severely curbs sustainable economic development. This issue remains a priority to all countries, as it plays a major role in shaping social, economic and fiscal policies.

The analysis of the trends of the last two or three decades indicates a further increase in income inequality between the richest and the poorest segments of the population around the world. This trend is seen not only in developing but also in developed economies. Over the past several years only one (the Republic of Korea) high-income G20 country was able to reduce the level of social inequality. Among G20 emerging economies, only Brazil, Argentina and Mexico managed to reduce this gap. In fact, Latin America was the only region that was able to register positive developments on this front in the past 10 years.

It is not surprising that according to some estimates about 10% of world's population own up to 86% of global wealth, while the poorest 70%, comprising more than 3 billion low-income working age adults, own merely 3% of global wealth. It might be also recalled that the latest World Economic Forum report "Outlook on the Global Agenda 2014" lists the increase of inequality among the most significant global risks for the immediate future.

We cannot deal with inequality as a standalone issue without taking into account a more general economic growth agenda. It is the growth-based development which has always been and remains the key instrument of poverty alleviation. Thus, reduction of inequality should be incorporated in the national economic growth strategies.

In this respect it is particularly important to identify appropriate boundaries of fiscal redistribution in line with availability of resources and sustainable development strategy. Making social programs efficient and targeted is especially important because excessive tax burden may undermine the growth fundamentals and macroeconomic stability, and ultimately will reduce the space for the social policies.

From this angle we fully concur with the balanced language proposed by the Bank which defines shared prosperity goal not just as a simple redistribution but also as creating economic opportunities for the poor.

We support the methodology adopted by the Bank. Income growth of the bottom 40% of the population is the adequate indicator to monitor general progress on this front. However, when designing meaningful social and economic policies aimed at increase in shared prosperity, we need more disaggregated data. These data should help us identify social groups at the bottom, and to take measures to improve their wellbeing.

In particular, it is important to move beyond the static snapshot of inequality to the analysis of its long-term dynamics. We need a methodology to disaggregate components of inequality into intra- and intergenerational poverty. It might be argued that it is the latter which should be at the center of Bank’s attention; in other words, overcoming the perennial poverty inherited and passed from one generation to another should be the goal of the countries’ social policies.
We consider the proposed set of solutions that include development of human capital, improving access to markets, and strengthening of tax and social protection systems appropriate and balanced. These solutions reflect the experience of many countries that have achieved significant success in their policies aimed at economic growth and shared prosperity.

In this context I would like to underscore that maintaining and enhancing the social orientation of economic and budget policies are essential priorities of the Government of the Russian Federation. Over the period from 2003 to 2012 our country was among the world leaders not only in terms of per capita income growth which reached 8% annually but also in terms of yet more pronounced income growth of the bottom 40% (10% per year).

Wage employment is the main source of income of the poorest segments of the population. We should always bear in mind that employment growth and improved quality of jobs are preconditions of reducing inequality.

According to the World Bank reports, in many countries inequality is increasing in high unemployment environment. In some economies there are pockets of persistent large scale unemployment, especially among youth, which often brings about social instability. At the same time these economies may be facing significant shortages of skilled labor. Without appropriate mechanisms of vocational training countries will not be able to ensure sustainable development of modern industries. In our view, ample experience shows that employment depends to a large extent on governments’ ability to predict market demand for skilled labor, to correctly assess the relevance and quality of the education system, to invite employers into decision-making in this area, and to select the appropriate financing mechanisms.

To sum up, active educational and vocational training policies as well as appropriate labor market regulations may have a significant impact on reducing inequality. The following elements are of special importance:

- national systems of quality assessment in primary, secondary and vocational education,
- professional training programs fully adjusted to labor market requirements,
- training programs for education sector management.

We believe that we already have some positive experience in this area. For instance, good results were demonstrated by the G-20 Working Group on development. The Russian Federation and the ILO have a joint program in this area for the CIS, Asia and Middle East countries. This experience could be relevant to the advisory and knowledge services that the Bank offers to its clients. Programs like these, if supported by the World Bank, could be particularly effective in reducing poverty in developing countries with rapidly growing workforce.

With regard to the Change process at the Bank, we hope that successful completion of internal organizational and budget reforms will substantially increase its agility, responsiveness and efficiency. Two points need to be underscored here.

Firstly, the new country engagement model will be at the center of the Change process. We welcome the new Systematic Country Diagnostics tool, and believe that Bank’s analysis should put more emphasis on counties’ own priorities and demand. We hope that the SCD will be instrumental in identifying the most urgent needs of disadvantaged and vulnerable groups, and will facilitate the design of appropriate policies. We are confident that this new model will not detrimentally affect the current level of cooperation with the client countries, as well as the quality of the dialogue with the Governments, the
private sector, and the civil society. The results of the new diagnostic exercise should not challenge clients’ priorities.

We consider the goals of boosting shared prosperity and supporting the growth of the real sector as mutually reinforcing, rather than competing with each other. In the past, the Bank was not immune from mistakes in identifying the right strategy. It led to some well-known episodes of the Bank’s withdrawal from key sectors, like infrastructure and energy. Eventually, the Bank had to acknowledge these mistakes and spent substantial resources to rebuild its human and intellectual capacity as well as loan portfolio. I am sure that the Bank has learnt necessary lessons from its past experience and these episodes will not be repeated.

Secondly, we are closely following the progress of the new Global practices. Their operationalization should result in increased effectiveness of Bank’s advisory and lending services. The country work has always been, and undoubtedly will remain, the most important part of the Bank's activities. We see the Global practices as an instrument to provide flexible support to the country teams, as they are ultimately responsible for taking the World Bank agenda forward.

Statement by Mr. Gunnar Sveinsson, Minister for Foreign Affairs, Iceland

The world continues to face urgent and complex challenges. An increasing trend of inequality and social exclusion worldwide is likely to impede economic growth and undermine sustainable development. Those left behind may remain excluded from the development process for even longer and become more difficult to reach. We need to respond to the negative impact of inequality on development and societies as a whole. Meeting these challenges is necessary and more urgent than ever.

However, there is certainly a cause for optimism. The World Bank Group’s shared goals have put poverty eradication and shared prosperity at the forefront of sustainable development, guiding the way forward. Strong, robust and sustained economic growth is and will continue to be absolutely crucial for development. Now, more than ever, we need growth with jobs, notably jobs for the young. Yet, economic growth will not in itself be sufficient to realize our strategic goals. Poverty reduction will increasingly mean addressing inequality, reaching the most disadvantaged groups and scaling up impact in fragile states.

Investing in people – leveling the playing field

As a starting point for discussions on shared prosperity we wish to highlight the importance of equal access to opportunities, social inclusion and human rights.

The poor generally have less voice, less access to services and less influence on the political process. With scaled-up investment in the human resources of the poorest, greater and more equal access to public services - such as education and health, property rights for all and enhanced market access we can level the playing field and hopefully create a virtuous circle of equity and growth. Ensuring equal opportunities for all will positively affect the capacity of the poor to engage in economic, social and political life.

In this context, the benefits of adopting of human rights related standards and principles into good development practice are numerous. Human rights methodologies can serve to improve welfare, empower...

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15 On behalf of the Nordic and Baltic Countries.
individuals and overcome discriminatory policies and practices based on ethnicity, gender, age, disability or sexual orientation. We therefore encourage the World Bank Group to find ways to integrate human rights perspectives into its work and consequently strengthen the design and delivery of its development programs.

Moreover, the poor have lower capacities to manage shocks, brought by war and conflict, financial crises, climate change or serious health threats such as the current Ebola outbreak. The economic impact of this health crisis is likely to be devastating to several of our client countries, some of which are already fragile.

Investing in health systems and building broader social protection systems now can help build resilience for the future. We commend the bank on its stepped-up response to the Ebola emergency and encourage further support, through existing mechanisms, without delay. We also welcome a coordinated and comprehensive approach with the rest of the international community, in particular the UN and WHO, to meet the challenge head on.

**Taxes for development**

Sound macroeconomic and fiscal policies which provide an enabling environment for private sector development and stimulate job creation, as well as investment in human capital, are central in facilitating growth, addressing inequality and fighting poverty. To reach these goals, enhanced domestic resource mobilization is required by widening the tax base and improving tax collection and administrative capacity in many countries.

We welcome the Bank Group’s ambition to step up its concrete action in these areas. With increasing income inequalities within many countries, it is important that the Bank focuses on policies such as social protection and taxation which can promote equality. More equitable, efficient and transparent tax systems will translate into more equitable distribution of development gains, and provide much needed revenues to finance crucial public expenditures such as education, health and social programs, but also public investment in e.g. critical infrastructure. This, in turn, will strengthen socio-economic gains and economic growth in the long term.

**Scaling up investments in gender equality**

We need to do more and better on gender equality. Achieving the corporate goals of ending extreme poverty and promoting shared prosperity will require even greater efforts to improve gender outcomes. We encourage the Bank’s management to take this agenda further, and to allocate sufficient financial resources for gender equality through the administrative budget.

We welcome the significant activity in addressing gender gaps, and the momentum reached through the IDA17 commitments, but note that progress has been uneven across the organization. More ambition is certainly needed and we encourage the bank to scale up efforts on gender equality in those sectors that are lagging behind, particularly the core economic ones.

Moreover, gender informed operations must lead to better results on the ground. We therefore encourage the WBG to focus on implementation and impact, to ensure that projects render satisfactory results with regards to gender equality. Greater efforts are particularly needed in addressing gender disparities in fragile and conflict-affected countries.
Effective reforms, towards enhanced results

To ensure effective delivery on the shared prosperity agenda, we need to see a strong and agile World Bank Group going forward. To this end, country offices, global practices and cross cutting solution areas alike need to be endowed with the necessary capacities and skills in order to achieve our strategic goals. We especially believe strong CCSA’s, with enough financial and human resources to influence operations, to be critical going forward. This is especially important in light of the policy package for IDA17 and the commitments of the Bank towards strengthening its engagement in the cross-cutting areas of gender, fragility and climate change.

Furthermore, collaborating with other development partners at the global and country levels is imperative in bringing forward the shared prosperity agenda. We thus continue to encourage the Bank to work effectively in partnership with stakeholders, including the UN, civil society and the private sector. In this regard we expect the World Bank Group and the UN to join hands in the run-up to the UN Conference on Financing for Development, taking place in Addis Ababa next year. We call for effective engagement by the Bank in the implementation and financing of the Post-2015 framework. To these ends the Bank will need to fully utilize its catalytic role and leverage its potential to attract additional financing from diverse sources, not least the private sector.

Our common vision is a world without poverty. Throughout the years the WBG has continuously adapted to a changing development landscape. With its goals of ending extreme poverty and boosting shared prosperity in a sustainable fashion, the Bank has even further sharpened its focus on poverty eradication through inclusive and sustainable growth. The shared prosperity agenda is certainly an important part of uprooting deep poverty in a sustainable manner. We, the Nordic and Baltic countries fully support this agenda.

Statement by Mr. Luis Videgaray, Secretary of Finance and Public Credit, Mexico

Economic growth is, once more, at the centre of our discussions this year: without it, the efforts to eradicate extreme poverty and to foster shared prosperity will certainly fall short of expectations, if not fail. In order to secure the economic recovery worldwide, we believe that a combination of comprehensive structural reforms to address productivity bottlenecks, coupled with counter-cyclical policies to foster near-term growth, provide a good mix. Nevertheless, economic growth per se is insufficient to foster shared and endurable prosperity: we must achieve social inclusion for prosperity to be sustainable over time.

We must expand our focus from the purely economic perspective focused on growth, to pay more attention to the concept of social inclusion. Social inclusion encompasses the need to foster a more equal income distribution, insertion in economic growth and a greater social impact of progress. The sustainability of our global economic order—and of our countries in general—is fundamentally based on the pursuit of attainable progress in its collective and individual dimensions. The key to prosperity ultimately relies on fostering conditions such that people have the necessary tools to prosper on their own.

16 On behalf of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Kingdom of Spain, and República Bolivariana de Venezuela.
The World Bank Group must help our countries to tackle the challenge of designing, implementing and evaluating smart policies to help achieve a more equitable income by enhancing productivity widely, through greater investments in human capital, innovation and technology, by strengthening investment climate and access to finance, as well as promoting a better use of production values and focusing on the transition to value-added sectors. At a time of scarce public resources, the private sector participation has become fundamental to achieve these tasks. To this end, the One World Bank Group strategy will help bring the private sector by coordinating IFC and MIGA. It will also encourage much needed greater investment in infrastructure through the Global Infrastructure Facility, which will catalyse private sector resources via alliances with international key-players.

This first challenge in these efforts entails another dimension that we must address: gender equality. We are encouraged by the work that the World Bank Group has undertaken to advance on the implementation of the gender-equality agenda, endorsed by this Committee during the 2013 Annual Meetings. Nevertheless, it is imperative to keep momentum in the advancement of these goals, if we are to achieve more inclusive growth; therefore, we commend the Bank to not only keep the focus on gender equality in the design, implementation and evaluation of all of its lending operations, but to also widen its perspective to foster better economic inclusion of other marginalized communities on the basis of their ethnic, religious, sexual or gender identity, among others. The achievement of the elimination of extreme poverty also relies on these tasks, upon which the World Bank Group can also assume a leadership role and seek international support from many organizations dedicated to development around the world, to the achievement of these objectives.

Our second challenge is to ensure the environmental sustainability of growth for the future, not only for the affordability of economic prosperity, but also for the achievement of greater equality: expensive access to natural resources and exposure to climate-related disasters are especially hard on the poorest of our nationals and tramples our efforts to foster shared prosperity. We cannot afford to transfer the environmental cost of economic growth to the future: we must make sure that the inclusivity of growth takes into account forthcoming generations.

We, therefore, congratulate the World Bank Group for its great leadership on the green growth agenda, especially during the United Nations General Assembly of last month. We congratulate the focus on this topic and we encourage the institution to keep momentum and address the transition to greener energies in all applicable operations, to push for the implementation of carbon-pricing policies in all countries and to foster greater investment in climate-friendly technologies. We are encouraged by the successful replenishment of the Global Environment Facility, we are committed to the success of the Green Climate Fund and we look forward to the successful results of the Conference of the Parties to be held in Peru, and next year in France.

Finally, we also wish to congratulate the Bank for its timely response to the Ebola crisis in Africa; we assure Management of our unwavering support to its efforts to help solve the situation and we encourage the institution to keep focusing its efforts to help address this on-going crisis.
Statement by Mr. Ignazio Visco, Governor, Bank of Italy

Introduction

The theme of these Annual Meetings – promoting shared prosperity – is both crucial and challenging. It is crucial as in the aftermath of the global crisis economic growth has been weak and inequality has risen to unprecedented levels; it is challenging as it calls for a prioritization of policy prescriptions.

Economic growth and inequality

Increasing income is central to escaping poverty, but equally important is to concentrate on non-income measures of deprivation, such as lack of access to electricity, sanitation, water and primary schooling. Thus, the operational focus on the income of the bottom 40 percent of the population is appropriate.

The relationship between growth and inequality has long been debated among academics and policymakers. Inequality can sometimes become a trigger for further progress, by showing others the way and providing incentives for investing and catching up. But, it can also be disruptive when those who have thrived, over-protect their position. In this case, inequality reduces investment opportunities, diminishes incentives and generates macroeconomic and social instability, eventually reducing economic growth.

Globalization and technical progress have enhanced growth in the past decades, fostering a new phase of catching up, lifting millions out of poverty and reducing disparity across countries. At the same time, income inequality within countries has increased. In the short term, in some advanced economies, trade and technical change may have displaced more workers than markets could absorb. Labor market policies and institutions must aim at containing such adjustment costs and facilitating sectorial and skill reallocations.

Policies

The best response to this challenge is to adjust the composition of the labor supply by investing in education and skills, not only for the young people, but also through life-long education. In a fast-changing environment, the most valuable skills are not necessarily the most specialized ones, but rather those that are fungible, and allow workers to adjust flexibly to changes and acquire new skills as needed. “Learning how to learn” is probably the most valuable competence. Public policies have a crucial role to play in supporting investment in human capital, also in light of its positive externalities.

To contrast the decline of the labor share, we should not be shy of relying on market mechanisms that foster the creation of quality jobs. Incentives for firms to invest must be restored, but to sustain the process of job creation we should aim to provide equal opportunities for all, with efficient safety nets in place. Redistritution policies may help in consolidating the gains from growth, by sheltering the unprivileged during the phase of transition towards a new balanced growth path. Their role, though, should be seen as complementary.

Importantly, growth must be environmentally sustainable over time. The design of growth-oriented policies involves intergenerational aspects, which are often neglected. In addition to considering future
generations, a more responsible utilization of natural resources and a greater attention to environmental issues would benefit the less fortunate, who typically face the heaviest burden.

The recent slowdown in global trade is troubling. Revitalizing trade in goods and services is an important means for enhancing economic growth. At the same time, global growth would benefit from enhancing market access and increasing participation among developing countries, where the population still largely suffers from limited access to essential services, such as transportation, electricity, or health care. For this reason, investment in infrastructure is critical in many low income and emerging economies and should be a priority in international cooperation.

The Bank

We congratulate the President for the launch of the new organizational structure of the World Bank. As we are now entering the implementation stage, we must carefully monitor the functioning of the new model and assess its impact on policies and operations. In addition, we should correct possible shortcomings and ensure that tangible results, in terms of ending poverty and boosting shared prosperity will be achieved. The new budget allocation process has been designed to be flexible; we expect it to allow for a rapid deployment of resources where they will produce the highest development impact.

As the financial prospects of IBRD remain fragile, notwithstanding the increase in the prices of its financial products, we recommend a rigorous implementation of the expenditure review; we expect that, starting from 2018, the Bank’s costs be covered by the Bank’s business revenues.

Despite the laudable success in improving the efficiency of each entity of the World Bank Group (WBG), the synergies obtainable by a true integration of the WB, IFC and MIGA are still largely untapped. In this context, it should be clarified whether the current allocation of the WBG capital among entities matches their potential development impact. Finally, we support a stronger role for IFC, in particular in IDA countries, and would therefore welcome a careful re-assessment of the current allocation of its profit.
Statement by Mr. Takehiko Nakao, President, Asian Development Bank

On behalf of the Asian Development Bank (ADB), I would like to thank the Development Committee for the invitation to attend its 90th meeting as an observer. My statement will highlight the need for inclusive growth in the region; the importance of infrastructure in promoting inclusive growth; and ADB’s role in helping to develop and finance infrastructure in the region.

ASIA AND THE PACIFIC NEEDS TO ALLEVIATE EXTREME POVERTY, REDUCE INEQUALITY AND MAKE GROWTH MORE INCLUSIVE

Asia and the Pacific’s rapid and sustained economic growth, which averaged 7% per annum during 1990–2010, has dramatically reduced the level of poverty. Under the poverty line of $1.25 a day, the region’s poverty rate declined from 54.7% in 1990 to 20.7% in 2010. This equates to more than 745 million people lifted out of extreme poverty—from 1.48 billion in 1990 to 733 million in 2010.

However, poverty remains high due to food insecurity and vulnerability. Food insecurity, reflected by rapidly rising food prices, threatens the survival of the poor. Vulnerability to risks—such as natural disasters, climate change, illness, and economic crises—can easily push the low-income population back to extreme poverty. Using an Asia-specific poverty line and incorporating the effects of food insecurity and vulnerability, Asia’s 2010 poverty rate rises from 20.7% to 49.5%. The corresponding number of extreme poor in 2010 becomes 1.75 billion, not 733 million.1

Another significant challenge in the region is inequality. The key drivers of Asia’s rapid growth—technological progress, globalization and market-oriented reforms—are the same factors that have caused increasing inequality in many Asian countries. From the 1990s to the late 2000s, economic inequality worsened in 12 of 30 Asian countries. The 12 countries, which include the People’s Republic of China (PRC), India, and Indonesia, constitute 82% of Asia’s population. For example, the Gini coefficient increased from 32 to 43 in the PRC, from 33 to 37 in India, and from 29 to 39 in Indonesia.

Why do we have to pay attention to rising inequality? First, higher inequality affects the pace of growth, and reduces the impact of growth on poverty reduction. ADB estimates show that if levels of inequality had remained stable in Asian economies, the growth experienced between 1990 and 2010 would have lifted another 240 million people out of poverty—equivalent to 6.5% of Asia’s population in 2010. Second, inequality could potentially undermine social cohesion, and endanger social and political stability. Third, higher levels of inequality could create institutions that favour the elite, perpetuating the cycle of inequality.

High extreme poverty and rising inequality underpin the importance of inclusive growth. For ADB, inclusive economic growth is anchored on three pillars. First, it requires high, sustained, and broad-based economic growth to create sufficient levels of productive jobs and expand economic opportunity for all. Second, it requires social inclusion to ensure that every person has equal access to opportunity. Third, inclusive growth requires effective social safety nets to manage risks and vulnerabilities, particularly of the disadvantaged and chronically poor population.

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INFRASTRUCTURE DRIVES INCLUSIVE ECONOMIC GROWTH

Inequality in Asia and the Pacific is not only observed in terms of income, but also in terms of opportunity. To illustrate this point, I will cite the region’s unequal access to infrastructure services. ADB estimates that Bhutan has the highest level of access to safe water (89.94%), Viet Nam has the highest level of electrification (97.19%), and Sri Lanka has the highest percentage of population living in homes with sanitation (94.19%). On the other hand, for the same basic infrastructure services, Bangladesh exhibits the lowest levels of overall availability and distribution across the population. Less than one-third of the population has household access to electricity, about one-fifth has sanitation facilities, and only a little more than one-twentieth has safe water. For all these facilities, only the richest 20% of the population has access rates of 50% or higher.2

Consequently, to stimulate and sustain economic growth, infrastructure must remain a priority for the region’s development agenda. A few years ago, ADB estimated that the region would need to invest as much as $8 trillion between 2010 and 2020, or an average of $750 billion annually, in developing national infrastructure. In addition, the total investment needed for regional infrastructure projects would be $290 billion, or an average of $30 billion per year.3

We believe that governments should continue to take the lead in developing and funding infrastructure in the region. However, we also recognize that countries face large shortfalls in required investments—traditional sources of infrastructure finance are strained, and public budgets are overstretched. Therefore, public sector investments in infrastructure should be complemented by actions that generate and make use of additional funding sources to address the financing gap. To this end, Governments should promote an enabling environment in which private sector operators and public-private partnerships (PPPs) operate smoothly and effectively.

More importantly, the region should ensure that infrastructure reaches the poorest and most vulnerable. For example, the ADB-supported railway link between Hairatan and Mazar-e-Sharif in Afghanistan facilitated the movement of people and goods, including humanitarian assistance. This in turn supported socioeconomic development in the country’s northern provinces and reduced disparity within the country. It is encouraging to note that the PRC, India, and many Southeast Asian countries now reflect inclusive growth, and the related role of infrastructure, in their medium-term development plans. India’s Twelfth Five Year Plan (2012–2017) highlights that quality infrastructure is important not only to sustain faster growth but also to ensure that growth is inclusive.

Countries’ partnerships with the development community are also essential. For example, ADB and World Bank are now jointly supporting large-scale investments in information and communication technology infrastructure in small island nations in the Pacific. This project will help these countries overcome the digital divide and contribute to strengthening development linkages with economic growth centers in Asia and elsewhere.

ADB SUPPORTS INFRASTRUCTURE DEVELOPMENT IN THE REGION

ADB plays an important role in addressing constraints to infrastructure investment, catalyzing and mobilizing infrastructure financing, providing knowledge, and unlocking new investment opportunities. ADB’s long-term strategic framework, Strategy 2020, prioritizes infrastructure development to support inclusive economic growth. In 2008–2012, ADB’s infrastructure operations accounted for 72% of its total

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operations. Recognizing the importance of partnerships with various stakeholders in this area, ADB is committed to systematically expand its assistance for private sector development and operations to 50% of annual operations by 2020.

Based on the recent midterm review of Strategy 2020, ADB will strengthen the outcomes of infrastructure projects by improving sector engagement, technical designs, and implementation. We will ensure that our infrastructure operations are sustainable to provide longer-term benefits to more people. ADB will develop infrastructure projects on a larger scale than its own resources could finance, and leverage private sector investments more effectively. ADB will also pursue policy, regulatory, and governance reforms to strengthen public infrastructure management systems and promote the role of the private sector in infrastructure development.

To contribute further to inclusive economic growth, we will partner with our developing member countries (DMCs) to complement infrastructure projects with investments in education, finance, health, and agriculture. This will help create jobs, promote economic opportunities, reduce vulnerabilities, and increase the poor’s access to social services and productive assets.

To support PPPs, ADB will help build the necessary regulatory and institutional frameworks, and support project development. ADB’s newly established Office of Public-Private Partnership will enhance PPP operations across ADB, and will provide transaction advisory services to DMCs. We will support innovative financing solutions for projects, including through credit enhancement products and local currency financing.

ADB will continue to support the ASEAN Infrastructure Fund (AIF) to mobilize savings for regional infrastructure projects. ADB established the AIF in partnership with the Association of Southeast Asian Nations (ASEAN). The AIF plans to lend around $300 million to ASEAN countries with cofinancing from ADB. ADB is also proposing to establish the Asia Pacific Project Preparation Facility—a dedicated revolving finance facility—to provide legal, technical and financial expertise to DMCs with projects at early stages of development.

CONCLUDING REMARKS

The Asia and Pacific region is transforming quickly. To meet the needs of this rapid transformation, developing sustainable infrastructure remains a key priority for the region. We will continue to innovate and adapt to the evolving needs of our DMCs. In particular, ADB will help build and sustain the necessary infrastructure to complement the region’s growth and change the lives of people—especially the poor—for the better.

Once again, thank you for this opportunity. We at ADB look forward to partnering with you further for the development of Asia and the Pacific.

Statement by Mr. Kanayo Nwanze, President, International Fund for Agricultural Development

In May 2013, the Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP) acknowledged that poverty is often characterized by exclusion both from decisions and from full participation in civil, social and cultural life. Earlier this year, the World Economic Forum identified income disparity as the risk most likely to cause damage globally in the coming decade. And,
also in 2014, the International Monetary Fund cautioned that income inequality may lead to slower or less sustainable economic growth.

These three analyses speak directly to the multi-faceted impact of unequal prosperity. Inequality robs people of the capacity to achieve their full potential. This unharnessed capacity, in turn, undermines prosperity for all and threatens social order. Addressing inequality, then, is not simply the right thing to do for those who are marginalized, it is also an investment in sustainable development and global security.

With this emerging consensus around the critical need to address inequality, the international community would be well advised to scale up investment in areas that can generate the greatest impact on income inequality: agriculture and rural development.

The power of agricultural growth

Numerous studies show that economic growth generated by agriculture is at least three times as effective in reducing poverty in poor countries as growth deriving from other sectors, and for sub-Saharan Africa the estimated impact is 11 times higher.

Unfortunately, there continue to be far too few opportunities for people in rural areas. As a result, many rural women and men, especially the young, are forced to migrate to cities in search of a better life. However, few have enough education, training or skills to find steady and well-paid jobs. Meanwhile, their departure leaves fewer people to run farms and grow food.

In general, poor rural people are marginalized many times over. Living in areas often overlooked by policy and public investments, they eke out livelihoods against a backdrop of deteriorating natural resources and weak access to services and infrastructure. Not surprisingly, they typically lag behind in key development indicators such as child nutrition, education, health and income levels. The most recent World Bank report on rural and urban poverty found that more than three-quarters of the world’s poorest people still live in rural areas.

Even within this environment of marginalization, some are better off than others. At the bottom of the ladder are women and indigenous peoples, who typically have more limited and less secure control over a range of assets — from agricultural land, technology and equipment to knowledge and finance. This disempowerment keeps them marginalized, driving them deeper and deeper into poverty. In South Asia, for example, 69 per cent of economically active women were working in agriculture in 2011, according to the International Labour Organization. Yet despite their labour, and their deep knowledge of crop varieties and farming practices, too often women have less access to resources than men, and they often lack secure tenure rights to the land they farm or the money they earn. The consequences of this injustice extend far beyond their impact on women. Evidence clearly shows that women spend money to improve family nutrition and well-being — whether that means school fees, healthcare or adequate clothing. So when we deprive women of the power to earn, and manage money, we are hurting the entire family.

Rural development can transform livelihoods and lives

It need not be this way. Inclusive rural development can transform lives and begin to rectify the imbalance between the “haves” and the “have-nots”. Support for producers’ organizations, for example, can enable even marginalized farmers to take advantage of economic opportunities and access assets, information, technologies and markets. Through collective action, marginalized groups can benefit from economies of scale in production and marketing, which can enhance bargaining power. Economic
empowerment, in turn, often enhances social status, decision-making power and the ability to exercise civil rights and benefit from public services.

When gender inequalities are addressed and women are empowered, the results can be astonishing. Self-help groups supported by IFAD in Guatemala have provided millions of poor rural women with the means to launch microenterprises, earn income, improve social standing, improve skills and knowledge, gain self-confidence and engage more actively in community life. These groups have gradually evolved into a large-scale movement of women’s social and economic empowerment.

While tackling economic, social and cultural conventions that breed inequality, efforts at income equality must also build capacity to manage a growing range of natural risks, including those related to climate. By working in partnership with smallholder farmers to understand their challenges, IFAD has often helped rural communities achieve simple but effective solutions.

In Timor-Leste, for example, where two-thirds of the population is considered food-insecure, households can go seven months of the year without staple foods such as rice or maize. Technical solutions, such as higher yield maize seeds, could not solve the problem of low-crop productivity. Any attempts to improve productivity had to address post-harvest losses as well since farmers were losing at least 30 per cent of their crop to pests and disease.

**Inclusive agricultural development generates results**

Working with the Timor-Leste Ministry of Agriculture and Fisheries, and the Australian Government, IFAD provided better storage, as well as better seeds. Secure storage gives farmers an incentive to adopt high-yielding varieties, and to sell their surplus in the off-season for greater profit. Through a combination of better yields and lower losses, food availability in Timor-Leste is expected to jump by as much as 70 per cent.

Inclusive agricultural development not only contributes to rural development, food security and reduced inequity between rural and urban areas: it also helps create stability in fragile states since food and nutrition insecurity may contribute to civil conflict.

In Yemen, for example, IFAD has worked to protect and promote rural livelihoods despite the country’s critical security situation. About 5,000 women and men took part in community-led advisory services that introduced new crop varieties and drip irrigation in one of the country’s poorest and most insecure governorates. Women have invested their own money in a domestic water scheme, which reduces their time spent collecting water by up to 300 hours a year. Participants report a significant reduction in violent conflict in project areas, while evaluations have found considerable improvement in household food security and reduced rates of child malnutrition.

**The link between peace and development**

Indeed, development programmes can actually grow peace. That’s why IFAD works in the most fragile situations, in the most degraded environments, and with the most marginalized people. In Burundi, for example, IFAD remained active during the 12-year civil war, and after conflict ended, we moved in quickly to areas that were hardest hit. Of course we are investing in food production, animal solidarity chains, and rural infrastructure. But we are also supporting literacy classes, HIV/AIDS awareness and legal services, particularly for women.

It’s interesting to note that studies are showing a strong correlation between changes in the global climate and civil conflict in sub-Saharan Africa. More research is needed, but it appears that when we help people
diversify their income and adapt to climate change, we decrease their vulnerability to the effects of conflict. What’s more, we are also helping to prevent conflict. Highly industrialized nations have long recognized the importance of agriculture to their own economies and food security. But to truly create a world without hunger, and to target income inequality, an even greater commitment to agriculture and rural development is needed. This includes a commitment to participate in shared, normative frameworks for investment such as the voluntary guidelines on land tenure and responsible agriculture investment principles. In this way, we can ensure the people who need investment the most are not cut off from opportunities.

Investing in inclusive, sustainable agricultural development is twice blessed. On the one hand, it provides a lifeline for the 2.9 billion women, men and children who live in rural areas of developing countries. On the other, by providing a source of clean air and water, protection for biodiversity, and a foundation for stable societies, it is an essential investment in the future health of the billions who make their homes in cities.

Policymakers must encourage policy changes to make family farming a more secure, profitable and attractive livelihood, including for rural women and youth. They must support programmes that enable smallholder and family farmers, including the most marginalized, to invest in their businesses, link to markets, and overcome poverty and vulnerability. They must promote incentives for family farmers to manage their land, water, biodiversity and other natural resources in a more sustainable way.

In this way, we can make headway in our goal to promote shared prosperity in an unequal world.

Statement by Mr. Guy Ryder, Director-General, International Labour Organization

Summary

- The goals of sustainable development and shared prosperity risk being set back by the slide of the global economy into a low growth trap.

- Weak employment growth, stagnant wages and widening inequality are slowing poverty reduction, depressing consumption and deterring investment in many countries.

- The slowdown must be countered by coordinated policies for an equitable and job-rich recovery onto a path of sustainable development.

- Infrastructure investment is urgently needed to help stimulate recovery, speed transition to low carbon production and consumption and recoup many years of underinvestment in both advanced and developing economies.

- A global youth employment crisis requires urgent efforts to increase opportunities for young women and men to find and keep decent jobs.

- Narrowing gender gaps in employment can help increased female labour force participation but depend on faster growth in job opportunities.
• Labour market policies in both developing and developed economies need to focus on the demand as well as supply side of the relationship between jobs and growth.

• Progress towards comprehensive social protection systems is an important foundation for poverty reduction and prevention as well as helping to stabilize increasingly volatile economies.

• Halting and reversing the spread of the Ebola epidemic is essential both to prevent further deaths from the disease but also to stop the economic and social disruption that is multiplying the distress it is causing.

• Agreement on a new framework for sustainable development should be founded on a reorientation of macroeconomic policies towards the goals of full employment, decent work, reduced inequality and the elimination of extreme poverty.

Global slowdown further weakens prospects for jobs and poverty reduction

1. Growth in the global economy is slowing in 2014 and forecasts of slightly better performance in 2015 are beset with uncertainty. There is a growing risk of a slide into a low growth trap. This worrying outlook is compounded by weak employment growth, stagnant wages and widening inequality, which in turn are slowing poverty reduction, depressing consumption and deterring investment in many countries. Not surprisingly, the global jobs gap has continued to widen since the financial crisis in 2008. ILO estimated that this gap reached 62 million jobs in 2013. With the 2014 growth outturn running below the forecast, this jobs gap will widen further.

2. In 2013, 375 million workers (or 11.9 per cent of total developing world employment) are estimated to have been living on less than US$1.25 per day and 839 million workers (or 26.7 per cent of total developing world employment) have to cope on US$2 a day or less. This is a substantial reduction in comparison with the early 2000s, however, progress in reducing working poverty has slowed with the crisis and uneven recovery. In 2013, the number of workers in extreme poverty declined by only 2.7 per cent globally, one of the lowest rates of reduction over the past decade, with the exception of the immediate crisis year.

3. Looking ahead, the global workforce is growing at around 42.6 million per year, mainly in the developing world. Only 40 million are finding work and only half of these are finding wage employment. With slow growth the numbers of unemployed and those only able to get informal work will continue to rise. In the period up to 2030, the world will need to generate around 600 million decent jobs to keep up with the growth of the labour force, eliminate extreme poverty, reduce unemployment, increase female participation and lift the living standards of the bottom 40 per cent.

4. In the face of this huge challenge, the ILO welcomes the World Bank Group’s agenda for Shared Prosperity and its twin goals of ending extreme poverty and fostering income growth of the bottom 40 per cent of the population in every country. They correspond closely to the ILO’s goals of decent work for all and the promotion of social justice. It is a solid basis for increased collaboration between our two

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4“Reversing the slide into a low growth trap”, Statement by Mr. Guy Ryder ILO Director-General to the International Monetary and Financial Committee, Oct 11th 2014.
organizations. We are both strong supporters of the emerging post 2015 UN sustainable development framework and are looking forward to making important contributions to its implementation.

5. Halting and reversing the spread of the Ebola epidemic is essential both to prevent further deaths from the disease but also to stop the economic and social disruption that is multiplying the distress it is causing. Healthcare workers infected with the Ebola virus in Western Africa underscore the risks posed by all workers who come into contact with the disease. The ILO and WHO have issued joint briefing note for employers and workers on Ebola, providing guidance on preventing the virus in the workplace.5

More and better jobs critical to sustainable and inclusive development

6. Stronger economic growth is a necessary but not sufficient requirement for job creation. Re-igniting economic growth also depends on recovery of demand, and this in turn requires stronger job creation and wage growth. Robust economic growth and quality job creation are intertwined goals that can only be achieved through coherent and mutually-reinforcing strategies that use macroeconomic and financial levers to foster stronger growth and employment and social policies to maintain aggregate demand by supporting employment and earnings.6

7. The policy mix which each country will need to ensure that inclusive growth and development is reinforced by the creation of more and better jobs will differ but there are many common elements which can form the basis for increased international cooperation and coordination.

8. As emphasized in the World Bank Group report for the Committee, “in developing countries, labour earnings—including earnings from microenterprises and small farms—are the main source of income of the bottom 40 per cent.” 7 The roots of entrenched poverty and inequality lie in the labour market. The poorest working families live and work in rural areas as agricultural labourers and subsistence farmers. Their communities are undergoing rapid change with many, usually young women and men, leaving for cities and the hope of better earnings prospects. They join the rapidly growing urban areas of the developing world but usually are only able to find informal work which may pay little more than they were able to earn in the village. Nevertheless, many send sizeable amounts of their earnings back home to support their families.

9. An important part of reigniting growth and strengthening job creation is a major global drive on infrastructure investment. The ILO fully supports the conclusion of Chapter 3 of the IMF’s latest World Economic Outlook that “that increased public infrastructure investment raises output in both the short and long term, particularly during periods of economic slack and when investment efficiency is high.” Boosting infrastructure investment should also focus on the reduction of carbon emissions. We look forward to the fruits of the World Bank Group’s initiative to catalyse a global drive on infrastructure.

10. Employment in the formal economy, underpinned by a social protection system that provides relief from loss of earnings, is the sustainable way out of poverty and insecurity for most working women and men. Yet for around half the developing world’s workers this is a dream. The reality is a daily struggle for survival. Transforming the prospects of the bottom 40 per cent of the world’s population by 2030 depends critically on enabling women and men of working age to move into productive employment within a sound framework of labour market regulation and social protection.

5Ebola Virus Disease: Occupational Safety and Health Joint WHO/ILO Briefing Note for Workers and Employers (5 September 2014).
11. The ILO’s international labour standards provide a comprehensive set of principles that are available to countries as they develop or reform their systems to meet each country’s specific needs. They cover all the key issues of labour market regulation and social protection. The 1998 Declaration on Fundamental Principles and Rights at Work has the objective of supporting broad-based sustainable development by promoting the link between social progress and economic growth. The guarantee of fundamental principles and rights at work is of particular significance in that it enables people “to claim freely and on the basis of equality of opportunity, their fair share of the wealth which they have helped to generate, and to achieve fully their human potential.” The ILO and the World Bank Group’s member states have committed to promote global respect for these fundamental rights at work.

12. Key elements of a framework based on fundamental rights at work are an employment contract, minimum wages, the promotion of a safe working environment and a social protection floor. Research by the ILO, the World Bank Group and others shows that the transition into the formal economy for both employers and workers can, indeed must, be accompanied by rising productivity. Informal businesses moving into the formal economy gain increased security of property and contract thus encouraging investment and productivity growth. As the 2013 “Jobs” World Development Report argued “the rule of law includes protection of property rights and also the progressive realization of rights at work, to avoid a situation where growth coexists with unacceptable forms of employment.”

**Role of social protection and minimum wages in shared prosperity**

13. Supporting the incomes of the bottom 40 per cent requires a combination of reduced wage inequality, creation of paid employment jobs, and social protection floors that extend social protection systems and basic social services to poor and vulnerable groups. Examples of significant programmes which provide both employment and an income floor to vulnerable groups in emerging economies include the national rural employment guarantee scheme in India (NREGA) and the public employment programme in South Africa.

14. Social protection systems play a critical role in reducing poverty and inequality, as well as supporting inclusive growth, by boosting human capital and productivity, supporting domestic demand and facilitating structural transformation of national economies. Only 57% of the world's population is in working age (20-65 years), this means that employment and wage policies need to be accompanied by universal health and social protection systems, for all, including the incipient middle classes in developing countries. Many middle-income and some low income countries have been expanding their social protection systems and universalizing coverage within a fiscally sustainable framework. Domestic revenue mobilization is a key plank of sustainable financing of development needs.

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8 The Declaration affirms “that that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely: (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation.”


11 World Social Protection Report 2014/15, ILO.
15. Minimum wages also play an important role in reducing inequality and in supporting the wages of low-paid workers, many of whom are women. Recent research shows that this can be achieved without significant adverse effects on employment levels. Together with strengthened collective bargaining, minimum wages have contributed to reducing inequality in several Latin American countries as well as in a number of other emerging economies. This effect has extended to the informal economy where such minima are often applied even where legal enforcement is weak. Nevertheless, for minimum wages to be fully effective, they need to cover workers from groups that are vulnerable, disadvantaged or subject to discrimination. Given the overrepresentation of women, migrants and other vulnerable groups in low-paying jobs, minimum wage setting and collective bargaining coverage can make a significant contribution to social justice and shared prosperity.

**Employment and social policies for recovery, inclusive growth and decent work**

16. A prolonged period of low growth would be a disastrous start to the renewed global drive for sustainable development that is currently being discussed in the UN as well as in the IMF and the World Bank Group. The global policies to reverse the slide into a low growth trap must lead on to a reorientation of the framework for macroeconomic policy coordination to focus on full employment, decent work, reduced inequality and the elimination of extreme poverty.

17. The employment and social policy agenda for such a framework includes:

- Promoting well-designed minimum wage setting and collective bargaining mechanisms.
- Strengthening and extending social protection systems.
- Anticipating and responding to changing skill needs by providing good labour market information systems to guide career and training decisions.
- Ensuring the acquisition of good foundation skills as the base for learning new skills throughout working life.
- Adapting labour market regulation to facilitate mobility within and between workplaces through amongst other things effective support to unemployed and other vulnerable groups via strengthened job search services and social protection systems.
- Tackling gender discrimination with the aim of lifting female participation in employment
- Prioritizing programmes for youth employment and training.
- Promoting the participation of underrepresented groups in the formal labour market.
- Facilitating innovation and entrepreneurship, with a special emphasis on small and medium-sized enterprises.

**A new social contract for inclusive and sustainable development**

18. The World Bank Group document for the Development Committee suggests that establishing consensus for a drive on poverty reduction and inequality led by increased earnings by the bottom 40 per cent requires a new social contract. Building consensus for policies that combine social justice and productive
enterprise is at the heart of the ILO’s means of action. Social dialogue between the ILO’s government, employer and worker constituents, nationally and internationally is a tried and tested mechanism for promoting social justice, fair and peaceful workplace relations and decent work. The process of social dialogue embodies the basic democratic principle that people affected by decisions should have a voice in constantly renewing the social contract that is so vital to sustainable development.

19. There is considerable scope for deepening collaboration between ILO and World Bank Group on wide range of issues. The emerging work plan includes issues such as labour market regulation, social protection, employment, skill development, private sector initiatives, and statistics. A convergent policy agenda will enable the two organizations, together with other multilateral partners to offer coherent policy advice to member states.

**Statement by Dr. Ahmad Mohamed Ali, President, Islamic Development Bank Group**

On behalf of the Islamic Development Bank Group (IsDB Group), I would like to express my sincere appreciation to the World Bank and the International Monetary Fund for the invitation to participate in the 90th meeting of the Development Committee, which provides an opportunity to exchange views and discuss global development issues and their solutions.

**The Global Context**

Five years into the global financial crisis and the Great Recession, the global economy is still fragile and fraught with uncertainty. Advanced countries’ persistent sluggish growth continued to obstruct global economic recovery. While growth in the first half of the 2014 in the United States, EU, and Japan has suffered setbacks, the emerging economies ---which until recently had recorded high growth and were the main drivers of global growth --- are also experiencing decelerated growth in recent months. This growth slowdown in emerging economies partly reflects increased concerns over the impact of an anticipated rise in the US interest rates as well as geopolitical risks.

Starting from next year, the global economy is expected to break out of its anaemic growth trajectory although with downside risks. The challenge of fighting terrorism in all its manifestations, addressing Ebola epidemic, restoring stability in the MENA and Asia regions, tackling youth unemployment, dealing with climate change and unfinished reform of global architecture of financial system, as well as incessant civil wars, among others, could well be the main drag on the global growth recovery depending on how the international community handles and responds to these issues in a timely and collaborative manner.

The Ebola crisis is particularly a worrisome health and security challenge globally. Urgent concerted efforts are needed to manage and contain the spread of the virus to other parts of the world. This deadly virus, which has already claimed thousands of lives and disrupted economic activities in the affected countries, could further be a clog in the wheel of achieving the MDGs targets and sustainable growth. With the national health systems of the affected countries teetering on the brink of collapse, we know quite well that national efforts are inadequate and so required coordinated international response to stop the wanton loss of innocent lives.
Economic Performance of IsDB Member Countries

Against this backdrop of pessimistic global economic outlook, the economic activity of the 56 IsDB member countries is expected to grow, on average, by 4.1 percent in 2014\(^\text{12}\) from 3.9 percent in 2013. Member countries in the MENA region are expected to record an average growth of 3 percent in 2014 up from 2.6 percent in 2013. For Asian member economies, growth will remain flat at an average of 5 percent in 2014. Sub-Saharan African member countries are the fastest growing economies, expected to register a growth of 6.6 percent in 2014 up from 5.8 percent in 2013. In contrast, commonwealth of independent member states (CIS) are expected to record an average growth of 6.1 percent in 2014 down from 6.6 percent in 2013.

Since the economies of IsDB member countries are not decoupled from the rest of the world, the impacts of the global development challenges are transmitted through different channels and vary from one country to another depending on the extent of individual country’s exposure to the global financial markets. Therefore, in the short-term, member countries need to focus on addressing the challenge of terrorism and political instability, strengthening fiscal stability, tackling youth unemployment, and improving food security. In the medium-to-longer-term, they need to address the challenge of demographic transition, bridging infrastructure gap, improving investment climate and the financial sector. They also need to engage in structural reforms to improve productivity and competitiveness.

IsDB Group Responses

To help member countries address their development challenges and achieve balanced, sustainable and inclusive growth, the IsDB Group financed a number of activities and introduced new initiatives as briefly highlighted below:

1. **Scaling-Up Development Assistance:** Despite a challenging financial environment, the volume of IsDB Group financing continued its upward trend and cumulatively reached US$102 billion which financed 8,059 projects and operations as of June 2014. The financing targeted strategic themes such as poverty alleviation, comprehensive human development, capacity development, and private sector development. In 2013, infrastructure received the largest allocation of IsDB’s Ordinary Capital Resources (OCR) totaling US$3.1 billion, representing 73.1 percent, followed by agriculture 16 percent, education 8.5 percent, health 1.6 percent, and others including finance 0.8 percent. Infrastructure approvals covered electricity generation and transmission, transportation, and water & sanitation.

2. **Mobilizing More Financial Resources:** To ensure adequate resources in supporting the economic growth of its member countries, the IsDB adopted resource mobilizing measures to bolster its liquidity, including issuance of Sukuk (Islamic bonds). It also provides advisory services relating to sukuk issuances to some member countries with a view to helping them in their efforts to develop their local sukuk markets. Similarly, it is active in raising finance through direct placements based on commodity and Wakala transactions as a way to mobilize short-to-medium terms funds from the markets. In 2014, the Bank has successfully priced its two public issuance Sukuk of US$1.5 billion each and one Sukuk under private placement of US$100 million, under its US$10 billion Trust Certificate Issuance Program.

\(^{12}\) Figures are based on IMF’s World Economic Outlook database, April 2014.
In the arena of global development finance, the IsDB and the Bill and Melinda Gates Foundation recently established a US$500 million grant Buy-Down Facility. This Facility will enable the IsDB to deploy up to US$2.5 billion of financing to fight poverty in low-income member countries. The Gates Foundation will contribute 20 percent (US$100 million) which will be deployed alongside IsDB’s own financing to completely offset the cost of financing that countries would otherwise incur. This “buy-down” process will provide premium-free market resources to low-income countries.

3. **40 Years Retrospective Assessment and 10-Years Strategic Framework:** As part of its 40th Year Anniversary, the IsDB Group undertook an unprecedented stakeholder consultation seeking views on both the assessment of its performance over the past 40 years and its next 10-Year Strategy. The IsDB Group 10-Year Strategic Framework has three strategic objectives, five pillars or priority areas, and one crosscutting theme. It also has seven guiding principles for effective and efficient implementation. Its three strategic objectives are Inclusiveness, Connectivity for Growth, and Promoting the Development of the Islamic Financial Sector. Its five strategic pillars are Economic and Social Infrastructure, Private Sector Growth, Inclusive Social Development, Islamic Financial Sector Development, and Cooperation between Member Countries (MCs) and with Muslim Communities in non-MCs. It is envisaged that ten years from now IsDB Group will enhance its status as a partner-of-choice in the development of its MCs, an authoritative reference on Islamic finance, and the most prominent facilitator of cooperation between MCs, and with Muslim Communities in non-MCs.

4. **Promoting Financial Inclusion:** The IsDB Group has for long acknowledged the importance of inclusive financial development as one of the key policy interventions for poverty alleviation in its member countries. To this end, it has undertaken various initiatives for financial inclusion by increasing access to SMEs and providing support for microfinance. It has also extended lines of Islamic financing and undertaken equity participation to improve access to finance for the SMEs. To improve financial inclusion, the IsDB in partnership with CGAP - the Consultative Group to Assist the Poor, has conducted two international competitions for development of Islamic microfinance business models in 2010 and 2013. Other partners in the two competitions were Deutsche Bank, Grameen-Jameel, Al Baraka Banking Group and Triple Jump. As a result of these Islamic Microfinance Challenge competitions, scalable, sustainable and authentic Islamic microfinance business models have been developed to meet the financial needs of member countries.

5. **Fostering Islamic Finance:** The IsDB promotes and advances Islamic financial services industry through partnership with governments, private sector and multilateral financial institutions. It continues to facilitate the development of the sector by providing technical assistance for creating the requisite legal, regulatory, supervisory and Shari’ah frameworks. The various programs for this purpose include improving access to Islamic finance for the poor, supporting Islamic Infrastructure Institutions, participating in equity investments, undertaking research, training and product development. It has also been developing the Awqaf sector for social and economic development specifically education, health, and other development purposes.

6. **Promoting human development for poverty alleviation:** Investments in human development is a key focused area of IsDB Group since its inception. It has continued to place a strong emphasis on building human capital and improving the well-being in member countries. It supports
member countries in human development through two non-income components: health and education. Its interventions in education cover all sub-sectors from primary through higher education including vocational education and training. The Bank is strengthening its intervention in skills development and upgrading to meet labour market requirements. Its interventions in health continues to be driven by regional epidemiological diversity and the wider range of needs of its member countries.

7. **Fostering private sector development:** Private sector development is one of the priority areas of the IsDB Group through which member countries are assisted in sustaining higher economic growth and reducing poverty. The IsDB pursues this objective through the activities of its entities namely the Islamic Corporation for the Development of Private Sector (ICD), the International Islamic Trade Finance Corporation (ITFC) and the Islamic Corporation for the Insurance of the Export Credit and Investment (ICIEC). In 2013, ICD’s support to private sector totaled US$426 million while ITFC’s trade financing operations for both public and private sector was US$5 billion. Similarly, in the same year, ICIEC’s business operations reached US$3.4 billion.

8. **Investing in infrastructure:** Infrastructure development is widely acknowledged as a linchpin for economic growth. The Bank has scaled up its financing for infrastructure in many member countries. In addition, to using its OCR for infrastructure, the Bank has launched other new facilities and funds including: (i) Public-Private Partnership (PPP); Arab Financing Facility for Infrastructure; (iii) New Mudaraba Infrastructure Investment Facility: Islamic Infrastructure Fund; and (iv) IsDB Infrastructure Fund 1 & 2. Through this effort, the Bank aims to facilitate affordable access to energy, foster urban development, and improve transportation networks.

9. **Strengthening regional economic cooperation and integration:** Promoting economic cooperation and integration is an overarching objective of IsDB Group since its inception. It aims to reduce economic barriers among member countries and synergize on each other’s strengths and potentials for mutual benefits through reverse linkage. IsDB Group has been active in supporting its member countries in (i) speeding up their efforts to foster intra-trade and intra-investment facilitation, (ii) moving towards the formulation of an integrated economic and financial markets, (iii) enhancing connectivity across the regions in the areas of transport, energy, labour mobility and ICT, and (iv) increasing investments in regional and cross-border infrastructure with a view to increase cross-border trade and flows.

Going forward, I strongly believe that improving the wellbeing of citizens is vital for promoting inclusive and balanced growth. In this regard, developing countries including IsDB member countries are still facing numerous challenges and a lot needs to be done to close the development gaps. Therefore, I call on the international community to continue their support to the development goals and to contribute more to support the developing countries’ efforts at addressing emerging challenges such as Ebola epidemic.

**Concluding remarks**

I would like to take this opportunity to reiterate that IsDB Group will continue to finance critical economic sectors to achieve higher multiplier impacts on the economies of member countries consistent with their development priorities. It will also continue to forge strategic alliance with other development partners to leverage additional development assistance to its member countries.
On this note, I would like to reaffirm the IsDB Group’s commitment to working closely with the development community in its quest to support inclusive and sustainable economic growth.

Statement by Mr. Angel Gurría, OECD Secretary-General, and Mr. Erik Solheim, Chairman, OECD Development Assistance Committee (DAC)

As the target year of the Millennium Development Goals (MDGs) approaches, work on their successor framework is now well underway. In addition, 2015 will be a crucial year for the environment, and for our common future: the 21st Conference of the Parties (COP21) will convene in Paris in December with the aim of reaching a universal agreement to tackle climate change.

Much has happened in the spheres of international development, and development co-operation, in the last year. Official development assistance (ODA) rose by 6.1% in real terms in 2013 to reach the highest level ever recorded; the Global Partnership for Effective Development Co-operation held its first ever High Level Meeting in Mexico in April 2014; and in May this year, OECD ministers endorsed a statement on climate change that will see them reinforcing efforts on a number of fronts. The OECD’s Strategy on Development continues to frame the Organisation’s response to fast-changing global realities, and to the evolving post-2015 agenda.

A. GETTING IN RIGHT: THE IMPORTANCE OF GOALS TO ADDRESS INEQUALITY, WELLBEING AND SUSTAINABILITY

Post-2015 goals will need to build on the lessons of the MDGs, and go further. They must tackle, inter alia, inequalities and disparities across and within countries. They provide an opportunity to refocus our efforts on well being. And they must seize the opportunity to address the threats presented by climate change.

Inequality needs to be addressed in its various forms

In its recent publication How was Life?, the OECD has documented how rapid industrialisation since the early nineteenth century opened a yawning gap between rich and poor nations. Evidence suggests that this inequality between countries is now beginning to decline as a result of the rapid growth experienced by China and India. But there are many countries that are being left behind.

At the same time, income inequality within countries has increased sharply in the vast majority of countries since the 1980s, and has worsened dramatically during the crisis. This is particularly stark in many developing and emerging economies. While a sustained period of economic growth in countries such as China and India has helped lift millions of people out of absolute poverty, the benefits of this growth have not been evenly distributed. Income inequality has risen further. Brazil is perhaps an important exception – though the gap between rich and poor there remains about five times that found in the OECD countries.

The Sustainable Development Goals (SDGs) must address the widening inequalities and disparities within countries. In doing so, they should go beyond measures such as income (GDP) per capita. Economic growth is not an end in itself. Addressing the multidimensional nature of inequalities – and

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14 OECD (2014), How was life?, OECD, Paris.
15 http://www.oecd.org/social/inequality.htm

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their impacts on different population groups – will be crucial. OECD initiatives such as the Better Life Index – and our growing body of work on Inclusive Growth – underscore the Organisation’s commitment to these goals.

Gender inequalities remain one of the most pervasive forms of inequality globally, and a key barrier to achieving inclusive and sustainable development. Addressing gender inequalities remains crucial. Recent discussions and fresh evidence bring home the scale of the challenge ahead. For example, 1 in 10 girls globally have experienced sexual violence16, and more than 700 million women alive today were married as children.17 Although gender equality in access to primary schooling has almost been achieved in most countries, there are still 68 countries where the disparity remains significant.18 Gender equality is a development outcome in its own right. It is also important in reducing poverty and boosting growth.

**Hard-won development gains need to be sustained**

Poverty alleviation needs to be long-lasting. A high share of the emerging middle classes in developing economies remains at risk of falling back into poverty. Policies must take account of the impact of vulnerability, and public action is needed not only to respond to shocks, but also to build resilience.

Climate change, in particular, represents a serious and potentially irreversible threat to global development. Future large-scale climate shocks could have a significant impact on output, with repercussions on employment and on public finances. As a region, Africa remains particularly vulnerable to the effects of climate change. Yet it represents less than 4 per cent of the world’s CO2 emissions from the consumption of energy19 and less than 7% of total emissions20.

The OECD Recommendation on the Governance of Critical Risks can provide a baseline for a strategic approach to disaster risk reduction. These issues will feature prominently at the High Level Risk Forum in December 2014. We will also engage actively in the 2015 Sendai World Conference on Disaster Risk Reduction and the post-2015 Hyogo Framework for Action (HFA).

Events in recent weeks and months have also highlighted our vulnerability to epidemics. An immediate and large-scale response will be crucial to tackling Ebola in West Africa. The epidemic will leave scars on households, communities, and entire economies for some time to come. It also underscores quite how important investment in health systems is, if we are to avoid seeing history repeat itself. Like climate change, this is a global challenge that needs a global response.

**B. IMPLEMENTING POST-2015 GOALS: AID AND BEYOND**

For many countries, aid will remain an important instrument in the fight against poverty

Mobilising sufficient resources will be essential for achieving the post-2015 goals. The record volume of official development assistance (ODA) – USD 135 billion in 2013 – offers momentum that can be built

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16 Unicef (2014), *Hidden in plain sight.*
17 Unicef (2014), *Ending child marriage.*
on further. While other forms of external development co-operation are important – and gaining prominence in many countries – ODA will continue to play a vital role in the post-2015 development finance landscape. This is especially the case for least developed countries (LDCs) and fragile and conflict-affected states, which often have limited access to other forms of financing. ODA currently represents over 70% of total external finance in LDCs.

ODA levels from DAC members collectively amount to 0.09% of their gross national income. Further progress will be needed if they are to achieve the existing UN target of 0.15-0.20% of GNI provided as ODA. A better global balance in the allocation of external financing will be required to meet agreed commitments.

A changed development landscape calls for new measures of support for development

The OECD-DAC is currently modernising its statistical system so that it reflects recent changes in the financial flows, actors and instruments of the development landscape. It aims to remain “fit for purpose” in a post-2015 world. The outcomes of DAC Ministers’ deliberations in December 2014 should offer a relevant input to the 2015 conference on Financing for Development. This includes work on a possible new, more comprehensive measure of support for development which will capture, inter alia, support to peace, security and justice in developing countries.

Another focus will be on the potential of official development finance to leverage other financial flows – including from the private sector. In this regard, the OECD report on Official Support for Private Sector Participation in Developing Country Infrastructure, prepared at the request of G20 Finance Ministers, makes an important contribution.

Developing countries should be empowered to mobilise domestic resources

The vast majority of development resources are raised by countries domestically. The international community can and should help developing countries deepen their domestic resource mobilisation efforts. This will include efforts to both address some of the pitfalls of the international tax system, and to strengthen capacity in developing country administrations.

In June 2013, 44 countries – including all OECD and G20 members – launched the Base Erosion and Profit Shifting (BEPS) Project. This aims to address mismatches and gaps in international tax rules which allow multinational enterprises to shift profits to low- or no-tax jurisdictions, separating them from the location where the economic activity and value creation take place.

The G20/OECD BEPS Project presented the first seven deliverables from its 15-point Action Plan to the G20 in September 2014. At the same time, the OECD presented the second part of its report on the impact of BEPS issues on low-income countries, their specific priorities, and entry points for engagement in the project.

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22 OECD. May 2014. Targeting ODA Towards Countries In Greatest Need.
23 Ibid.
The urgency and the risk posed by BEPS issues to developing countries come into sharp focus when developing country reliance on revenue from corporate income tax is considered. In some countries, almost 90% of tax revenues are derived from multinational enterprises. With support from G20 Finance Ministers, the OECD will expand engagement with developing countries into a new structured dialogue with clear avenues for developing countries to collaborate and directly input into the BEPS Project. Furthermore, at their September 2014 meeting, the G20 Finance Ministers asked the OECD to work with other international organizations and regional tax administrations to develop guidance and tool kits to translate the BEPS deliverables into practical advice for lower capacity countries.

The OECD’s Tax and Development Programme is also working with developing countries to build capacity in their tax administrations and to ensure sustainable domestic resource mobilization. In addition to targeted country programmes that provide assistance on transfer pricing and broader BEPS issues, the OECD is piloting the Tax Inspectors Without Borders initiative, which facilitates hands-on audit assistance from tax experts, who work alongside local officials in developing countries to tackle some of their biggest audit challenges.

In 2014, the OECD established a single, common global standard for the automatic exchange of information (AEOI) – the next generation tool in the fight against tax evasion. More than 60 countries have already committed to implementation of the AEOI Standard, and 45 countries have agreed to a specific and ambitious timetable for implementation that will see the first exchanges take place from 2017. The Global Forum on Transparency and Exchange of Information for Tax Purposes, which has 122 members including more than 60 developing countries, has set out a roadmap that will enable low-income countries to benefit from automatic exchange of tax information through a sequenced approach to implementation, factoring in their priorities and capacity constraints. This global effort to crack down on tax evasion is already having a strong deterrent effect: 37 billion euros have been identified from voluntary disclosure programmes targeting offshore evasion involving just 24 countries over five years.

Looking ahead, the OECD will build on its efforts to date to track member countries’ efforts in curbing illicit financial flows, which extend beyond tax evasion to include money laundering, international bribery, and stolen assets.

C. TOWARDS PARTNERSHIP MODELS FIT FOR THE 21ST CENTURY

The latest proposal for the post-2015 SDGs underscores the important roles of “multi-stakeholder partnerships that mobilise and share knowledge, expertise, technologies and financial resources.” The Global Partnership for Effective Development Co-operation — which the OECD is proud to support, alongside the United Nations Development Programme — is one such mechanism. When ministers gathered at the Global Partnership’s first ever ministerial meeting in Mexico City earlier this year, some 40 multi-stakeholder voluntary initiatives — addressing tangible challenges such as private sector engagement, tax and domestic resource mobilisation — were launched to advance development on the ground. This reaffirmed the potential for the Global Partnership as a driver of more effective development solutions in the post-2015 landscape.

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25 OECD report to the G20 Development Working Group on BEPS in developing countries (PART 1).
26 OECD internal calculations based on data from member countries. http://www.oecd.org/tax/g20-finance-ministers-meeting-tax-session.htm
28 http://sustainabledevelopment.un.org/content/documents/4518SDGs_FINAL_Proposal%20of%20OWG_19%20July%20at%201320hrsver3.pdf
Foundations in particular are becoming more engaged on policy and partnership issues. The *OECD Network of Foundations Working for Development* (netFWD) brings together leading foundations which, in the first half of 2014, developed Guidelines for Effective Philanthropic Engagement.

**Conclusion**

The next 18 months will be crucial for the world. We must collectively push on all fronts — achieving the MDGs; agreeing an inclusive and comprehensive SDG framework; bringing a broader range of state and non-state actors under the development tent; promoting well-informed and coherent policies; and mobilising financial flows from the full spectrum of available and potential sources. Pragmatism, readiness to compromise, and a focus on tangible actions that have real impact will be essential.

On all these fronts, the OECD is committed to working with partners to help them fulfil their ambitions for the SDG agenda. The OECD stands ready to continue to shape “Better Policies for Better Lives” for every person in every country. Count on us.

**Statement by Mr. Mukhisa Kituyi, Secretary-General, United Nations Conference on Trade and Development**

The world economy continues to grow at significantly lower rates than before the crisis. In several regions, that subdued growth does not generate sufficient good-quality employment to reduce open unemployment and underemployment. This unsatisfactory outcome is to a large extent the result of an inconsistent policy mix, in particular in several developed economies. In this more challenging global economic environment, developed countries need to improve the policy mix with a view to increasing aggregate demand, and developing countries need to look for new growth drivers, expanding and better harnessing the policy space available to them. New UNCTAD analysis shows that a scenario of more consistent internationally coordinated policies for balanced growth could raise global output by 1-2 percentage points annually going forward. Increasing sovereign debt stocks, particularly in developing countries, and the ongoing litigation against Argentina also point to the pressing need for international agreement on a multilateral debt workout mechanism.

**Continued weakness of the global economy**

Six years after the eruption of the global financial crisis, the world economy has been unable to recover a strong and sustainable growth path. A modest improvement is expected in the growth rate of global output in 2014, to slightly above 2.5 per cent, compared to 2.3 per cent in 2012 and 2013, thanks to a moderate acceleration in developed economies, from 1.3 per cent in 2013 to 1.7 per cent in 2014. Developing countries as a group are set to repeat their economic performance of 2012-2013 (at around 4.5 per cent), while transition economies (particularly those in Europe) continue to slowdown for the third year in a row, to below 1 per cent, on average.

International trade remains lacklustre, with the volume of merchandise trade increasing at a rate slightly above 2 per cent in 2012 and 2013, and an expected growth of between 2.5 and 3 per cent for 2014. This lack of dynamism contrasts sharply with its rapid expansion in the two decades before the crisis, when global trade of goods and services expanded more than twice as fast as GDP.

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29 Output is measured in 2005 US$ at market prices.
While several forces have undoubtedly been at work, there is no evidence that the slowdown in international trade is because of higher trade barriers or supply-side difficulties; rather, lacklustre trade growth has overwhelmingly been the result of weak global demand. It is therefore highly unlikely that international trade alone will be able to drive global growth forward.

**Policy mix challenges in developed countries**

The present recovery in the developed economies is the slowest on record since the Second World War. It took three years for the United States to recover its pre-crisis level of GDP, four years for Japan, and only in 2014 is the European Union expected to do so. Regarding per capita GDP, the United States and Japan returned to their 2007 levels only in 2013, while in the European Union, per capita GDP in 2014 remains almost 2 per cent below its 2007 value. Recovery in employment has also been slow, taking four years for developed countries to reach the same absolute level as 2008.

The weak recovery is due, in part, to the nature and magnitude of the crisis. After a financial crisis it is normal for aggregate demand to remain subdued for a protracted period of time, as both debtors and creditors seek simultaneously to consolidate their balance sheets and recapitalize. In this case, however, policy missteps have compounded the weakness of the recovery.

After a short period of simultaneous supportive fiscal and monetary policies, which helped avoid a full-scale financial implosion and led to an economic rebound in 2010, most developed economies shifted to fiscal austerity. As UNCTAD warned in the 2010 Trade and Development Report, such a move was premature, because private sector demand had not yet been re-established on a solid basis. Indeed, it was very unlikely to do so in a timely manner, given the on-going deleveraging and the high levels of open unemployment. The resulting emphasis on rapid "fiscal consolidation" has prompted an undue reliance on monetary policy to fashion the recovery. Not only has this implied very low interest rates, but also massive money creation through Central Banks' "unconventional monetary policies".

Considerable emphasis has, in addition, been given to boosting competitiveness, particularly through containing wage costs, as a means to encourage net exports and restore growth. This raises two problems. First, this strategy cannot be pursued across the board, because, unlike productivity, competitiveness by nature is a relative variable. In that sense, it can only increase in some countries if it decreases in others. Therefore, if several trade partners cut their wage costs at the same time, none of them will actually improve their competitiveness. The second problem is that cutting wages depresses domestic demand, with the risk of a race to the bottom further constraining prospects of a sustained economic recovery.

It is clear that this combination of policy choices has been inadequate. The cost of fiscal restriction in terms of output growth was greatly underestimated. With high levels of unemployment and idle capacity, fiscal multipliers are also high, making the drag on GDP from cutting public investment and social expenditure sizable, as shown in the UNCTAD Trade and Development Report 2011. With output growth constrained, fiscal revenues have also been below expectations, while the promised recovery of investor confidence in the real economy has not materialized. At the same time, monetary expansion by the Central Banks has not translated into an expansion of credit that finances increased private expenditure, because the deleveraging process is far from completed. The massive monetary injection was used more for speculative than for productive purposes, reinflating the price of financial assets but also leading in many cases to capital outflows to developing and emerging economies. For sure, albeit indirectly, the associated wealth effect has helped private demand to recover in some countries, but on a rather fragile basis. Nonetheless, the action by Central Banks was very effective in reducing the risk of sovereign default, as it was clear when the European Central Bank announced in 2012, with its unlimited Outright Monetary Transactions, that it would act, if necessary, as a lender of last resort.
It seems therefore that using monetary policy to reduce the risks on the financial sphere, and using fiscal and income policies to support economic activity would be a better policy combination for strengthening the recovery, given that the main constraint on economic growth is the lack of aggregate demand. The effects of such a policy reorientation would be maximized if the respective policies were adopted in a coordinated fashion, especially among developed countries, as further discussed below.

**In search of new growth drivers in developing countries**

Developing countries have managed to recover from the Great Recession faster than developed countries, as they tackled the consequences of the global financial crisis by supporting domestic demand with countercyclical policies. The task was further eased in those countries that benefited from rising commodity prices. However, there are limits to what can be achieved by developing countries through either countercyclical policies or gains from the terms of trade; new sources of dynamism will need to be found if countries are to recover their pre-crisis growth rates. In addition to measures that could help bolster the growth of domestic markets, including redistributive measures, many countries need to raise their levels of domestic investment, including in the public sector, and conduct industrial policies aimed at an expansion of their productive capacity and competitiveness so as to respond to rising demand without excessive pressure on domestic prices or their trade balance.

Developing countries will also have to face the challenge of persistent instability of the international financial system. Tackling this should involve the adoption of more prudential macroeconomic and regulatory policies at the national level, but also better surveillance and stronger regulation at the regional and global levels.

Developing and transition economies are affected by a global financial cycle that is mainly driven by developed countries’ economic conditions and monetary policy decisions. The resulting capital movements do not necessarily coincide with the needs of receiving countries. Instead, they tend to increase their financial fragility, which can eventually lead to a financial crisis. In order to create and maintain domestic macroeconomic and financial conditions that support growth, governments should have at their disposal suitable policy instruments for managing international capital flows. These should be considered normal instruments in policymakers’ toolkit, rather than exceptional and temporary devices to be employed only in critical times. Multilateral rules in the IMF’s Articles of Agreement and in the General Agreement on Trade in Services of the World Trade Organization do allow governments to manage their capital accounts, including a resort to capital controls. However, some bilateral and plurilateral trade and investment agreements that have been signed, or are being negotiated, introduce more stringent commitments with respect to financial liberalization than those contained in multilateral agreements. Therefore, governments that aim to maintain macroeconomic and financial stability should carefully consider the risks in taking on such commitments.

More generally, developing and transition economies need to preserve and enlarge their policy space to pursue the most appropriate mix of economic and social policies to achieve equitable and sustainable development. Indeed, building more competitive firms, moving resources into higher value added sectors and strengthening national technological capabilities must rely on both market forces and government actions; effective industrial policies and dedicated efforts to support and coordinate private- and public-sector activities are also crucial.

**The need for consistent policies and better international policy coordination**

Restoring higher growth rates and setting them on a sustainable basis will require improving the consistency of economic policies, in several respects. First, and as noted earlier, policy tools and policy goals should be appropriately matched: fiscal and incomes policy should aim at revamping demand, while
Central Banks should use their toolkit to support investment in the real sector and maintain low risk premia, without necessarily creating huge amounts of money (the existence of a lender of last resort willing to play its role is more important in that respect). A second aspect of policy consistency refers to using all possible policy instruments for supporting the recovery of demand given that this is the primary constraint on growth; mixing fiscal and wage restraint with monetary expansion is not the right combination. A third aspect refers to consistency of policies among countries: some may want to reinvigorate domestic demand, while others may focus on (net) export demand for recovering growth. But only, if most countries – led by large surplus economies – adopt simultaneously pro-growth policy stances, will the positive spillovers among them strengthen growth everywhere and make it more sustainable.

UNCTAD has conducted a scenario modelling exercise which indicates that the benefits from such a policy reorientation could be large. In the coordinated growth scenario, global GDP growth would accelerate by more than one per cent over the years 2015-2019 (from 3.4 per cent in the baseline to 4.7 per cent), and by almost two per cent for the period 2020-2024 (as GDP growth rate would reach 5.5 per cent instead of 3.6 per cent in the baseline). This scenario assumes a policy package which comprises incomes policies to support growth of demand on a sustainable basis; growth-enhancing fiscal policies; industrial policies to promote private investment and structural transformation; regulation of systemically important financial institutions and capital controls to stabilize global financial markets; and development-oriented trade agreements. Its results are compared with those of the “baseline” scenario, which broadly continues with business-as-usual policies. Importantly, the faster growth rates for all regions in the expansionary policy scenario are the result not only of policy stimuli in each country individually, but also of the synergy emerging from the co-ordination of pro-growth policy stances among all regions.

International policy coordination and cooperation would also be helpful to address other global economic problems, such as the public revenues losses due to tax competition among countries, or resulting from tax avoidance and evasion through transfer pricing by large international firms, illicit international financial flows and low-tax (or no-tax) jurisdictions. Reducing tax leakages would provide developing countries with larger public revenues (and “fiscal space”) to finance development programmes but would also support expansionary macroeconomic programmes in the advanced economies.

The need for a genuine multilateral debt workout mechanism

Within the global context of vibrant capital flows, the total external debt stocks of developing countries and transition economies have continued to increase. These stocks reached $6 trillion in 2013, rising 8.7 per cent over 2012 levels (UNCTAD secretariat calculations based on the World Bank 2014 International Debt Statistics). Total debt to GDP increased to 22.7 per cent in 2013, from 20.9 in 2011 and 21.7 per cent in 2012. Debt service to exports rose from 7.9 to 8.3 per cent and total debt to exports increased from 72.8 per cent to 75.9 per cent from 2012 to 2013. The increase in sovereign debt stocks is partly driven by the recent bond issues by some countries in sub-Saharan Africa, which reached historical highs of $5 billion in 2013. This level is equivalent to 20 per cent of aid and 12 per cent of FDI for the region. A number of LDCs (Rwanda, Tanzania and Zambia) have augmented traditional concessional loans by borrowing on international financial markets on commercial terms, because they can issue bonds at a lower interest rate compared to domestic markets. It is interesting to note that the yields on four out of eight rated sub-Saharan African Eurobond issuers were lower than 5 per cent in 2013. Greater access to the international financial market could help LDCs financing part of their long-term infrastructure needs for economic growth. However, the LDCs and other developing countries should pursue active debt management to avoid over-indebtedness and mitigate the risks associated with these new financial instruments, including rollover risk, currency risk, and greater
macroeconomic volatility from large capital inflows. The recent return of both Ghana and Zambia to the IMF, in the face of sharp declines in their currency, is a reminder that it is crucial for countries to manage such capital inflows and volatility.

It is also important to take note of the important structural changes in public debt that have occurred in most developing and transition economies over the past decade. Locally and internationally issued securities have continued to account for the bulk of it while bank loans have remained a small proportion of the total. This has been associated both with a concomitant increase in foreign participation in domestic markets for government debt, and a rapid increase in corporate issues abroad. At the end of 2013, for a number of developing countries, foreign investors held more than one third of government bonds in local debt markets. Almost all these foreign holdings are denominated in local currencies. An important implication of increased foreign access to domestic debt markets is a sizeable shift in the holder profile of government debt towards non-residents, particularly in securities. It is estimated that foreigners now hold $1 trillion government debt of developing and transition economies, excluding foreign official loans.

The global financial cycle involves large amounts of capital flows that frequently have disruptive macroeconomic effects in receiving countries. This may lead to balance of payment and financial crises when capital inflows stop or reverse. These are generally fiscal crises as well, as governments take on a large part of the cost of the crisis.

The larger share of securities in the public debt in most developing and transition economies compared to that of bank loans and bilateral debt has opened a number of new opportunities for developing countries, but it also leaves them vulnerable in times of debt distress as the international mechanism for restructuring bonds remains slow, inefficient, and uncertain leading to the possibility of costly defaults. Recent debt crises have again demonstrated that disorderly debt restructurings can lead in many cases, through procrastination and the costly bailout of creditors, to socializing private debt, damaging economic adjustments and to considerable human suffering. Furthermore, the protracted (and ongoing) litigations by a few bondholders against Argentina has shown that the current judicial framework, in which public law issues are treated by commercial courts, not only discourages new debt restructuring, but can even jeopardize successful past restructuring. This experience has led to intensified international debate on the need for a sovereign debt restructuring mechanism to improve efficiency, fairness and co-ordination in restructuring episodes.

The litigation against Argentina further highlights the problem of the existing legal forum fragmentation. Different courts have very different interpretations of the same contractual clause and hence impose a wide array of rulings. The end result is further incoherence and unpredictability in debt restructuring. Moreover, the recent ruling against Argentina affects third-party holders of restructured bonds as it prevents them from receiving payments Argentina keeps making; it also obliges third-party financial institutions to provide information about assets of sovereign borrowers, which will have a significant impact on the international financial system. This example shows that politics and interests groups can have an impact on the outcome of debt restructurings, compromising consistency and fairness. The ruling has made future debt restructuring much more difficult as debtors are left with only moral suasion and diplomatic channels to encourage creditor coordination.

With a view to increase the efficiency, stability and predictability of the international financial system, recent General Assembly resolutions on debt have called for consideration of enhanced approaches to sovereign debt restructuring and recognized the design of a multilateral debt workout mechanism as a necessary tool for debt crisis resolution.
Finally, data shows that debt relief provided under the HIPC Initiative and MDRI has achieved a redirection of resources towards poverty reducing expenditures. While the international community should be satisfied that the increase in poverty reducing revenue has been achieved, we must also be aware that most HIPCs remain off track for achieving many of the Millennium Development Goals targets. Debt relief alone is not a panacea to the development challenges confronting HIPCs; it is a necessary but insufficient solution and we must find ways to provide additional assistance both in terms of development financing and capacity building to those countries. This could be an issue picked up in the United Nations Conference on Financing Development to be held next year.

Statement by Ms. Helen Clark, Administrator, United Nations Development Programme and Chair of the United Nations Development Group

The Current Development Context

These are challenging times for the international community and for all those whose choices and quality of life are being badly affected by poverty, marked inequality, conflict, insecurity, environmental degradation, and/or the spread of infectious disease - such as Ebola.

As the 2015 target date for achieving the Millennium Development Goals (MDGs) approaches, and as we reflect on the remarkable progress achieved on poverty reduction, improved drinking water sources, primary education, and health, we must not overlook the fact that many people – and even some whole countries - have been largely shut out of the overall development gains made.

Significant inequalities persist within and between countries. In a number of countries - developed and developing, income inequality has been on the rise. The richest eight per cent of the world’s population earns half of the world’s total income, while the remaining 92 per cent of people are left with the other half. Inequalities in income and wealth are often compounded by other inequalities, such as access to power and disparities in health and education. High levels of inequality are not only bad for economic growth, but they also make it more difficult to reduce poverty, and they limit people’s choices and the development progress of whole societies.

In many countries, development progress remains vulnerable to volatility and shocks which can sweep away development gains in a matter of months, weeks, or even days. We have significant human development setbacks in Syria, where the civil war is estimated to have taken close to 200,000 lives, generated more than three million refugees and 6.4 million internally displaced people, and inflicted immense destruction on livelihoods and infrastructure. In West-Africa Ebola’s socio-economic impacts are being felt nationwide and across all segments of society in the affected countries.

The world is still struggling to recover from the economic crisis of recent years, and overall levels of economic growth remain moderate. While developing countries as a whole will continue to contribute a significant share of global growth, their rate of growth is generally lower than it was before the global financial crisis. That reduces development progress.

Country-specific constraints may include structural imbalances, infrastructure bottlenecks, increased financial risks, incoherent macroeconomic management, and geo-political and political tensions. The need for more effective global economic policy co-ordination has become an imperative against the backdrop of the fragile recovery and the range of downside risks.
The world population is forecast to increase from 7.2 billion in 2013 to 9.6 billion by 2050, and reach 11 billion by 2100. This growth is accompanied by high urbanization rates. To produce enough food to feed the growing world population without further eroding and depleting the nutrients in our earth’s soils will require a dramatic shift in modes of production.

Addressing the fragility, volatility, and rising inequality impacting on development requires fresh thinking. The challenge is not just to lift people out of poverty; it is to ensure that their escape is permanent. A prosperous, inclusive, and sustainable world can only be built if the challenges faced are well understood and their drivers are addressed through innovative solutions.

**The importance of social inclusion**

The World Bank’s Global Monitoring Report 2014/2015 argues that for development progress to be achievable and sustainable, economic growth must be accompanied by investments in people and their needs for education, health, and social protection services, and in environmental sustainability.

Creating jobs and livelihoods is central to advancing and sustaining human development. Beyond providing incomes, work is also about dignity and self-worth, and it serves as a foundation for social inclusion and for stable societies.

Current high global unemployment levels have showed little sign of easing up during the economic recovery. With more than 200 million people unemployed, it is estimated that the global economy would need to create 670 million jobs between 2015 and 2030 in order to absorb them and all those due to join the workforce in that period.

The outlook for youth unemployment is even more challenging. Youth unemployment rates are on average some three times higher than those for adults. In some countries, fifty per cent of youth looking for work cannot find it. Meanwhile, many of those who are employed are working in the informal sector. They account for more than ninety per cent of jobs in some developing countries. Informal work is typically insecure with unpredictable pay and hours, and with no worker protection. The World Bank’s efforts to help improve the investment climate of developing countries and strengthen the income-earning capacity of the bottom forty per cent of the population are important in tackling the global jobs challenge and in reducing poverty.

Comprehensive social protection systems should at a minimum provide a floor below which no one falls. They should be a platform for continuing to advance human development, and they are fundamental to fighting social exclusion.

Social protection can address the multiple dimensions of poverty and inequality and ensure that people have access to essential and good quality goods and services. It also has the potential to enhance human capacities, one of the key components of the World Bank’s shared prosperity agenda. In the absence of social protection, people just above the poverty line face increased risks of falling below it, or those in poverty face being trapped in it for generations.

Expanding social protection has proven to be challenging in many countries, particularly when crises divert funding towards other needs. According to the International Labour Organization (ILO), only about 27 per cent of the world’s population today enjoys comprehensive social protection. Fiscally sustainable social protection schemes, based on strong legal and regulatory frameworks, should be an integral component of development strategies to achieve sustainable development. The UN system advocates for comprehensive social protection floors in every country, and promotes integrated strategies to provide
access to essential social services and income security for all.

In almost every country and region of the world, certain groups, including women, youth, ethnic minorities, and people with disabilities, face unequal prospects. Addressing the needs of such groups calls for anti-discrimination legislation, reforms to make education and other services and opportunities more inclusive, policies which direct resources to disadvantaged areas, and other deliberate measures to address the barriers these groups may be facing.

Addressing Climate Change

Addressing climate change and the degradation of natural resources is critical for poverty reduction and for the promotion of inclusive and sustainable development.

Last month at the UN Secretary-General’s Climate Summit in New York more than one hundred Heads of State and Government gathered, together with leaders from the private sector and civil society. Important pledges were made on the measures and resources needed to tackle climate change.

The Summit gave political momentum for reaching a meaningful climate agreement in Paris in 2015. It galvanized action to reduce emissions, and to build resilience to the adverse impacts of climate change. The Summit heard of funding commitments to support developing countries to mitigate and adapt to climate change, and of significant private sector actions. Some more support was expressed for the Green Climate Fund, with a total of $2.3 billion now pledged to it.

Now the pledges and commitments made at the Summit must be honoured. This is critical for especially vulnerable countries, including the Least Developed Countries and Small Island Developing States. Effective solutions and adequate resources are needed for reducing emissions and for building resilience to the impact of climate change.

The momentum generated by the Climate Summit now needs to be maintained through to the Lima COP negotiations in December this year, and to the talks in Paris which are timetabled to reach a new global agreement on climate change late next year.

The UN will continue its advocacy at the global level, and its work with countries as they adopt their own strategies for addressing climate change.

The Post 2015 Development Agenda

In the face of current crises and of the broader challenges caused by wide-spread poverty and climate change and other environmental degradation, the importance of agreeing on an ambitious post-2015 development agenda cannot be overstated.

In July, the General Assembly’s Open Working Group (OWG) on Sustainable Development Goals proposed a universal set of seventeen post-2015 goals to succeed the MDGs. The aim is to finish the job of the MDGs and move to eradicate poverty, reduce inequalities, combat environmental degradation and climate change, and build inclusive and peaceful societies.

Reducing inequalities has been on the fringes of development discourse for a long time, but to date there has been no comprehensive global agenda to tackle this. Post-2015 offers a unique opportunity to address these vital issues.
The OWG proposal has been officially presented to the 69th General Assembly, and will feed into the UN Secretary General’s Synthesis Report on the post-2015 debate so far. Both reports will be important reference points for the Member States’ negotiations. A Heads of State Summit to agree on the new development agenda is due to be held at the UN in New York in September next year.

Negotiations involving 193 Member States on these vital issues should aim to agree on concise, action-oriented, and measurable goals which will define the priorities of the international community for the next fifteen years.

Beginning in 2012, the UN has been facilitating global consultations, unprecedented in size, to enable people from all walks of life to share their priorities for the new agenda. People have come together in 88 national consultations from civil society, academia, and the public and private sectors to discuss important themes, including inequalities, governance, education, health, and the environment, among others. Through the global MY World on-line survey more than five million people have shared their priorities. The proposal of the Open Working Group reflects much of the public feedback on priorities for the new agenda, including the call to “leave no one behind”, which came from all corners of the world.

The first phase of the consultations focused largely on themes to be included in the agenda. Now the conversation is turning from the ‘what’ to the ‘how’ – the “means of implementation”.

The Third Financing for Development Conference to be held next July in Addis Ababa will be critical in defining how the post-2015 agenda can be financed. Implementation, however, will also rest on other factors, including policy choices, experience sharing, knowledge & technology transfer, trade and investment, and the role of remittances.

A global agenda which focuses on effective implementation – including through participation, inclusion, and strengthened capacities and partnerships - can do justice to the aspirations and hopes of all those waiting for global development progress to touch their lives, and to the engaged citizens around the world who have shared their priorities and want to stay engaged and hold governments and other actors accountable for the commitments they make.

The Importance of UN and World Bank collaboration

Effective UN-World Bank collaboration in delivering on the post-2015 agenda will be needed. Already, we work together in a number of areas, but there are always opportunities to take our partnership further.

A key area of co-operation has been in accelerating progress on the MDGs. At the November 2012 meeting of the UN System Chief Executives Board for Coordination (CEB), the World Bank proposed that progress towards the acceleration of MDGs be reviewed every six months, and agreed that the UN development system’s MDG Acceleration Framework (MAF) should be used in-country. Since then, MDG Acceleration Action Plans for eleven countries encompassing a range of MDG targets have been discussed at the CEB. A very positive outcome has been improved country level co-ordination between UN Country Teams and the World Bank.

This experience is showing us how we can work well together across sectors and institutional mandates to achieve better human development outcomes. It will stand us in good stead as the next development agenda is implemented – an holistic sustainable development approach will require much closer collaboration between institutions and sectors. The United Nations looks forward to working with the World Bank towards that end.
Statement by Mr. Roberto Azevêdo, Director-General, World Trade Organization

The WTO forecasts world trade growth of 3.1% in 2014 and 4.0% in 2015.

These forecasts have been downgraded due to weaker-than-expected GDP growth and muted import demand in the first half of the year, particularly in natural resource exporting regions.

Imports of developing and emerging economies have been growing faster than developed countries. Although this pace has slowed recently, they are contributing significantly to the recovery of the global economy.

Trade has been a significant factor supporting the integration of developing and emerging economies in the global economy in the past decade.

Developed and developing countries now each account for roughly 50% of trade and output.

However, as discussed this morning at the IMFC, for the past three years global trade has no longer been growing much faster than global GDP.

We have been living off the liberalisation of the past. And productivity gains arising from that liberalisation seem to be diminishing.

We need to create the conditions for a new wave of trade expansion, to help deepen the integration of the developing world into the global economy.

We believe that this is better achieved multilaterally – ensuring that no-one is excluded, particularly developing and least-developed countries.

The Bali package agreed by WTO members last year delivered a great deal for developing countries. This included the Trade Facilitation Agreement which is aimed at cutting the costs of trade and easing the flows of goods.

Once implemented this Agreement provides for a great deal of support to be delivered to developing countries and LDCs.

To help provide this support we launched the WTO TFA Facility in July, which will ensure that no country is left behind and all are able to access the support they need under the Agreement.

But partnership will be key to the success of this work. And so I am pleased to say that we announced a strengthened partnership with the World Bank yesterday.

Our two organizations will work together at the highest level to identify sources of funding and support.

These efforts will ensure that developing countries are able to obtain the support they need to tackle the bottlenecks and high costs that impact so heavily on the competitiveness of traders in many developing countries.

The World Bank's Trade Facilitation Support Program is very important in this regard.
I urge ministers to keep this issue high on their list of priorities for development assistance – and to recognise the contribution that it can make in generating economic growth and development.

I would also like to commend the International Financial Corporation – and the whole World Bank Group – for its continued involvement in supporting trade finance in low-income countries.

Again, our cooperation here has been excellent.

Let us ensure that such fruitful cooperation in support of development continues across all of these areas in future.

Thank you for your attention.
NOTICE OF MEETING

The 90th meeting of the Development Committee will be held on Saturday October 11, 2014, commencing at 3:00 p.m. in the Preston Auditorium, the World Bank Main Complex, Washington, D.C.

This meeting will be preceded by an informal Ministerial-level lunch from 1:30 to 2:50 p.m., in MC13-121, which will provide members the opportunity for discussion of economic and development matters and issues related to the agenda.

AGENDA

Promoting Shared Prosperity in an Unequal World:
Key Challenges and the Role of the World Bank Group

Background Papers:
(i) Global Monitoring Report 2014/2015 – Ending Poverty and Sharing Prosperity - Overview

(ii) Update on the Implementation of the Gender Equality Agenda at the World Bank Group

(iii) Macroeconomic Developments in Low-Income Developing Countries: 2014 Report
1. The Development Committee met today, October 11, 2014, in Washington, D.C.

2. The global economy remains on a cautious watch and is subject to considerable downside risks. Shared prosperity will require inclusive economic growth, job creation, and a sustained multilateral effort to empower the poorest and most vulnerable. We encourage the World Bank Group (WBG) and the International Monetary Fund (IMF) to work together with member countries to implement bold policies to boost growth and to build resilience.

3. We are pleased that this year’s Global Monitoring Report (GMR) tracks, for the first time, the progress made in pursuit of the WBG’s goals of ending extreme poverty and boosting shared prosperity in a sustainable manner, while continuing to report on the status of the Millennium Development Goals (MDGs). The GMR’s coverage of inequality between the bottom 40 percent and the rest of the population, including high-income countries, provided a strong basis for our discussion of shared prosperity.

4. We welcome the discussion on promoting shared prosperity and the WBG’s role in supporting investment in human capital, improved access to markets, structural reforms, financial inclusion, infrastructure, improved tax and transfer systems, including social safety nets, and addressing climate change. We underline the importance of policies and institutions to promote an enabling environment for the development of the private sector, which is critical for investment, job creation, and inclusive and sustained economic growth. We call on the WBG to support countries to prioritize and implement tailored policies in these areas, to track results and impacts, and to build statistical capacity. We welcome the IMF’s commitment to provide support in its areas of special expertise, including the design of tax policies and fiscal reforms.
5. Inclusiveness is at the core of shared prosperity. We stress the importance of continuing the WBG’s focus on gender. We encourage the WBG to deepen gender integration across its operations and to focus more clearly on implementation and impact. We look forward to the WBG’s updated Gender Equality and Development Strategy, as well as future updates.

6. IDA countries have recorded strong growth since 2000 and have shown impressive resilience during the global economic crisis. However, a fifth of IDA countries have not recorded per capita output growth since then and are vulnerable to adverse shocks, including to natural disasters, epidemics, and economic and financial sector vulnerabilities that can quickly reverse the progress achieved. We ask that the IMF and the WBG continue to monitor economic risks and vulnerabilities.

7. We commend the WBG for its leadership and quick response to the Ebola crisis. We welcome the WBG and IMF’s rapid mobilization of emergency funding to support treatment and containment. We are encouraged by the joint effort of the international community in West Africa and underscore the importance of providing additional and ongoing coordinated support on the ground for the World Health Organization’s Ebola response Road Map. Beyond the human tragedy, economic losses in these countries are devastating. Swift and coordinated action and financial support are critical to contain and mitigate both direct and long-term economic impacts of the crisis, and build capacity to effectively deal with epidemics.

8. We call for targeted actions and support for countries in turmoil and transition in the Middle East and North Africa and in other regions. We emphasize the importance of the WBG and IMF providing adequate support to these countries. We encourage both institutions to continue to focus on immediate needs and help set the groundwork for expanded engagement when more stable circumstances allow for it.

9. Fragile and Conflict Situations need a distinctive focus and assistance adapted to their specific challenges. We call for stronger commitment to achieve concrete, measurable impact, while working to better understand the drivers of conflict. Small island states remain vulnerable to economic shocks and natural disaster risks, necessitating support adapted to their unique needs. We encourage the WBG to further promote and support increased private investment opportunities in these countries.

10. We commend the WBG for integrating climate change and disaster risk management into country planning, strategies, and financing. We ask the WBG to continue working on climate change, consistent with the United Nations Framework Convention on Climate Change, and to contribute to the success of the November Conference of the Parties in Lima, Peru.
11. Investment in infrastructure, including energy, is crucial to sustaining economic growth and ensuring shared prosperity. We encourage the WBG to continue its operational and advisory support to improve infrastructure. Funding for the Global Infrastructure Facility (GIF) is a welcome step to launch a platform that will facilitate the mobilization of private capital for infrastructure projects. We are hopeful that the GIF will soon acquire the required scale and ambition. We look forward to increased cooperation to build a pipeline of commercially, ready-to-finance viable projects. We call on the WBG and IMF to support countries to deliver efficient, reliable, affordable, and sustainable energy, including through the Sustainable Energy for All Initiative.

12. We congratulate the WBG for delivering increased lending, investment, mobilization of resources, including private sector investment, and advice this past fiscal year, while undergoing a fundamental internal change process. We expect an important shift in the way the WBG operates to deliver more efficient support to client countries, drawing on partnerships, integrated regional approaches, and knowledge sharing, including South-South cooperation, responding to client needs and reacting quickly to unexpected shocks. We will monitor the implementation of the change process and expect better lending quality with increased development impact. We welcome the WBG’s reiterated commitment to diversity and inclusion, which is crucial to its institutional goals. We encourage the WBG to make progress in achieving the agreed diversity targets as quickly as possible.

13. The UN-led post-2015 Development Agenda provides an opportunity to build a model of development that is more inclusive and sustainable. We urge the WBG and the IMF to support the international efforts to reach agreement on the post-2015 development goals. We note the particular significance of the Third International Conference on Financing for Development in Addis Ababa in July 2015. We expect IDA-17 to be critical for accelerating progress on the MDGs, and the WBG, in general, for successful implementation of the new development agenda.

14. We remain committed to the completion of the 2010 WBG shareholding realignment and urge all members who are yet to subscribe to their allocated IBRD and IFC shares to do so. We remain fully committed to concluding the next shareholding review in 2015.

15. The next meeting of the Development Committee is scheduled to take place on April 18, 2015, in Washington, DC.
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)

DEVELOPMENT COMMITTEE MEETING

Saturday, October 11, 2014
Washington, DC

CONSTITUENCY LIST
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<tbody>
<tr>
<td>Ibrahim Al-Assaf</td>
<td>Ibrahim Alturki</td>
<td>Saudi Arabia</td>
<td>1</td>
</tr>
<tr>
<td>Minister of Finance</td>
<td>(Bank)</td>
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<tr>
<td>Saudi Arabia</td>
<td>Fahad Ibrahim. A Alshathri</td>
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<td>Alternate Member</td>
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<tr>
<td>Fahad A. Almubarak (attending)</td>
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<tr>
<td>Governor for the Saudi Arabian</td>
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<td>Monetary Agency</td>
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<tr>
<td>Ahmed Bin Mohammed Al-Khalifa</td>
<td>Merza Hussain Hasan</td>
<td>Kingdom of Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon,</td>
<td>2</td>
</tr>
<tr>
<td>Minister of Finance (attending)</td>
<td>(Bank)</td>
<td>Libya, Maldives, Oman, Qatar, Syrian Arab Republic, United Arab Emirates,</td>
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<tr>
<td>Kingdom of Bahrain</td>
<td>A. Shakour Shaalan</td>
<td>Republic of Yemen</td>
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<tr>
<td>Taro Aso</td>
<td>Masahiro Kan</td>
<td>Japan</td>
<td>3</td>
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<tr>
<td>Minister of Finance</td>
<td>(Bank)</td>
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<tr>
<td>Japan</td>
<td>Mikio Kajikawa</td>
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<td>Alternate Member</td>
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<tr>
<td>Tatsuo Yamasaki (attending)</td>
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<tr>
<td>Vice Minister of Finance for</td>
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<td>International Affairs</td>
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<tr>
<td>Mohammed Boussaid</td>
<td>Omar Bougara</td>
<td>Islamic Republic of Afghanistan, Algeria, Ghana, Islamic Republic of Iran,</td>
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<tr>
<td>Minister of Economy and Finance</td>
<td>(Bank)</td>
<td>Morocco, Pakistan, Tunisia</td>
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<tr>
<td>Morocco</td>
<td>Jafar Mojarrad</td>
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<td>Alternate Member</td>
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<tr>
<td>Mohammed Louafa (attending)</td>
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<tr>
<td>Minister Delegate to the Head of</td>
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<td>General Affairs and Governance</td>
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<tr>
<td>Temporary Alternate Member</td>
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<tr>
<td>Faouzia Zaaboul (Ms.)</td>
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<tr>
<td>Director of the Treasury and</td>
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<td>External Finance, Ministry of</td>
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<td>Economy and Finance</td>
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<td>Morocco</td>
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</tbody>
</table>
| Alexander **Chikwanda**  
Minister of Finance  
Zambia | Denny Kalyalya  
(Bank)  
Momodou Bamba Saho  
(Fund) | Botswana, Burundi, Eritrea,  
Ethiopia, The Gambia,  
Kenya, Lesotho, Liberia,  
Malawi, Mozambique,  
Namibia, Rwanda,  
Seychelles, Sierra Leone,  
Somalia (informally), Sudan,  
South Sudan, Swaziland,  
Tanzania, Uganda, Zambia, Zimbabwe | 5 |
| **Alternate Member**  
Maria **Kiwanuka** (Ms.) *(attending)*  
Minister of Finance, Planning and Economic Development  
Uganda | | | |
| **Jeroen Dijselbloem**  
Minister of Finance  
The Netherlands | Frank Heemskerk  
(Bank)  
Menno Snel  
(Fund) | Armenia, Bosnia and Herzegovina, Bulgaria,  
Croatia, Cyprus, Georgia,  
Israel, former Yugoslav Republic of Macedonia,  
Moldova, Montenegro,  
Netherlands, Romania, Ukraine | 6 |
| **Alternate Member**  
Lilianne **Ploumen** (Ms.) *(attending)*  
Minister for Foreign Trade and Development Cooperation | | | |
| **Daniel Kablan Duncan** *(attending)*  
Prime Minister and Minister of Economy and Finance  
Côte d'Ivoire | Agapito Mendes Dias  
(Bank)  
Kossi Assimaidou  
(Fund) | Benin, Burkina Faso,  
Cameroon, Republic of Cabo Verde, Central African Republic, Chad, Comoros,  
Côte d'Ivoire, Democratic Republic of Congo, Djibouti,  
Equatorial Guinea, Gabon,  
Guinea, Guinea-Bissau,  
Madagascar, Mali, Mauritania, Mauritius, Niger,  
Republic of Congo, São Tomé and Principe, Senegal, Togo | 7 |
| **Koenraad Geens**  
Minister of Finance  
Belgium | Gino Alzetta  
(Bank)  
Menno Snel  
(Fund) | Austria, Belarus, Belgium,  
Czech Republic, Hungary,  
Kosovo, Luxembourg,  
Slovak Republic, Slovenia, Turkey | 8 |
| **Alternate Member**  
Marc **Monbalu** *(attending)*  
Administrator General, Belgian Treasury | | | |
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| Justine **Greening** (Ms.) *(attending)*  
Secretary of State for International Development  
United Kingdom | Gwendolen Lucy Hines  
(Bank)  
Steve Field  
(Fund) | United Kingdom | 9 |
| **Alternate Member**  
George **Osborne**  
Chancellor of the Exchequer | | | |
| **Temporary Alternate Member**  
Mark **Lowcock**  
Permanent Secretary, Department for International Development | | | |
| Joe **Hockey**  
Treasurer of the Commonwealth  
Australia | Michael Thomas Willcock  
(Bank)  
Jong-Won Yoon  
(Fund) | Australia, Cambodia, Kiribati, Republic of Korea, Marshall Islands, Federated States of Micronesia, Mongolia, New Zealand, Papua New Guinea, Republic of Palau, Samoa, Solomon Islands, Tuvalu, Vanuatu | 10 |
| **Alternate Member**  
Steven **Ciobo** *(attending)*  
Parliamentary Secretary to the Treasurer | | | |
| **Temporary Alternate Member**  
Matt **Flavel**  
General Manager, International Finance and Development, Treasury | | | |
| Arun **Jaitley**  
Minister of Finance  
India | Mukesh Nandan Prasad  
(Bank)  
Rakesh Mohan  
(Fund) | Bangladesh, Bhutan, India, Sri Lanka | 11 |
| **Alternate Member**  
Arvind **Mayaram** *(attending)*  
Finance Secretary  
Department for Economic Affairs  
Ministry of Finance | | | |
| Axel **Kicillof**  
Minister of Economy and Public Finances  
Argentina | Guido Forcieri  
(Bank)  
Alvaro Andres Rojas Olmedo  
(Fund) | Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay | 12 |
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| Jacob Joseph **Lew**  
Secretary of the Treasury  
United States | Sara Margalit Aviel  
(Bank)  
Matthew Haarsager  
(Fund) | United States | 13 |
| *Alternate Member*  
Catherine **Novelli**  
Under Secretary of State for  
Economic Growth, Energy and the  
Environment, Department of State | | | |
| *Temporary Alternate Member*  
Marisa **Lago** (Ms.) *(attending)*  
Assistant Secretary of the Treasury | | | |
| **Lou** Jiwei  
Minister of Finance  
Ministry of Finance  
P.R. of China | Shixin Chen  
(Bank)  
Tao Zhang  
(Fund) | China | 14 |
| *Alternate Member*  
**Shi** Yaobin *(attending)*  
Vice Minister of Finance | | | |
| Guido **Mantega**  
Minister of Finance  
Brazil | Roberto Tan  
(Bank)  
Paulo Nogueira Batista, Jr.  
(Fund) | Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Philippines, Suriname, Trinidad and Tobago | 15 |
| *Alternate Member*  
Carlos **Cozendey** *(attending)*  
Secretary for International Affairs | | | |
| **Gerd** Mueller  
Federal Minister for Economic  
Cooperation and Development  
Germany | Ursula Mueller  
(Bank)  
Hubert Temmeyer  
(Fund) | Germany | 16 |
| *Alternate Member*  
**Thomas Steffen**  
State Secretary, Ministry of Finance | | | |
| *Temporary Alternate Member*  
**Thomas Silberhorn** *(attending)*  
Parliamentary State Secretary, Federal Ministry for Economic Cooperation | | | |
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<tr>
<td>Nhanhla Nene</td>
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<td>Angola, Nigeria, South Africa</td>
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<td>Joe Oliver</td>
<td>Alister Smith (Bank)</td>
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<td>Serge Dupont (Fund)</td>
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<td>Malcolm Brown (attending)</td>
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<td></td>
<td>Deputy Minister of International Development, Department of Foreign Affairs, Trade and Development</td>
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<td>Sommai Phasee</td>
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<td>Sundaran Annamalai (Bank)</td>
<td>Brunei Darussalam, Fiji, Indonesia, Lao People’s Democratic Republic, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, Vietnam</td>
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<td>Wimboh Santoso (Fund)</td>
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<td>Sun Vithespongse (attending)</td>
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<td></td>
<td>Secretary to the Minister of Finance</td>
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<td>Michel Sapin</td>
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<td>Hervé de Villeroché (Bank and Fund)</td>
<td>France</td>
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<td>Bruno Bézard</td>
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<td></td>
<td>Director-General, Directorate-General of the Treasury</td>
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<td><strong>Temporary Alternate Member</strong></td>
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<td></td>
<td>Annick Girardin (Ms.) (attending)</td>
<td>Minister for Development, Ministry of Foreign Affairs</td>
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<td></td>
<td>Johann N. Schneider-Ammann (attending)</td>
<td>Minister and Head of the Federal Department for Economic Affairs, Education and Research</td>
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</tr>
<tr>
<td></td>
<td>Jorg G. Frieden (Bank)</td>
<td>Azerbaijan, Republic of Serbia, Kazakhstan, Kyrgyz Republic, Poland, Switzerland, Tajikistan, Turkmenistan, Uzbekistan</td>
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<td></td>
<td>Daniel Heller (Fund)</td>
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| Anton **Siluanov**  
Minister of Finance  
Russian Federation  
*Alternate Member*  
Alexey **Ulyukaev**  
Minister of Economic Development | Vadim Grishin  
(Bank)  
Aleksei V. Mozhin  
(Fund) | Russian Federation | 22 |
| Sergei **Storchak (attending)**  
Deputy Minister of Finance | | | |
| **Gunnar Bragi Sveinsson (attending)**  
Minister for Foreign Affairs  
Iceland | Satu Leena Elina Santala  
(Bank)  
Audun Groenn  
(Fund) | Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden | 23 |
| **Luis Videgaray**  
Secretary of Finance and Public Credit  
Mexico  
*Temporary Alternate Member*  
Angeles **González (Ms.) (attending)**  
Assistant Secretary for International Affairs, Ministry of Finance | Juan Jose Bravo  
(Bank)  
Jose Rojas  
(Fund) | Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Kingdom of Spain, República Bolivariana de Venezuela | 24 |
| **Ignazio Visco**  
Governor  
Bank of Italy  
*Alternate Member*  
Carlo **Monticelli (attending)**  
Director, International Financial Relations, Ministry of Economy and Finance | Piero Cipollone  
(Bank)  
Andrea Montanino  
(Fund) | Albania, Greece, Italy, Malta, Portugal, San Marino, Timor-Leste | 25 |
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<tr>
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<th><strong>Representative</strong></th>
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<tr>
<td>African Development Bank</td>
<td>Mr. Donald Kaberuka, President</td>
</tr>
<tr>
<td>Arab Bank for Economic Development in Africa</td>
<td>Mr. Kamal Mahmoud Abdelatif, Director of Operations</td>
</tr>
<tr>
<td>Arab Fund for Economic and Social Development</td>
<td>Mr. Adulatif Y. Al-Hamad, Director General and Chairman of the Board</td>
</tr>
<tr>
<td>Arab Monetary Fund</td>
<td>Dr. Abdulrahman A. Al Hamidy, Director General and Chairman of the Board</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>Mr. Takehiko Nakao, President</td>
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<tr>
<td>Commonwealth Secretariat</td>
<td>Ms. Samantha Attridge, Advisor and Head of Finance and Development Policy Section</td>
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<tr>
<td>Cooperation Council for the Arab States of the Gulf</td>
<td>Mr. Khalid Ibrahim M. Al-Alsheikh, Director, Finance and Monetary Department, Economic Affairs</td>
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<tr>
<td>Council of Europe Development Bank</td>
<td>Mr. Mikolaj Dowgielewicz, Vice Governor</td>
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<tr>
<td>Development Assistance Committee</td>
<td>Mr. Erik Solheim, Chairman</td>
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<tr>
<td>European Bank for Reconstruction &amp; Development</td>
<td>Mr. Hans Peter Lankes, Acting Vice President</td>
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<td>European Commission</td>
<td>Mr. Andris Piebalgs, Commissioner for Development</td>
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<td>European Investment Bank</td>
<td>Mr. Philippe de Fontaine Vive, Vice President</td>
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<td>Food and Agriculture Organization</td>
<td>Mr. Nicholas Nelson, Director of the FAO Liaison Office for North America</td>
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<tr>
<td>Inter-American Development Bank</td>
<td>Mr. Luis Alberto Moreno, President</td>
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<tr>
<td>International Fund for Agricultural Development</td>
<td>Mr. Kanayo F. Nwanze, President</td>
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<tr>
<td>International Labour Office</td>
<td>Ms. Sandra Polaski, Deputy Secretary General</td>
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<tr>
<td>Islamic Development Bank</td>
<td>Mr. Ahmad Mohamed Ali Al-Madani, President</td>
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<tr>
<td>Nordic Development Fund</td>
<td>Mr. Pasi Hellman, Managing Director</td>
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<td>Nordic Investment Bank</td>
<td>Mr. Thomas Wrangdahl, First Vice-President, Head of Lending</td>
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<tr>
<td>OPEC Fund for International Development (OFID)</td>
<td>Mr. Suleiman Jasir Al-Herbish, Director-General</td>
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<tr>
<td>Organization for Economic Co-operation and Development (OECD)</td>
<td>Mr. Angel Gurría, Secretary General</td>
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<tr>
<td>United Nations</td>
<td>Ms. Shamshad Akhtar, Executive Secretary, Economic and Social Commission for Asia and Pacific</td>
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<tr>
<td>United Nations Conference on Trade and Development (UNCTAD)</td>
<td>Mr. Richard Kozul-Wright, Director, Division on Globalization and Development Strategies</td>
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<tr>
<td>United Nations Development Programme (UNDP)</td>
<td>Ms. Helen Clark, Administrator</td>
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<tr>
<td>West African Development Bank</td>
<td>Mr. Christian Adovelande, President</td>
</tr>
<tr>
<td>World Health Organization</td>
<td>Dr. Margaret Chan, Director-General (not attending)</td>
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<tr>
<td>World Trade Organization</td>
<td>Mr. Roberto Azevêdo, Director-General (not attending)</td>
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