Statement by

Sigrid Kaag
Minister of Foreign Trade and Development Cooperation
Kingdom of the Netherlands

Representing the Constituency of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldova, Montenegro, The Netherlands, Romania and Ukraine
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The World Bank Group (WBG) is uniquely placed to drive progress on the 2030 development agenda, supporting the achievement of the Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on Financing for Development. Our constituency recognises the WBG as a key partner in providing resources, mobilising funds, convening actors and sharing knowledge to catalyse global action for development. We appreciate the WBG’s value proposition to deliver these services with efficient use of public resources while leveraging and mobilising capital at scale.

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

Forward Look Implementation Update

To our constituency, implementation of the Forward Look remains an important, ongoing exercise for the WBG to strengthen its support in delivering on the 2030 development agenda. We welcome the good progress the WBG has made through the Forward Look process, by becoming a Better Bank. We are glad that the WBG is translating the Forward Look objectives into policy targets and results, while continuing to report on implementation progress through semi-annual updates to Governors. We believe that the WBG will hereby remain an important partner in translating the ambitions of the 2030 agenda into a success for development and international cooperation. We also welcome the WBG’s report on mainstreaming Disaster Risk Management within its operations and appreciate the progress the WBG has made in this area. We recognise the WBG as a key player in building resilience and supporting recovery and appreciate its valuable role in areas such as the Caribbean, hit-hard by hurricanes, as well as in fragile and conflict-affected states in Africa, some of which hit by droughts.

While we value the efforts that the WBG has undertaken to implement the Forward Look strategy thus far, we ask the WBG to step up its efforts in three priority areas for our constituency. First, we have emphasised from the start of the Forward Look implementation that most of the WBG’s staff should work in its client countries, at the heart of where its development mandate is put to practice. We therefore call on the WBG to make better progress on decentralisation and to regularly report on this issue in the Implementation Updates. Secondly, we will continue to closely follow the implementation of the WBG’s new safeguards, which should be complemented by adequate capacity building both among WBG staff and in client countries. In this regard, we also look forward to continuing the modernisation of the mandate of the WBG’s Inspection Panel. Third, as we take the recent revelations on sexual misconduct in the development community very seriously, we call for more attention to be paid to this issue within international organisations. While we appreciate WBG President Kim’s recent
actions as well as the progress the WBG has made in addressing gender-based violence (GBV) through the ongoing implementation of the recommendations of the GBV Task Force, we ask the WBG to start regularly reporting on this issue – both within the WBG’s organisation itself and in its operations – in the Implementation Updates for a Better Bank.

**Sustainable Financing for Sustainable Development**

Our constituency welcomes the successful conclusion of the negotiations on the WBG’s capital package proposal, including the proposed policy and financing measures contained in the package. We appreciate how responsive the WBG has been in meeting shareholders’ priorities for a Better and Bigger WBG. We support the WBG’s business case for a capital increase and believe in the WBG’s value proposition to deliver on the 2030 development agenda, underpinned by the strategy set out in the Forward Look. We welcome the commitments, both policy and financial, as part of the capital package, which should enable the WBG to deliver on the Forward Look.

We appreciate that, along with the proposed financing package, the joint IBRD and IFC policy measures are well aligned with our policy priorities. We welcome the WBG’s increased financing for client countries, as well as the WBG’s heightened ambitions on climate change, gender and on mobilising private finance for development. While we highly value the WBG’s increased engagement with fragile and conflict-affected states and its increased focus on crisis prevention, we expect the WBG to be more explicit on how it will proceed in the years ahead, focusing on the quality over the volume of its operations in these areas. Including by following up on the recommendations of the joint UN-WBG study on conflict prevention, *Pathways for Peace*, at country level. This will be crucial in sustaining and accelerating progress towards the SDGs.

On the financing measures of the package, we welcome that the WBG has considered all possible options to strengthen the WBG’s financial capacity through internal measures, limiting the capital ask from shareholders. Still, we believe the WBG should continue its efforts to maximise operational savings and we look forward to getting updates and more details on how the proposed measures will help achieve this. In this context, we also welcome the proposed caps on the WBG’s overall salary increase, but expect further, more fundamental compensation methodology reviews to better align WBG compensation with the public sector. We appreciate the implementation of a strengthened financial sustainability framework for the WBG, which should enable it to continue playing an important countercyclical role during crises, while ensure its financial self-sufficiency in the medium term, at least until 2030.

We support the simultaneous, ‘One WBG’ consideration of the capital needs of both IBRD and IFC, which would enable the WBG to systematically adopt the Cascade approach and scale up its role in mobilising finance for development. We continue to stress the need for treating general capital increases (GCIs) and selective capital increases (SCIs) for IBRD and IFC as a package of decisions to be taken together.

**Shareholding Review**

Our constituency recognises the Shareholding Review as an important opportunity to align representation within the WBG with current developments in the global economy and shares the view that developing countries need to be given adequate voice within the WBG as its clients. At the same time, we believe that voice within the WBG should also reflect shareholders’ contributions to the WBG’s development mission, providing concessional financing to the poorest countries through IDA. To prevent any abrupt changes to shareholding and maintain political support for a shareholding realignment, we need to make sure gradual steps are taken that are manageable for everyone, for example by keeping SCIs small and simple and by setting limits to avoid excessive dilution.
We take note of the work done so far to prepare for a realignment of shareholding within IBRD and IFC. We subscribe to Management’s note that using post-2010 shareholding as a baseline for an IFC SCI should not set a precedent for any future shareholding adjustments in IFC. We stress that a decision on both SCIs and GCIs for IBRD and IFC should be considered simultaneously by Governors, including in Governors’ decision-making on possible Resolutions.