Statement by

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

Switzerland

On behalf of Azerbaijan, Kazakhstan, Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan and Uzbekistan

88th Meeting of the Development Committee

October 12, 2013

Washington, D.C.

The World Bank Group strategy must strengthen the position of the World Bank as an inclusive global organization dedicated to development

The World Bank Group (WBG) is an indispensable platform of dialogue and action for the promotion of development worldwide. Its universal membership, its evolving governance structure, its competence and experience have ensured that all states, regardless from their level of development, are willing to engage with the institution and its other members through it. The interest of the G20 in cooperation with the WBG is an illustration of this relevance for the global dialogue on development policies. The Bank contributions to the debate on the post-2015 targets to be adopted by the United Nations are yet another manifestation of the same global role. The new Strategy should put the Bank Group on a strong footing to achieve the upcoming targets.

The new WBG strategy must be supported by all shareholders. It must reflect expectations and aspirations of the various constituencies of the WBG. No country should be excluded a priori from an active collaboration with the Group. In particular, the strategy must foster collaboration between advanced economies and middle income countries as this relation is critical for the world prosperity, as it defines the economic space open to the less developed countries and sets the conditions for poverty reduction and shared prosperity everywhere. Our mixed Constituency can contribute to building a wide consensus by balancing the interests of all its members and representing them effectively.

It should ensure the global relevance of the WBG

In the present world economy the financial power of the WBG is limited. The Group should therefore demonstrate its relevance mainly through the quality of its operations and the pertinence of the knowledge provided to clients and the international community as a whole. At the same time, recognizing its own limitations, the Bank Group will have to better coordinate its activities with other multilateral and bilateral organizations. The new strategy should therefore allow the Group to focus on actions in selected domains that are crucial for sustainable development at the global and local levels. The Bank has clear advantages in tackling global challenges and should continue to play a strong role in the delivery of Global Public Goods, such as climate change, private sector development, food security and nutrition, gender-balanced development, and connectivity.

We expect the Group to remain a partner of choice for designing and implementing development strategies, and for finding solutions to complex development problems in a large variety of countries, including in fragile and conflict-affected contexts. To maintain this position the Bank must focus its
attention on a reduced number of issues. In these areas the Bank will facilitate the access of its clients to best policies and best examples of effective implementation and results. The proposed “global practices” will have to be more effective than the present sectorial anchors and networks in ensuring provision of knowledge, practical solution and appropriate design and planning of programs and projects across the World Bank Group.

The Group’s professional excellence will only be ensured through an efficient human resources policy that provides the Bank Group with the necessary number of highly competent and devoted staff. Our Constituency will therefore follow with great attention the introduction of the new global practices while continuing to support the reform of the whole human resources policy.

**It should improve the effectiveness of knowledge services and operations**

The new strategy must foster the effectiveness of the organization. This can be done by encouraging the Group to concentrate its interventions especially at country and regional level. For this to succeed, it will need to engage even stronger in a dialogue with client countries in order to identify and prioritize the areas where the Bank can make a real difference and add most value. This dialogue might be more demanding than it used to be, but each party will benefit from a greater selectivity that will foster larger development impact. The Group will have to look for “transformational” operations that will address critical development challenges and introduce innovative policies with high development impact. The Group will have to increase its coordination with bilateral and multilateral development partners to ensure the effectiveness and quality of assistance to client countries.

Greater effectiveness should also result from a much closer and frequent cooperation between IBRD/IDA and IFC in the promotion of jointly identified development solutions that should be implemented by using both public and private resources. The Bank should realize the full potential of working as *One WBG*.

Broader integration of gender equality in policies and operations is also essential to development effectiveness. We are pleased with the progress achieved so far in mainstreaming gender equality into the Bank Group’s strategies and project documents. The capacity of WBG staff to integrate gender into their specific line of work is progressing, even if some parts of the Bank Group still need some catching up. Now attention must increasingly shift towards implementation and measurable results on the ground. Women’s economic empowerment is of crucial importance and we must redouble our efforts to better measure the results and collect gender disaggregated data in advancing this agenda.

The same is true for sustainability that needs to be systematically assessed in the design and implementation of programs and projects. The proper use and management of scarce natural resources has become indispensable for ensuring prosperity for the present and future generations. Only outcomes obtained while respecting the environment should therefore be considered in the Group assessment of results and effectiveness.

The World Bank Group plays an important role in strengthening the multilateral system by addressing aid fragmentation and the proliferation of funds. We expect that the World Bank Group strategy will make a difference in this respect. We are confident that the ongoing reform of the budgetary process will result in a better alignment of administrative resources with the strategy and its priorities. The integration of budgetary procedures with the measurement of results should create the framework of incentives that is necessary to support the internal reforms and ensure the implementation of the new strategy. Recipient- and Bank-executed trust funds must be an integral part of the same framework, and should be allocated in line with global strategic decisions and priorities defined by the country strategies. Donors providing these funds should be encouraged to accept and support this new approach to resource allocation. Donors
providing these funds should be encouraged to support this new approach to resource allocation, while the Bank Group should take into consideration the accountability needs of donors.

A solid but simple system of results measurement will have to provide the feedback necessary to adjust strategic choices and operational tools and approaches to the reality of clients’ demand and their capacity to achieve the ambitious objectives. IBRD/IDA and IFC/MIGA should progressively use harmonized standards for assessing the impact of their interventions, especially when they operate in a coordinated way. A revised corporate scorecard and the full integration of the work of the Independent Evaluation Group in the periodic assessment of global and local effectiveness should provide the shareholders with the information necessary for ensuring the accountability of management and the Board.

**It should secure the financial sustainability of all parts of the WBG**

Financial sustainability of the Group crucially depends on its relevance and effectiveness. Clients are willing to borrow more and pay for services if the quality of the Bank Group products corresponds to their expectations and demands. Donors are expected to provide the necessary resources to IDA if its contribution to the development of the poorest countries is clearly demonstrated and if the rest of the Group, starting with IFC, can leverage in the best possible way the concessional finance provided to the public sector. On the other hand, the Bank has to strengthen its partnerships with and leverage more resources from the private sector as well as bilateral and multilateral organizations.

The financial sustainability of every part of the Bank Group deserves to be reexamined. The medium to long term future of IDA, its financing and its mission, is obviously at the core of this analysis, given that more and more countries are expected to graduate from low income status. It is also urgent to engage in a dialogue with IBRD clients about the financial model of this organization, its products and pricing to obtain a realistic assessment of the remuneration at which the Bank can provide its knowledge and experience when the demand for borrowing is limited. The IFC has shown a great potential for self-financed sustained and relatively fast growth so far. It has, however, progressively increased its investments in poor countries and in frontier markets, thus expanding its exposure to risks. This trend should be considered when assessing the opportunity costs of IFC transfers to IDA beyond the horizon of IDA17.

We should take advantage of the review of the WBG financing capacity to discuss with open mind the expectations of the emerging economies in relation to infrastructure financing (i.e. the creation of a Global Infrastructure Fund).

Finally, we welcome the ongoing efforts to generate budgetary saving through institutional synergies, increased efficiency in operations and clearer responsibilities in decision making. We believe however that at least part of the resources freed in this process should be invested to improve the quality of the Bank Group work and contribute to the financially sustainable expansion of its activities.