Statement by

Lilianne Ploumen
Minister of Foreign Trade and Development Cooperation
Kingdom of the Netherlands

Representing the Constituency of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, former Yugoslav Republic of Macedonia, Moldova, Montenegro, The Netherlands, Romania and Ukraine
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Introduction

We meet at a time when the global economy is showing some positive signs of recovery. Growth numbers in advanced countries are picking up and many low-income countries (LICs) are maintaining strong growth while reducing poverty. Growth in many middle-income countries is strong as well, albeit below potential. Despite encouraging signs, significant development challenges such as extreme poverty in fragile and conflict-affected states (FCSs) and internal inequality persist. All countries will need to implement the right policy mix to strengthen their fundamentals, as they need to rely more on their own economy to secure strong, sustainable and inclusive growth. The World Bank Group (WBG) has a central role to play in confronting these and other, sometimes overwhelming, country-specific challenges. In this regard we very much welcome the WBG’s proactive and substantial support to Ukraine.

WBG strategy

Our constituency strongly supports the World Bank Group’s vision of ending extreme poverty and promoting shared prosperity in a sustainable manner. Now is the time to deliver and implement the new strategy.

Ending extreme poverty is especially challenging in fragile and conflict-affected states (FCSs), which are home to some 1.5 billion of the world’s poorest people. We encourage the WBG to strengthen its engagement in FCSs by enhancing the quality of its operations and by acknowledging the high-risk/high-return environment of FCSs. This requires a less risk-averse management framework. Furthermore, staffing policies should be strengthened to get the right people in the field. Collaboration with bilateral donors, regional development banks and enhanced partnership with the UN are essential to respond to the challenges in FCSs.

Our constituency believes that a focus on the ‘bottom 40 per cent’ is good for growth and may allow countries to successfully become middle-income and high-income countries. To achieve the desired inclusive and sustainable growth, productive jobs need to be created for men and women. We fully support the WBG’s focus on this issue. Furthermore, it is essential to take climate change and environmental constraints into account.

The twin goals justify the major internal organisational reforms that are currently being undertaken. We support these reforms as a means to make the WBG respond more quickly and more adequately to client needs. We welcome the introduction of the Global Practices, which seek to maximise the use of
evidence and enhance expertise and knowledge sharing across regions and entities. We also welcome the new Systematic Country Diagnostic, which aims to identify the most critical constraints on, and opportunities for, progress towards the twin goals. Both evidence and knowledge will be pivotal to successful engagement with client countries on the new Country Partnership Frameworks. To be effective, these frameworks should simultaneously be focused, flexible and owned by the client countries.

**Margins for manoeuvre**

In support of the twin goals, we concur that the WBG’s finance and risk framework has to be realigned to strengthen financial sustainability and expand financial capacity. To this end, we support the strengthening of the financial capacity of the IBRD by adjusting the target equity/loan ratio of the IBRD and the Single Borrower Limit, increasing maturity differentiation on IBRD loans, re-introducing the commitment fee, and lowering expenditures by USD 400 million. Although this is a strong and balanced overall package, it is not painless. Our constituency countries’ borrowing costs will be affected directly. In return, we not only expect the Bank to be more effective and responsive, we also ask for expanded lending envelopes.

A clear milestone in the process of strengthening the financial capacity of the World Bank Group is the USD 52 billion IDA 17 replenishment. Countries in our constituency really stretched to contribute to the successful outcome of IDA 17, not only through generous donations, but also through accelerated repayments from graduating constituency countries.

**Modernisation and reform agenda**

Our constituency acknowledges that the WBG has taken important steps in the modernisation and reform agenda. The process is ongoing and our constituency urges the WBG to ensure that these steps make the WBG an ever more strategic, effective and efficient partner for client countries. In this light, we welcome the steps taken to reduce the fragmentation of trust funds.

We also welcome the ongoing reviews of procurement and safeguard policies. Effective procurement and safeguards are core contributors to achieving development impact. Procurement helps countries get value for money, and enhances the development outcome of World Bank projects. Safeguards allow the WBG to maximise the positive impacts of its activities, and minimise the potential harm to the environment and communities affected.

Given the continuing background of constrained resources in many member countries, we reiterate that the WBG should set a clear example by bringing its relatively generous remuneration policy into line with the public development objectives it stands for.