DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

NINETY-THIRD MEETING
WASHINGTON, D.C. – APRIL 16, 2016

Statement by
H.E. Dato’ Seri Ahmad Husni Mohamad Hanadzlah
Second Minister of Finance
Malaysia

Representing the Constituency of Brunei Darussalam, Fiji, Indonesia, Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam
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On behalf of the Southeast Asia Group constituency, we would like to thank the World Bank Group’s (WBG) leadership for their strategic role as well as timely and decisive response to global development needs, including the on-going refugee crisis. We also appreciate the WBG’s efforts in optimizing and enhancing its resources as well as operational capabilities to deliver on the ambitious goals set forth in the 2030 Development Agenda.

**Forced Displacement and Development**

On the issue of mass migration, forced displacement and fragility in the Middle East and North Africa (MENA), which also affects neighbouring regions, we acknowledge that the nature and complexity of these issues go beyond the WBG’s traditional crisis response architecture. Therefore, we urge the WBG to work closely within the United Nations (UN) system and with other development partners to play an instrumental role in supporting affected communities facing social, business, public service and infrastructure distortions. We support the WBG’s proposed interventions and coordinated approaches in assisting these communities and their respective host countries to manage macroeconomic aftershocks and reforming international response architecture in relation to the humanitarian crises. In this context, we urge the WBG to be more innovative in designing products and services that would best serve the refugees, host communities and countries as well as minimise the social and economic shocks. The Bank may then be able to focus on enhancing economic-related activity such as job creation, income opportunities and skills re-training for refugees, which is essential to avoid the persistence of social friction with host communities as well as evade national security threats at large. On a separate note, the WBG should not lose sight of its comparative advantage as a global development institution and focus its interventions on areas where the WBG has the necessary resources and domain expertise.

We have to acknowledge that the root cause of forced displacement is for the UN to address. The solution could be only through concerted diplomatic and peacekeeping interventions. The MDBs could efficiently mobilize their financial assistance towards promoting global public goods, investment and reconstruction of infrastructure as well as human capital development in the forced displacement areas. As a way to ensure close coordination and clear distribution of roles and responsibilities, the Southeast Asia Constituency Group would like to encourage the WBG to contribute actively during the upcoming World Humanitarian Summit in Istanbul in May 2016.

**Enhancing Financial Sustainability**

We commend the WBG continues its efforts to evolve to better respond to the changing global development needs of its members. Given the pressing needs and growing complexities of the development architecture, the WBG must position itself to cooperate and collaborate with development partners. While there are now...
a number of Multilateral Development Banks (MDBs) in the market, the WBG’s role as “the credible global partner and honest broker” is more critical than ever and the WBG needs to continue exercising its leadership in helping the world address the most important global and regional development challenges.

Our task in supporting the 2030 Development Agenda will not be easy against the backdrop of a slowing global economy, lower commodity prices and the on-going humanitarian crisis. These challenging issues lead to greater complexity of demands across nations. In this regard, greater and more sustainable resources are required in order to meet the increasing demand and addressing those challenges. The Bank and MDB counterparts should work together to define their collective role in addressing global demands and challenges. Internally for the WBG, we need to be able to efficiently leverage the WBG agencies’ balance sheet and financial resources, which could scale up WBG’s financing capacity in responding to the rising challenges and crises.

Therefore, it is important that we have a clear guidance on efforts to enhance the WBG’s capacity and financial sustainability through the institutional “Forward Look” exercise. For these reasons, it is important to set a strategic direction to strengthen the IDA financial sustainability and create a strong IDA18 replenishment from both traditional and emerging donors. On this matter, our Chair would like to support all measures taken internally and externally in enhancing the WBG’s financial sustainability, including but not limited to capital increases for both IBRD and IFC as well as leveraging the IDA equity. We look forward to receiving the final options for Governors to consider during the Annual Meeting later this year.

Shareholding Review and Dynamic Formula

On the dynamic formula to guide future shareholding realignments of this institution, we note the progress that has been made to date. In general, we support the emphasis that has been placed on the use of countries’ economic weight as a main component of the formula. This reflects the intention of having a shareholding composition that is broadly reflective of both the economic context that we live in and the development mission of the institution. We also support the on-going work that is being undertaken to incorporate a secondary component, which considers IDA contributions as a way of incentivising donors that directly support the WBG’s core work and efforts to protect the representation of the smallest poor countries. We look forward to receiving the final proposal on the dynamic formula at the upcoming Annual Meetings and reiterate our expectation that the formula be simple, easily understood and leads to our shared desired outcome of ensuring an equitable shareholding structure for the WBG.

Disaster Risk Management and Crisis Response

On Disaster Risk Management (DRM), we commend the Bank’s work on mainstreaming of DRM into the Group’s operations. We urge the Bank to continue to explore a variety of financial instruments to better address the varied needs of its clients, including IDA and Small Island States who experience the greatest relative losses from natural disasters given their economic positions. We urge the Bank to explore innovative financing option such as contingent credit lines similar to the Catastrophe Deferred Draw-down Option (Cat-DDO) to the IDA countries. For Small Island States, we urge the Bank to scale up financing for disaster risk reduction and consolidating the existing funding sources. Apart from the Crisis Response Window (CRW) for IDA countries, we urge the Bank to also support vulnerable non-IDA Small Island States that suffer from major natural disasters. We could explore support facility similar to ADB’s Asia Pacific Disaster Response Fund (APDRF), which provide quick-disbursing grants to all ADB developing member countries to meet immediate expenses in restoring life-saving services. We also recognize the importance of replenishing the CRW facility for IDA countries for the purpose of providing rapid response in the event of natural disasters and pandemics. In this regard, the Southeast Asia Constituency Group appreciate the IDA CRW effort to support Myanmar for the flood and landslides emergency recovery. We commend the WBG’s support to respond to the emergency and timely delivery to its member countries.
World Bank’s Safeguard Policies - Environmental and Social Framework

With regards to the new standard for investment project financing, we appreciate the Bank’s efforts to strike a balance between the stakeholders’ concern and national laws where flexibility is the most important factor in ensuring the effectiveness of the Bank’s operation towards achieving its twin goals. Therefore, we would like to reiterate that the Bank carefully evaluates all the standards set forth and avoid any situation that may give an impression of imposing certain values on its members, which are not in accordance to their cultural values, religious practices and national laws. With this, it is important for the Board and Management to reach consensus of the shared benefits on safeguards policies and be able to conclude the discussions by the 2016 Annual Meetings.