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on the
Transfer of Real Resources to Developing Countries)

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Statement by

H. E. Mohammaed Al-Jadaan
Minister of Finance

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It is satisfying to note that global growth has improved over the past year with supportive global financial conditions. The progress on poverty reduction globally is also gratifying. We cannot however remain complacent. Much more needs to be done. Concerted efforts are required to preserve these gains, strengthen sustainable growth, and enhance human capital. As the world's premier development institution, the Bank Group is well positioned to catalyze and deploy public and private finance to serve all client segments to support their development efforts. In doing so, the Bank Group, acting under its country-based model, would need to engage in areas where it can make the most impact in achieving the Sustainable Development Goals (SDGs) and its own overarching twin goals of eradicating extreme poverty and boosting shared prosperity. Every financing decision, knowledge product, technical assistance and policy advice should be weighed against these high-level objectives.

Against this backdrop, let me share my views on the issues placed before us.

World Development Report 2018: Learning to Realize Education's Promise

The report is timely and welcome. The theme of the report – Learning to Realize Education's Promise – touches upon a highly important issue, not only in the broader context of human capital development but also in the wake of rapidly changing and technology-driven employment conditions. In this regard, the report rightly underscores that the impact of technology on the future of work would have important implications for learning, going forward.

The question whether schooling leads to learning is fundamental and critical, as is the stress on the learning crisis. While the evidence is overwhelming about the historical progress made towards universal primary education, many countries still struggle to ensure that students acquire relevant knowledge and skills for the changing labor market. A lot more, therefore, needs to be done to realize the full potential of education as the primary tool of learning, including the unfinished access to education agenda in "hard-to-reach areas", educating the educators about the importance of learning, and enhancing the quality and scope of the curriculum, making it more relevant to the changing job market needs.

Measuring success, or lack of it, is equally important. As only half of all countries have metrics to measure learning, improving data and measurement should be a policy priority and figure prominently in the Bank's interventions in the education sector.

Also important is the need to overcome any affordability issues through targeted cash transfers and school grant programs, as well as to address complementary factors such as technological interventions, decentralization of school governance and community engagement. Indeed, in low capacity environments, the relationship between spending and learning can be improved through building coalitions and being adaptive to change.

Maximizing Finance for Development: Leveraging the Private Sector for Growth and Sustainable Development

The WBG's Cascade approach to maximize finance for development could potentially help realize the Billions to Trillions vision. It is a practical manifestation of the Principles of MDBs Strategy for Crowding-in Private Sector Finance for Growth and Sustainable Development. Leveraging private sector resources is an important goal, which should be pursued with an eye on debt sustainability, including in the context of contingent liabilities.

The initiatives the Bank Group and other MDBs are undertaking to stretch and leverage their balance sheets and shift focus to third party mobilization are steps in the right direction. Given the large gap in infrastructure financing, efforts should also be directed to domestic resource mobilization, both in the fiscal context and development of domestic capital markets. Equally important is the need for the MDBs to formulate effective implementation strategies, including by promoting a dialogue between private investors and host governments to facilitate convergence of public and private interests towards common goals. Moreover, MDBs' analytical, knowledge and advisory work is a critical complement to their role in financing and creating conducive conditions for attracting private investment and financing. Being the world's premier development institution, the Bank Group should play a frontal role in this area, setting an example for other MDBs while also learning from their experience.

It is also critically important that Bank Group staff are provided the required guidance and training to equip them with the skills to assess the development outcomes, fiscal risks and affordability aspects of the projects and programs to be supported under the Cascade approach. This is especially necessary to ensure that the costs and benefits of private versus public solutions are properly assessed and equity and affordability concerns of consumers are appropriately addressed.

Enhanced collaboration and coordination across multilateral development banks (MDBs) and international financial institutions (IFIs) can be instrumental in producing aggregate outcomes that are larger than the sum of their individual efforts. It is encouraging that many of the G20 Principles for Effective Coordination between IMF and MDBs are already being observed by the Bank Group and IMF. In this context, other MDBs need to follow suit to advance the SDGs agenda, promote growth and create jobs in a coherent and coordinated manner.

Forward Look Implementation Update

This update is welcome, not least for pointing to the renewed debate on globalization and the role of the multilateral system. It will be useful for the Bank to remain attentive to developments, particularly how these may impact Bank Group work and how best the Bank Group can contribute to the debate with a view to maximizing gains from globalization and multilateralism for its client countries.

On implementation of the Cascade approach, the work on IFC's cost-of-doing-business analysis is commendable. There is a need to spell out clearly the objectives and results framework for this exercise. The intention should be to maximize cost efficiencies rather than avoiding business in high-cost environments.

Domestic resource mobilization is an important part of the Addis Ababa Action Agenda and can make a vital contribution to financing the SDGs. Bank Group engagement in this area should strike the right balance between development priorities of client countries and global public goods (GPGs). With regard to development financing in general, improving quality and efficiency of the lending portfolio, rather than quantitative targets, can potentially produce better development outcomes.

I welcome the establishment of the Women Entrepreneurs Financing Initiative (We-Fi) and commend the Bank for leading this effort. Saudi Arabia is one of the major We-Fi donors, contributing US$50 million. Needless to say, that this initiative is an important step towards enhancing women's economic empowerment and participation.

It is critical that the Bank assumes a more active role on tackling illicit financial flows. It should not only advice countries on how to stem illicit outflows but also be a proactive advocate of the need to tackle illicit inflows at transit and destination points.

I appreciate the commitment of the Forward Look to make the Bank Group more effective and efficient. This has implications for the way Bank Group works internally, and with external partners and borrowers both in terms of delivering high quality front-line development outcomes and back-office administrative services. I note that progress has been made in this area and encourage Bank Group to do more, to the extent feasible, to make the institution even more efficient, effective and agile. Finally, it is important that Bank Group institutions remain engaged with all client segments. Low income countries, and fragile and conflict states should remain a priority, but there is also the need for well-tailored engagements in the middle-income countries where bulk of the poor reside.

Progress Report to Governors on Shareholding

I take note of the progress report and appreciate the efforts of Executive Directors and management towards building consensus on this complex issue. I would like to make three points: First, consistent with Governors' guidance to move in small, manageable steps and produce an outcome that is broadly acceptable to the membership, IBRD shareholding review discussions going forward should focus on a small Selective Capital Increase (SCI). Second, the dilution impact should be minimized. Third, there should be a definitive commitment to revert to the issue of forbearance, for which sufficient support already exists in principle.

As regards an IFC SCI, I understand that there are no shareholding principles per se, except that there is a need to align the IFC shareholding structure with that of IBRD to the extent feasible. Finally, as Governors have emphasized previously in relation to IBRD, the outcome of the IFC Shareholding Review should be broadly acceptable to its membership.