Statement by

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In the spring of this year, I welcomed the reform momentum introduced by President Kim and the initial proposals he presented for the future of the World Bank Group. These ambitious and realistic proposals reflected a determination to remodel the Group’s role by refocusing on the Group’s strong points and to reshape its relationship with its clients on the basis of the broad range of challenges and opportunities with which they are presented.

Following this Common Vision endorsed by the shareholders, the Strategy presented for this year’s Development Committee meeting is the second key stage in this process. The third stage, which I see as even more important, will naturally follow: putting this strategy into practice in such a way that it runs through all the Group’s actions.

Before detailing three priorities for this Strategy, I would like to say again that we have total confidence in the World Bank Group, which we see as a vital global instrument to put an end to world poverty, especially in the poorest countries. And it is in these countries – which suffer from a more restricted access to international financing, lower institutional capacities and a more limited appeal to the private sector – that the World Bank really makes a difference. It is in the poorest countries that we expect the new Strategy to secure the greatest gains in efficiency, effectiveness and engagement.

This means, as the Strategy states, that the World Bank Group must first make greater use of its comparative advantages. I would like to highlight two aspects of these.

Firstly, the Group needs to make the most of its position. Given that the Group works on all five continents, is active in all the sectors essential to economic development, and is established in the most challenging countries, it has the ability to unite the development community and drive the emergence of a consensus and pathway for action. The Group has a critical role to play in areas that are global by nature, such as climate change, and multi-stakeholder, such as regional projects.

Secondly, the Group needs to consolidate its crisis response role. I am pleased to note that the Group met its shareholders’ expectations when it played a decisive role in response to the financial crisis, the food crisis in the Horn of Africa and the Malian crisis. It responded swiftly, effectively and in a concerted fashion to challenges that called for urgent action. I particularly welcome the Bank’s involvement in the Together for a New Mali Conference on 15 May this year. Other crises lie ahead, and I would mention in particular the serious impact the Syrian conflict has had on Lebanon and Jordan. What matters now is gradually shifting from reaction to prevention by making the tools and practices developed in the heat of emergency situations part of a long-term crisis prevention system.
On an operational level, I believe that two things are vital for improving the World Bank Group’s effectiveness: a more results-based management and a closer co-ordination with the other development stakeholders.

Firstly, I encourage the Bank to move from a culture of resources to a culture of results: to improve the efficiency of its human resources management, budget processes and even the project cycle itself in order to align the Bank’s actions more closely with its strategic priorities. For example, the Board of Directors should evolve to complement its role in *ex-ante* project approval with a strengthened approach combining goal-setting and *ex-post* evaluations of whether goals have been achieved.

Secondly, I would like to urge the World Bank Group to develop its teamwork capacities. No single institution, however central, can hope to solve the multitude of development challenges. Stakeholder co-ordination and the ability to make use of everyone’s assets and experiences are not just useful – they are essential. **In this respect, I welcome the proposals presented in the Strategy to improve co-ordination among the different branches of the World Bank Group.** France has long advocated closer Group unity over and above significant, but insufficient, measures such as financial transfers from the IRDB and IFC to IDA. It was high time to pool the support activities. We hope that this *Strategy* will truly introduce shared goals and a complementarity of resources across the different Group branches in every region, every sector and every country.

More generally, it is critical that the World Bank Group scale up its partnerships with other development stakeholders. In fragile and conflict-affected countries, this means improving the way it works with the United Nations, with each institution having a complementary role: emergency aid and medium-term reconstruction, security and economic development. This also calls for closer co-operation with the regional development banks and, in Sub-Saharan Africa, between IDA and the African Development Fund, whose resources are being replenished this year and whose shareholders are targeting very similar goals. The Southern and Eastern Mediterranean Rim is another region where complex challenges and the high number of stakeholders involved should prompt us to work together as a team. And that is not to mention the crucial importance of partnerships with the private sector. Not only will closer co-operation improve the overall effectiveness of our collective action, but it is quite simply no longer acceptable to make poor countries pay for a lack of co-ordination.

Last but not least, I am pleased to see support for the idea that the World Bank should remain a bank, that it should be managed as such, and especially that its capacity for action and response to countries’ needs can but be increased by more efficient financial management. I welcome the proposals presented today for the reform of its financial model. I will raise four points in particular.

Firstly, it is vital to increase the efficiency of budget expenditure. This does not mean imposing constraints for the sake of constraints, but rather developing a more efficient budget management process by analysing the main line items and drawing on the *Strategy* to reallocate resources geared to priorities.

Secondly, this move should be underpinned by an open-minded discussion of how to improve the World Bank’s revenues. I refer first of all to the loans that the IBRD grants to various kinds of countries, and which I believe could be more finely tuned to national characteristics and the circumstances of the recipients. I am also referring to the other services provided by the Bank, especially technical assistance and more generally the sharing of its outstanding development experience. We could work together on how to more systematically improve the return on these technical assistance services.

Thirdly, we need to think about how to optimise the Bank’s balance sheet. This past year has seen progress in collective thinking on multilateral development bank ratings. We are looking forward to input from the entire World Bank Group on how to harmonise its financial ratios and target the correct leverage.
of its resources. What sort of sustainable engagement capacity could the Bank have in the medium term, without an increase in capital? What concentration of country risk can the Bank sustain across its major borrowers? Could strengthening the financial ties between multilateral development banks improve risk sharing and, as a result, the institutions' financial soundness? We encourage the Group, in the coming months, to consider these important questions.

Lastly, and this issue transcends the purely financial arena, we need to work together in detail on the structure of the World Bank Group. Current discussions on the implementation of graduation strategies in certain middle-income countries, whose income has increased but who still must cope with considerable poverty, have brought to light certain limits of what might be too much of a binary model. We need to think about the distribution of roles between IDA and the IBRD – which includes developing a real graduation policy – and more generally between all the Group’s branches and with other instruments. Naturally, the ultimate goal of all these discussions must remain a more effective fight against poverty, as set out in the two goals adopted in the spring and by the Strategy, with the central focus of stepping up the World Bank Group’s efforts in the poorest countries.