Statement by

H.E. Anton Siluanov
Minister of Finance

of the Russian Federation
The World Bank Group Support for the 2030 Agenda for Sustainable Development

Adoption of the Sustainable Development Goals (SDGs) opens a new era for the international efforts to support the most needy countries. The SDGs not only define quantitative social and economic indicators, whose attainment would signify the end of the gravest manifestations of poverty, deprivation and inequality, but also contain a comprehensive development agenda for the humankind for the period up to 2030. It is very important that the program itself is aimed at increasing the quality of economic growth by considering its social and environmental sustainability.

We see the SDGs as very timely and well-justified, although the unprecedented level of international cooperation and large amount of resources required for their implementation makes it hard to predict to what extent they will be met. However, setting such ambitious goals will undoubtedly contribute to improvements in our approaches to development, as well as scale-up the resources allocated for it.

The World Bank Group as a leading development agency is destined to be one of the key contributors to the implementation of the 2030 Agenda. As a universal institution, it is currently active in all areas covered by the SDGs and maintains presence in almost all regions and developing countries of the world. The WBG’s most important comparative advantage is its unique ability to leverage substantial financial resources for development at affordable price combined with accumulated practical knowledge and experience in meeting its formidable challenges.

The document presented to the DC illustrates the WBG’s potential quite well. One can conclude from it that the Group has already made a large contribution to achieving the MDGs approved in 2000. To increase the efficiency of these efforts it needs only to recalibrate its priorities and increase its financial resources, including from additional sources. At the same time, we believe now is an appropriate moment to more critically assess the present state of affairs in the WBG, to evaluate its potential to contribute to the ambitious agenda implied by SDGs and, if necessary, to correct its own development strategy.

In this context, it remains to be seen that the Bank’s new operating model is serving clients better. The clients themselves will pass such a judgement. Expenditures related to the core activities of the IBRD and IDA are still not covered by their operational income and remain critically dependent (by more than one-third) on the availability of donor-provided trust funds. We see the reserve accumulation as the most important means to augment the IBRD capital as well as to strengthen the E/L ratio. However, despite all
the saving measures, allocations to reserves are at the historically lowest levels. This creates risks to the WBG's future financial stability.

Transfers to IDA from the IBRD and IFC result in an increase of their budget difficulties. These transfers are growing despite IBRD’s falling operational income and a substantial reduction in the IFC’s Deployable Strategic Capital. In this situation of an insufficient resource base the WBG may fall short of the catalytic impact implied by the “Billions to Trillions” strategy.

At the same time, prospects for the IBRD and IFC capital increase as a natural and prudent way to strengthen their financial capacities are rather uncertain due to still significant differences among the shareholders including those related to budget constraints some of them are facing. Remaining disparities in distribution of voices and participation in managing the WBG across countries lead to unnecessary politicization of the WBG.

These issues are not new. The WBG has been contributing and will definitely continue its meaningful contribution to development. However, further delays in addressing the above challenges will adversely affect its ability to scale up the resources to the extent called for by the new tasks under 2030 Agenda. In this regard, the role of the WBG in attaining the SDGs requires further reflexion.

We can in general accept the priorities for the WBG identified by the report to the DC (crisis preparedness, prevention and response; meeting infrastructure needs for growth and service delivery; combatting climate change, and improving development data). At the same time, we would like to note the following.

We accept the importance and significance of helping developing countries in emergency situations and in providing humanitarian assistance, especially when the annual need in such assistance has increased almost tenfold since 2000. At the same time, we see the report as paying insufficient attention to the issues where the Bank has traditionally been a leader and possessed quality expertise. Here we refer primarily to assisting developing countries in implementing institutional and structural reforms, without which achieving the SDGs seems unlikely, if at all possible.

We have certain concerns also in regards to the developmental data issue. Since the Monterrey Consensus of 2002, the non-availability of basic data on socio-economic development in the low-income countries has been referred to as a key obstacle to adopting pertinent policy actions. Several international initiatives were launched to address this issue. This notwithstanding, many partner countries still lack basic statistical capacities and are not able to collect even the most basic and primary data. Now when donors keep the ODA flat at best, and quantitative and qualitative requirement to statistical data are steadily increasing, we can hardly expect a decisive breakthrough in these areas to happen. We should be mindful of the difficult choices some governments have to make under the pressure of reduced ODA flows whereas investing into statistical capacity is likely to be among the lower priorities. Therefore, the Bank should carefully examine the scale of challenges in this area, as well as its capacity to seriously address them.

The report also requires further elaboration on the interaction of the WBG with other parties involved in attaining the SDGs (international organizations, governments, public institutions and the private sector). The WBG strategy for the next 15 years should reflect the changing developmental agenda and the growing role of the new players, such as emerging donors and their new institutions (the New Development Bank, the Asian Bank of Infrastructure Investment and others).

Although the report does not present any questions or requests for guidance from the Governors, its final part touches upon a fundamental issue of the WBG’s limited financial resources. There are five critically
important areas identified in the document, which need to be addressed in order to make the Bank’s capacity commensurate with the challenging objectives of the SDGs. It seems that the shareholders are yet to provide definite answers to those questions as well as to arrive at a common view on the future global role of the WBG. We hope that the new consensus will emerge in the near future when we start implementing the “Road Map” for the 2015 Shareholding Review.

To conclude, we read with interest the Global Monitoring Report 2015-2016 (GMR), which explores the development implications of changes in global demography (so called “demographic dividends”). In this context, we would underscore that opportunities opened to the low-income countries related to falling fertility and dependency ratios will be critically dependent on the capacity to create productive jobs for the growing working-age population - by far not a trivial task. Otherwise, these demographic trends may become an additional risk factor. We agree with the GMR conclusion that excessive reliance upon crude poverty indicators such as minimal daily per capita income in real terms may obscure the complex realities of global poverty. This said, we are wondering why the final GMR for the MDGs era lacks a discussion on the results of resource mobilization for development during this period, including volumes and quality of ODA. Keeping an eye on this process was an important part of the Word Bank mandate as defined by the Monterrey Consensus.