



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

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1. The Development Committee met today, April 12, 2014, in Washington DC.
2. Economic recovery in high-income countries shows signs of strengthening and growth continues in many emerging market economies. However risks remain. Fostering strong, inclusive and sustainable growth in today's interconnected global economy will require policy adjustments and appropriate coordination and communication. We encourage the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly and with all member countries in pursuing sound and responsive economic policies; addressing underlying macroeconomic vulnerabilities; rebuilding macroeconomic buffers; and strengthening prudential management of the financial system.
3. The ability of the WBG to assist countries in achieving the goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, and to support member countries in addressing their development needs, should be enhanced by the implementation of the WBG Strategy that we endorsed at our last meeting. We welcome the progress made in implementing the change agenda, and call on the WBG to work effectively to complete the reforms. The WBG should build on its country engagement model as a platform for selectivity based on client demand and the new corporate goals, to deliver better, faster and evidence based solutions that result in transformative outcomes for the benefit of low and middle income countries alike. We expect the new WBG structure should lead to better global knowledge sharing to benefit all client countries, and to strengthening its role in support of south-south and regional cooperation. We welcome the WBG scorecard and look forward to regular updates on the implementation of the WBG strategy.
4. Strengthening the foundations for strong, inclusive and sustainable growth calls for macroeconomic stability, good governance, promoting public investment, improving the enabling environment for private investment, boosting quality investment in resilient infrastructure and improving access to finance. Social inclusion and policies that broaden income opportunities and the full participation of all groups, including women and the marginalized and vulnerable, are essential. Raising skills, productivity, and innovation capabilities are also key elements. An open business climate that fosters competition, more inclusive human capital development and well-targeted social protection programs are good both for growth and for shared prosperity. Private investment flows complement development finance and are a vital factor in achieving our goals. In this context, we emphasize the

importance of the roles of the International Finance Corporation and the Multilateral Investment Guarantee Agency, working as part of one WBG, in catalyzing private financial flows and promoting the development of a dynamic private sector that can help support sustainable growth, shared prosperity and real opportunities for all citizens in all client countries. Environmental considerations need to be integrated into policymaking: climate-smart policies are necessary for environmental sustainability and resilience, and could also generate side benefits for growth and jobs.

5. The level of ambition of the WBG Strategy demands better utilization of existing resources as well as strengthening the WBG's financial capacity. We are encouraged by and we welcome the conclusion of a successful IDA 17 replenishment, which included strong support from traditional and new donors, and innovative financing mechanisms. The record US\$52 billion approved by shareholders puts IDA in a strong position to maximize impact in supporting our poorest and most vulnerable member countries, including many fragile and conflict-affected situations (FCS) as well as small states, which face particular development challenges. We welcome IDA 17's commitment to maximize development impact with its special focus on inclusive growth; gender equality; climate change, including disaster risk management (DRM); and FCS. We are also encouraged that the subsidy resources needed to ensure the sustainability of subsidized IMF lending to low income economies have been largely secured. We value the IMF's work on how countries can use fiscal policy to address inequality in an efficient manner.

6. The measures taken to grow revenues, reduce costs, and make more efficient use of capital within a prudent risk framework will increase the WBG's financial capacity to serve its clients, both by supporting them with their specific development objectives and by providing countercyclical support in times of crisis. We look forward to continued progress in achieving a leaner cost base via improved organizational and operational efficiencies, as well as ongoing efforts to develop innovative approaches and mechanisms to mobilize additional financing. We encourage increasing the level and quality of investment in infrastructure, which is critical for growth, job creation, prosperity and poverty reduction in countries of all income levels. We call on the WBG to remain actively engaged with middle income countries to help them address their development needs. We also encourage the WBG to explore extending IBRD loans to well performing IDA-only countries while ensuring their debt sustainability.

7. We urge the WBG and the IMF to continue to strengthen their engagement with Sub-Saharan Africa and ensure that their financial, analytical, and capacity-building support is geared toward fostering country-driven structural transformation, reducing extreme poverty, boosting job creation, and making economic growth more inclusive and resilient. We especially welcome the WBG's stepped up engagement in addressing the regional drivers of fragility and conflict, most recently through the Sahel Initiative and continued implementation of the Great Lakes Initiative. The WBG should learn from these initiatives and apply lessons to the Horn of Africa, Central Africa and the Gulf of Guinea. We also commend the role of the WBG in helping to close the infrastructure gap of Sub-Saharan Africa, by attracting new investments and financing sustainable energy supply and distribution. We call on the WBG to assist clients to further develop nutrition-sensitive agriculture production, including through support to smallholders and cooperatives, and to broaden support for sustainable agriculture. We are encouraged that the IMF has now completed its program of establishing five technical assistance centers to meet needs across the entire region. We welcome the forthcoming IMF high-level conference in Mozambique that will bring together economic policy makers from Africa and beyond to discuss some of the key challenges facing the continent. We call for enhanced focus and attention to the Middle East and North Africa region, and emphasize the importance of WBG support to Arab countries in transition.

8. We remain deeply concerned about the continuously deteriorating humanitarian situation in the Central African Republic, South Sudan and Syria. We commend the generosity of governments and families in neighboring countries who are hosting those displaced at significant economic and social cost. The WBG's work in FCS is fundamental to delivering on its goal to end extreme poverty, and active IMF engagement in FCS is key to achieving macroeconomic stability under what are often very difficult circumstances. We urge the WBG and the IMF to remain closely engaged in these as well as other FCS and countries in transition, in coordination with other development partners. We welcome the continuous support of the WBG and IMF to Ukraine given the challenges the country is facing.

9. We encourage the WBG to maintain strong collaboration with the UN system in the definition of the Post-2015 Millennium Development Goals.

10. We welcome the WTO Bali Ministerial Declaration on Trade Facilitation. We believe the agreement will increase competitiveness for developing countries by improving border management and reducing transaction costs and we call on the WBG to support countries in its implementation.

11. We are encouraged by progress made by the WBG in mainstreaming DRM in its operations and recognize the need to further intensify these efforts in country partnership frameworks. We recognize the challenges faced by small states vulnerable to the effects of climate change and natural disasters. We would welcome a further update on progress two years from now.

12. We remain committed to completing the implementation of the 2010 WBG shareholding realignment. We urge all members who are yet to subscribe to their allocated IBRD and IFC shares to do so without delay, and look forward to the next review of Voice by 2015.

13. We thank Jorge Familiar for his excellent services to the Development Committee over the past four years and wish him well in his future role as the World Bank's Vice President for Latin America and the Caribbean. The next meeting of the Development Committee will be held on October 11, 2014, in Washington, DC.