



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, October 8, in Washington, D.C.
2. Global economic growth remains sluggish in 2016, with only a modest pick-up expected in 2017. Demand has remained soft despite highly stimulative monetary policies, foreign direct investment to developing countries has decreased, commodity exporters are adjusting to declines in exports, and wider geopolitical and economic uncertainties are weighing on confidence. We call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to work jointly with countries to enhance synergy among monetary, fiscal and structural reform policies, stimulate growth, create jobs, and strengthen the gains from multilateralism for all.
3. We share a vision of the WBG as a premier development institution: it plays a key role in advancing policies essential for sustainable growth, poverty reduction, and economic transformation; leads on global agendas; and helps ensure that the benefits of globalization are widely shared. During the next 15 years, the development landscape will face critical shifts, including climate change; natural disasters; pandemics; fragility, conflict and violence; migration and forced displacement; urbanization; and demographic changes. Meeting these challenges, and rising to the ambition of the Twin Goals, the Sustainable Development Goals (SDGs) and the COP21 Agreement, will require a better, stronger, and more agile WBG. This task will also require deeper engagement and collaboration with international financial institutions and global partners, additional private funds, the ability to harness technological change and increased country capacity to raise domestic resources. In this regard, we welcome the report to Governors on the Forward Look: A Vision for the WBG in 2030.
4. We value the commitment to a more efficient and agile WBG that follows a risk-based approach, upholds standards, exploits synergies across its institutions, and has a culture that supports these shifts. Resources should be strategically deployed to meet global and client needs and targeted to areas of the world that most need funding and have least access to capital, with a tailored value proposition to the full range of clients. The WBG should strengthen the knowledge agenda, including through enhanced monitoring, learning and evaluation frameworks and South-South flows and help enhance countries' crisis preparedness, prevention and response frameworks. We expect a progress update on the Forward Look with clear results indicators at the 2017 Spring Meetings.
5. The private sector is essential to creating jobs and delivering higher living standards. Public policies that improve governance and regulation, make markets more competitive, and increase openness and predictability are prerequisites to higher investment and better development outcomes. We urge the WBG to take a Group-wide approach to help create markets, particularly in the most challenging environments, and to mobilize private resources, including through guarantees, especially for quality infrastructure, and for small and medium enterprises. Bringing together the joint capabilities of all WBG institutions is crucial to mobilizing finance for development and delivering global public goods. We encourage the WBG to expand its strong collaboration with other multilateral development banks (MDBs), in line with their recent declaration on infrastructure. We welcome the Global Infrastructure Connectivity Alliance, announced in September 2016.
6. Mobilizing domestic resources and addressing illicit financial activities will be vital to unlocking finance for development: we urge the WBG and IMF to foster policies and transparent institutions that advance these efforts and improve public expenditure management. We applaud the WBG support to the Stolen Asset Recovery Initiative. We welcome the progress that the IMF and WBG have made in reviewing the Debt Sustainability Framework for Low-Income Countries. We stress the important role that technology and the private sector can play in achieving the Universal Financial Access 2020 goal.

7. An ambitious IDA18 replenishment is key for delivering the 2030 agenda. We advocate for a strong IDA18 replenishment, with a broadened donor base. We welcome the innovative financing and policy package, including the proposal to enable IDA, which has recently received milestone triple-A ratings, to tap into capital markets to complement its resources. We urge the WBG to ensure a smooth transition as countries graduate from IDA. We also welcome the enhanced Crisis Response Window and the proposal to scale up private sector activities, including an IFC and MIGA Private Sector Window.
8. Large movements of people constitute a shared, long-term challenge for countries at all levels of development. More than half the world's poor live in countries affected by fragility, conflict, and violence (FCV), where IDA support is particularly important. We welcome proposals to double financial resources in these countries and to support, through tailored efforts to their specific needs, refugees and the communities that host them. The WBG and the IMF should help tackle drivers of fragility, by improving investment climates, strengthening local governance, rebuilding state institutions, broadening access to finance, and fostering conflict prevention and resilience. The WBG should increase resources allocated to these efforts, enhance its capacity to work in these environments, expand its work on forced displacement and migration and work closely with humanitarian partners.
9. We welcome the Global Crisis Response Platform, announced at the Leaders' Summit on Refugees in September 2016, and urge its rapid implementation. We expect it to provide scaled up, systematic, and better coordinated support to address crises, including those arising from forced displacement, natural disasters and pandemics. The Global Concessional Financing Facility, the IDA Crisis Response Window, and the proposed sub-regional window for refugees in IDA18 will be important for this effort. As part of the Platform, we also welcome the launch of the Pandemic Emergency Financing Facility and look forward to its early start-up. It will, together with upgraded efforts towards universal health coverage, fill a critical gap in health financing architecture.
10. We look forward to implementation of the WBG Climate Change Action Plan and support countries' nationally determined contributions under the COP21 agreement. We urge the WBG to continue to focus on building resilience while expanding insurance schemes and increasing investments in climate-smart land use, green infrastructure, and sustainable cities. Small states are disproportionately affected by natural disasters, including rising sea levels and extreme weather events. We ask the WBG and IMF to continue supporting efforts to facilitate these countries' access to climate finance for adaptation, mitigation and improved disaster risk management.
11. Women still lag behind in most measures of economic opportunity, undermining national and global growth prospects. The ambitions enshrined in the Twin Goals and the SDGs cannot be realized unless countries make significant progress in closing gender gaps in key sectors. We strongly support the continued implementation of the WBG 2015 Gender Strategy and the progress in diversifying WBG staff.
12. We welcome the approval of the Bank's new Environmental and Social Framework, which reflects the most extensive consultations ever conducted by the WBG. The standards expand protections for people and the environment in Bank-financed investment projects and are part of a far-reaching effort by the WBG to improve development outcomes. We now ask the Bank to focus on effective implementation, ensure appropriate financial and human resources to build staff and client capacity, establish a robust accountability framework, and provide hands-on support where needed.
13. As part of the Voice reform, we remain committed to the Roadmap for implementation of the Shareholding Review that was agreed at the 2015 Annual Meetings. We thank Executive Directors for completing their work on a dynamic formula that reflects the evolution of the global economy and contributions to the WBG's mission. We look forward to the next stage of discussions, based on agreed shareholding principles, formula guidance, and the package of commitments in the Report to Governors on the Dynamic Formula.
14. We also look forward to considering options to strengthen the financial position of the WBG institutions. We aim to conclude these discussions no later than the 2017 Annual Meetings in line with the Roadmap endorsed in Lima.
15. We thank Mr. Bambang Brodjonegoro for his valuable leadership as Chairman of the Development Committee, and welcome his successor, Ms. Sri Mulyani Indrawati, Minister of Finance of Indonesia, as its first female Chair. We congratulate Dr. Kim for his reappointment as President of the World Bank Group for a second term.
16. The next meeting of the Development Committee is scheduled for April 22, 2017.