



**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)

**NINETY-NINTH MEETING**  
**WASHINGTON, D.C. – APRIL 13, 2019**

DC/S/2019-0030  
April 13, 2019

**Statement by**

**Mr. Hartwig Löger**  
**Minister of Finance**

**Austria**

**On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary,  
Kosovo, Luxembourg, Slovakia, Slovenia and Turkey**

**Statement by**

**Mr. Hartwig Löger  
Minister of Finance**

**Austria**

**On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary,  
Kosovo, Luxembourg, Slovakia, Slovenia and Turkey**

**99<sup>th</sup> Meeting of the Development Committee**

**April 13, 2019  
Washington, D.C.**

We would like to congratulate Mr. David Malpass on his election as the new President of the World Bank. We hope that his distinguished career and experience will bring a fresh wind to achieving the ambitious goals agreed by the shareholders in the Forward Look, the Capital Package and the IDA18 Replenishment. We trust he will lead our institution to help end poverty and boost shared prosperity around the world. We would like also to express our appreciation to Mr. Jim Yong Kim for his efforts and contribution to the World Bank mission addressing many challenges the developing world is facing. His leadership of the World Bank has been inspirational, and we look forward to continuing this fruitful cooperation with Mr. Malpass.

**Global Economy and Debt Vulnerabilities**

The outlook for the global economy has darkened in recent years and global growth is expected to slow further over the next decade. It is the result of multiple factors, including subdued productivity and investment growth, and demographic headwinds. Economic progress also remains highly uneven across the world, with rising inequality in some regions. In this context, there is a strong need for the World Bank Group (WBG) to step in and assure implementation of **credible reform agendas** that offset the potential economic slowdown. The reforms should address the most critical topics, such as productivity growth, boosting human and physical capital, as well as strengthening social safety nets, improving education and health, and mitigating climate change risks, including water scarcity. The WBG should continue supporting members countries with its lending and advisory services on delivering these reforms. We also call on the WBG to continue its engagement to address the root causes of forced displacement and mass international migration by contributing to the improvement of the life and work conditions in the places of origin.

Trade tensions remain a key source of risk to the economic outlook. A range of additional triggers (e.g. no-deal withdrawal of the United Kingdom from the European Union, concerns about China's outlook, tightening of global financial conditions, climate risks, migration flows) could spark even further deterioration with adverse growth implications, especially given the high levels of public and private debt. Against this backdrop, and in order to reach the goal of ending poverty, **multilateral efforts** remain vital to achieving the SDGs. Additionally, we should take advantage of the potential of the regional trade agreements as platforms to encourage wider trade integration.

**Debt vulnerabilities** have increased substantially in Low-Income Countries (LICs) and increasingly come from non-concessional and private sources. The Emerging Market and Developing Economies (EMDE) are also facing elevated public and private debt levels in recent years, which raises concerns about the stability of these economies. A sudden weakening of trade or global financial conditions could hit most of these

vulnerable countries hard. Our institution should continue to work jointly with the IMF to address the debt-related vulnerabilities via the WBG-IMF multi-pronged approach to identify and help countries to reduce them by mobilizing domestic resources, improving debt transparency and strengthening debt management practices.

### **Update on the Forward Look and IBRD-IFC Capital Package Implementation**

We welcome the progress made in implementing the **Forward Look** and the **IBRD-IFC Capital Package**. We particularly appreciate the adoption of a Financial Sustainability Framework to enable IBRD to align its lending automatically to its long-term sustainable capacity, while retaining flexibility to respond to crises. Timely implementation of both the financial and policy part of the Package is needed. Its full deployment is of paramount importance to ensure the institution's ability to scale up resources and deliver on its mission. It is also necessary for the WBG to remain the leading global development institution and knowledge-bank in a rapidly evolving development landscape. We encourage the World Bank Group to continue its effort to increase effectiveness and efficiencies, both in operations and supporting units, and pursue the implementation of the "Cascade" approach consistently throughout WBG operations.

We are encouraged by significant steps taken to implement the **IFC 3.0 strategy**. We have closely followed the evolution of IFC's organizational structure and are pleased to see the stronger presence of IFC's regional teams as well as its increased focus on Fragile and Conflict-affected States (FCS). We would encourage, however, to put more effort into building more and better synergies between the public and private arms of the Bank to fully utilize the WBG's potential to promote private sector solutions. Coherent and jointly owned programs and strategies including staff from IFC, MIGA and the World Bank should be more systematically pursued. We welcome the progress made in terms of project selection which now takes into account ex-ante impact measures through the Anticipated Impact Measurement and Monitoring (AIMM) system and urge IFC to stay focused on selecting investments projects with high development impact.

### **Mainstreaming the Approach to Disruptive and Transformative Technologies**

**Financial innovation, new technologies and digitalization** are key elements that could be better utilized to overcome investment gaps and to drive progress on the three parts of the Bank's strategy: accelerate inclusive sustainable economic growth, build resilience to shocks and threats and help the client countries invest in people. To deliver on their potential, it is crucial that new and transformative technologies benefit all citizens, in particular the poor and those left behind, and that they help generate shared benefits and opportunities for all, such as good quality jobs, better education and social safety nets. We support the Bank's approach as presented in the document *Mainstreaming Disruptive Technologies at the World Bank* and the proposed two ambitious flagship programs: *The Digital Moonshot for Africa* and the *GovTech Initiative*. We encourage the Bank to carefully examine the ways to leverage the benefits of disruptive technologies at the national and regional level, and how to maximize benefits from lessons learned. Technologies have also an important role to play in securing employment for youth, in particular in Africa. We believe the Bank's approach should be to support the growing number of innovative young entrepreneurs and to call for incorporating leadership soft skills and digital skills into education systems, as these are key skills of the future. Digitalization could also facilitate access to finance for small businesses by reducing transaction costs and mitigating risk. To mainstream the approach to disruptive technologies, we welcome the ongoing steps of the Bank, IFC and MIGA to adapt their business models, upgrade skill sets, and improve agility.

### **Addressing fragility and accelerating actions on gender**

More effective and increased engagement in poor, fragile and conflict situations remains a key priority for our Constituency. It is encouraging to observe that across the World Bank Group awareness on fragility as

a priority has become pervasive. Indeed, the effects of conflict and fragility on development nationally, regionally and globally are poignant. It is time now for the World Bank to adjust its modes of operation, become more agile and improve its development effectiveness in these environments. We believe the Fragility, Conflict and Violence Strategy, which is under development, is one of the most critical efforts for the World Bank Group this year and we look forward to the Board engagement on it. This strategy will also be crucial for a more effective and better-focused implementation of the FCV special theme in IDA19.

Moving increasingly into challenging and high-risk environments requires adequate risk management and accountability mechanisms. We welcome the ongoing discussions on the risk appetite framework and look forward to the further strengthening of the Inspection Panel and IFC/MIGA's Compliance Advisory Ombudsman.

We strongly endorse the continued implementation of the Gender Strategy, which was launched by the WBG in December 2015. The Gender strategy focuses on closing opportunity and outcome gaps between males and females. In parallel to implementing its strategy with client countries, we encourage the WBG to continue recognizing the importance of creating an inclusive culture and driving diversity within the institution. In the same spirit, we also support the work undertaken by the Gender Working Group to promote greater gender diversity at Board level, especially in view of future recruitment efforts for Board Officials. We congratulate the WBG as the first international financial institution to receive the Economic Dividends for Gender Equality (EDGE) certification and aspire for the WBG to achieve the second level of EDGE certification by 2020.

If we want to succeed in our efforts to make life better for all people around the world, we need to enhance international collaboration and coordination continuously. Global financial and economic policies need to be aligned with the 2030 Agenda. The World Bank, as a global leader and often a trailblazer, has a critical role in supporting developing economies to build strong foundations for sustainable and inclusive growth by boosting human capital, promoting trade integration, transparency, mobilization of finance from public and private sources, as well as addressing current and future challenges we will face due to ongoing conflicts, changing climate, and demographics.