



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-FOURTH MEETING
WASHINGTON, D.C. – OCTOBER 8, 2016

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Statement by

Mr. Johan Van Overtveldt
Minister of Finance

Belgium

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

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94th Meeting of the Development Committee

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Today, the Development Committee focuses on the future of the World Bank Group. We are discussing our mandate and role for the next fifteen years, and, at the same time, how the shareholding of World Bank Group institutions should reflect that. Our ultimate goal is to deploy every effort to achieve the twin goals while having in place efficient, financially sound and collaborative Bank Group institutions.

Forward Look

1. Scope

We endorse the proposed scope of the Forward Look. However, it is worth highlighting some key topics. As a development institution with global, regional and country reach, the World Bank Group has an instrumental role to play in helping clients address climate change and fragility and conflict challenges. It should also help them respond to crises. We welcome the enhanced focus on Global Public Goods, but expect that the World Bank Group will strengthen coordination with other development partners and be sufficiently selective. It is also crucial to further integrate global and regional work into the Group's country-based model, which marks one of its comparative advantages.

We encourage the WBG to embrace migration and its impact as a global long-term challenge faced by all countries at all levels of development. Our constituency has persistently argued that large movements of refugees and migrants demand more concerted and concrete action than ever before. Yet, while it was forced displacement that grabbed headlines last year, we ought to expand our horizons and address the infinitely more complex phenomenon of migration, forced as well as voluntary. This requires more data and evidence-based analysis, financing mechanisms, and trusted partnerships. However, this investment will pay off since it will result in minimizing the detriments and maximizing the development benefits of migration. We thus urge the World Bank Group to intensify its knowledge on both forced displacement and migration. At the same time, it needs to help countries address the root causes of migration and enhance its capacity to work in fragile environments and with other partners.

Barriers to Women and girls' empowerment have to be lifted. Knowing that we need to do more to help them unlock their potential, we urge the Group to enhance its support for this agenda in the spirit of its 2015 Gender Strategy.

Private sector development, as a key driver of job creation and economic development, should remain dominant on the agenda of the World Bank Group. The public and private sector aspects of our work need to align better to help client countries create markets. Against this backdrop we plead for further deepening

the collaboration between all World Bank Group institutions. The proposed IDA18 Private Sector Window could be a powerful instrument for increasing IFC's and MIGA's development impact in the most difficult market environments. The public arm of the Group needs to specifically focus on developing the much-needed legislative and regulatory enabling environment for large and small enterprises to boost private investments.

2. Supporting all client segments

The Bank needs to assist clients at all levels of development to tackle development bottlenecks, but it needs to employ tailored approaches and tools. Moreover, we need to be more strategic in our allocation of resources, and work in close cooperation with other development partners and the IMF.

The IBRD has to step up efforts to sustain graduation of IDA countries and gains in lower middle-income countries. The poorest countries deserve prioritized attention and more development assistance through the soft lending IDA window. In this context, we look forward to IDA substantially increasing support for fragile and conflict-affected states. Higher income clients as potential drivers of prosperity can generate positive spillovers in their regions. Lending to these countries needs to go hand in hand with advisory services. The Bank, as a lead knowledge conveyor, should be more proactive in promoting and leveraging knowledge across the world.

3. Better Bank

Proposals to improve the World Bank's business model and make the institution more agile and efficient should translate into better service delivery. However, a better Bank should also be able to preserve high-quality standards. In this respect, we welcome the recently introduced policy changes in procurement and the new Environmental and Social Framework (ESF). It is crucial for the success of this ESF to get the implementation arrangements right and to learn from early testing. This will require, inter alia, the allocation of more resources and safeguards staff to higher risk projects and sufficient focus on client capacity building.

4. Financial capacity

Given their future agenda and their current financial positions, all World Bank Group institutions should strive to reinforce their financial capacity. As stipulated in the Forward Look paper, to have a stronger IBRD, different measures to strengthen its financial capacity need to be explored and negotiated. Yet, we also need a stronger IFC if we wish to intensify our engagement with the private sector in developing countries. Following the outcome of the IDA18 replenishment, the upcoming discussion on strengthening the financial capacity of the Group's institutions needs to focus on the overall picture, and not engage in separate discussions.

The IDA+ proposal, which is part of the ongoing IDA18 replenishment negotiations, can considerably scale up support to the poorest countries by leveraging IDA's balance sheet. We welcome IDA's recently received Triple A rating, which is a clear recognition of its strong equity position and success as a trusted and well-supported development partner.

The World Bank Group and other multilateral development banks have demonstrated their commitment to leverage private resources to complement their lending products and knowledge services, in line with the "Billions to Trillions" paper. In that regard, we appreciate MIGA's efforts to increase its underwriting capacity by making more efficient use of its balance sheet. To help client countries become more self-sustainable and less dependent on external assistance, the World Bank Group should also put more effort into helping countries address illicit financial flows and domestic resource mobilization.

Dynamic Formula

The compromise on the Dynamic Formula will bring our discussion on the shareholding distribution to the next level. We have to note that this has been a difficult compromise with concessions made by all of our constituents. Our next discussion will focus on the allocation of shares and adjustments to the outcome based on the formula. The IBRD is a cooperative, and every member needs to be fairly represented. Winners cannot take it all, and we need to find a fair solution for all shareholders. Our Chair sees merit in limiting the dilution, faced by many other shareholders beyond our constituency. At the same time, we find it necessary to emphasize that higher voting power also implies a higher level of responsibility for the institution and progress on its goals, including those related to IDA. Last but not least, we would like to emphasize that the world has changed during the past two decades. The dividing line between developed and developing countries has become blurry, and these country groupings are simply not representative anymore. We want to emphasize that shares should be allocated on a country-by-country basis.

Finally, we would like to congratulate Dr. Kim on his re-election as President of the World Bank Group. We hope that the Group will significantly leap forward on its path to achieve its strategic goals in poverty reduction and shared prosperity under his leadership.