



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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Statement by
Luis de Guindos
Minister of Economic Affairs and Competitiveness

Spain

**On behalf of Costa Rica, El Salvador, Guatemala, Honduras,
Mexico, Nicaragua, Kingdom of Spain, and República
Bolivariana de Venezuela**

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94th Meeting of the Development Committee

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FORWARD LOOK

The “Forward Look” exercise to assess the main forces shaping the global development agenda and their impact on the needs and demands of the World Bank Group’s (WBG) clients in the next 15 years has proven to be a healthy and useful one. It allows us to understand what are the emerging priorities and what the Bank needs to change and improve to achieve its twin goals under the new external environment.

We are pleased to see that **fragility and conflict** situations will remain high in the WBG agenda, and that the WBG, in coordination with other development partners and institutions like the UN, will target long term development challenges in the affected areas, with a special emphasis on private sector development and job creation. We hope that the Bank steps up its work on effective ways to address fragility and conflict in a broad sense, including situations of **urban violence and crime** which are taking its toll in the development of many countries, including some of our constituency.

We also welcome the focus on **knowledge** to lead the way in development issues at a global level. The Bank should also continue to push the agenda on the provision of **global public goods** such as fighting climate change, illicit financial flows, pandemics or migration impacts, among others. The WBG has a unique position to ensure the allocation of resources to these global needs which, together with the specific country partnership strategies, will undoubtedly contribute to reduce poverty and boost shared prosperity.

Another clear outcome of this forward looking exercise is the need to address the challenge of poverty and inequality across the whole range of clients, including **middle income countries** (MICs) which still host large numbers of poverty pockets and are facing a real risk of reverting the gains of the past years. Through its engagement in MICs the World Bank Group can leverage its knowledge, foster south-south cooperation and continue to be a depository of solutions for different countries. At the same time, lending to MICs is a crucial part of the WBGs portfolio balance approach which allows in exchange the allocation of resources to low income countries with riskier projects and lower returns, especially in a resource constrained scenario as the one IBRD is currently facing. Therefore, we would like to request again the WBG to increase its presence and engagement in regions with MIC countries and provide them with a broader range of financial products that allow them better access to capital markets, improved risk management, address global public goods and unlock private sector finance and development.

Likewise, we call for a strong **IDA** to increase financing for the poorest countries. This is an important year with the upcoming IDA 18 replenishment final meeting in December as well as the final proposals for an agreement on the IDA reform to leverage the equity base and increase the volume of both concessional and

non-concessional financing available to these countries. IDA18 will not only increase the risk preparedness and recovery from crises with measures like the extension of the CAT DDO or the increase of the Crisis Response Window but, most importantly, will focus on countries affected by fragile, conflict and violent situations as well as small states, with a series of measures that, in some scenarios, could double its financing. Finally, the Private Sector Window will help MIGA, IFC and IDA work together in order to boost the private sector and encourage others to invest in countries where risks are not always perceived with accuracy. Finally, we call upon on further work on IDA governance and an increase in the participation of developing countries.

Although the task we have ahead of us might seem overwhelming, we must remember what we have achieved so far, and we are not referring to the hundreds of millions of people that were lifted from poverty in the last thirty years because, although the World Bank did its part, we must acknowledge that governments and citizens of developing countries had the leading role of this success. In our opinion, the contribution of the World Bank Group has been much more important in terms of knowledge transfer and establishing standard. Development is not only about financing more projects and policies, it is about doing them better, more efficiently, in a more inclusively and sustainably way while minimizing harm to people and the environment. In this sense, it is fair to highlight one **of the most remarkable milestones that was achieved this year: the new Environment and Social Framework**, which was approved after two years of unprecedented consultations with governments, academia and civil society. The final result was the product of a very delicate consensus, and although far from perfect, we believe that it will help protect better the most vulnerable people and communities as well as their habitats, while, at the same time, giving more responsibility to implementing agencies and governments in client countries.

The forward look exercise would however be incomplete without considering the **capital needs and options** necessary to ensure adequate financial capacity to fulfill all these commitments in the next 15 years. Once we've agreed on priorities and selectivity criteria for engagement in client countries, we need to agree on the adequate level of resources to take forward this ambitious agenda. We look forward to productive discussions on these financial options in the coming months to reach, as a multilateral institution, an agreement among all of us.

VOICE REFORM – THE DYNAMIC FORMULA

Shareholding reviews are both difficult and necessary. We need every country to be fairly represented and have a voice in the solution of our global problems, but the method and process applied are as important as the result. Since detailed results will not directly benefit all shareholders, a transparent process and understandable working methods will help us in reaching a consensus. In order to be as fair and neutral as possible, we agreed, six years ago, on the need for a dynamic formula, based on some guiding principles such as **transparency, simplicity, equity and responsibility**, and also by protecting the smallest and poorest members. Everybody wins if we succeed in aligning voice and representation and keeping this institution relevant for all its members and for the development community through its global outreach, as outlined in the Istanbul Principles.

Today, we can congratulate the Board of Executive Directors for advancing in this direction and for the flexibility shown by all. I can proudly say that our constituency worked actively in reaching a consensus, even when most of the members of our chair are not to be favored by the results of the formula in terms of calculated quotas. During the negotiations, we gave up many of our main demands, aware that in a negotiation of this caliber there cannot be red lines. In the same spirit, we can promise that we will endeavor in the next phase on reaching a **mutually acceptable solution** based on the same principles, under the provision of transparent, timely and clear information.