



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

Mr. Ben Knapen

**Minister for European Affairs and International Cooperation
of the Kingdom of the Netherlands**

**representing the constituency comprising Armenia, Bosnia and
Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, former
Yugoslav Republic of Macedonia, Moldova, Montenegro, The
Netherlands, Romania and Ukraine**

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Introduction

We would like to thank Japan for hosting the 2012 Annual Meetings. Our presence in Japan gives the World Bank Group (WBG) and the international community an opportunity to witness and learn from the Japanese experience in dealing with natural disasters, a challenge many countries face.

Our constituency welcomes Dr Jim Yong Kim as the new president of the WBG. We wish President Kim every success in his efforts to help countries maintain progress against poverty, and support sustainable growth and look forward to working with him on designing and implementing the reforms and policy adjustments needed for the Bank to meet the many development challenges still ahead.

We meet at a time of continuing volatility. There are persistent global imbalances, while increasing debt positions and rising food prices imperil the many results achieved in the fight against poverty. Rising food prices are especially devastating for emerging and developing economies, where people spend a relatively large share of their income on food.

Therefore we need to boost confidence in markets and within the private sector. We also need to convince the public that the right policies can deliver more sustainable, fair and inclusive growth: growth which offers the large number of poor and disadvantaged access to the existing opportunities for prosperity. And we need to find solutions so we can create jobs for men and women and build security in fragile and conflict-affected countries. In confronting all of these challenges, the Bank has a central role to play. We encourage the WBG to continue to respond flexibly and with agility, helping countries to move beyond aid.

Development Challenges

Post-2015

We stress the importance of efforts to reach the MDGs by 2015. A new framework for development cooperation after 2015 should enable countries to become equal partners at the global level. We strive for a relationship on the basis of mutual economic benefit instead of just on ODA. The framework should include possibilities for non-traditional donor countries, civil society and the private sector, to take up their responsibilities in strengthening equitable economic growth.

In our view, a post-2015 framework captures traditional ODA, external financing flows and all other contributions for development; the post-2015 agenda addresses poverty eradication as well as global public goods, sustainable growth, gender equality and security/rule of law issues.

Fragile States

Our constituency is still committed to supporting fragile states. Our aim should be to enhance mutual trust in the short term, while building institutions and an inclusive model for political cooperation in the long term. The focus should, in our view, be on security, the legal order and employment.

We are pleased to see that the WBG is offering a platform to the New Deal on Engagement in Fragile States. We expect the WB fragile states hub in Nairobi to fully adopt the country-based development model, thus supporting the much needed increase of capacity in the field. Partnerships with other institutions and further integration of different organisations under the WBG umbrella offer the WBG a way forward.

We expect fragile states to be a major focus of the IDA 17 negotiations. The IDA's current performance-based allocation system is subject to reconsideration. In this discussion we aim for predictability and consistency.

Jobs

We fully support the distinction made in the World Development Report (WDR) between regional and country circumstances and the WDR's concrete and practical policy recommendations. We are pleased with the focus of the WDR 2013 on Jobs on the relationship between employment and economic development. Employment is a crucial means of fighting poverty and fostering economic development.

Our constituency agrees with the emphasis on good, productive jobs. This requires good education, inclusive vocational training for boys and girls and a private sector that provides job opportunities to both men and women. We believe that full-fledged participation enhances political and economic stability, thus increasing countries' ability to absorb shocks and challenges such as climate change and food insecurity.

Leveraging the Private Sector

Our constituency places a strong emphasis on private sector development. In our view, a healthy private sector makes countries resilient. We see a dual trend towards a greater role for the private sector in development and a greater role for development in the private sector. The central issue is how public money can leverage private sector action to increase its impact on development.

The WBG has broad experience in working with both the public and private sectors, and can play a central role. In order to maintain and expand this role, our constituency encourages the WBG to incorporate private sector leveraging into its future policies and improve linkages across the WBG. The last three WDRs all established a clear link between their respective focus areas (fragility, gender and jobs) and the importance of private sector development. Our constituency hopes that putting these reports into practice will provide us with evidence-based results on the ground. We strongly encourage effective leverage and allocation of the existing resources and capabilities across the WBG (IBRD/IDA, IFC and MIGA) to support private sector development.

Food Security

Food security remains a serious challenge. The recent increase in the prices of certain agricultural and food commodities in international markets significantly impacts on vulnerable countries and parts of their population. To ensure food security in the long run, our constituency emphasises the need for a broad approach. On the one hand, a variety of (mostly private sector-oriented) measures are needed to increase the volume and improve the quality of food production. On the other hand, steps should be taken towards creating an international food commodities market involving both public and private entities.

The WBG, in cooperation with other relevant organisations in this field, has an important role to play in moving this agenda forward. First, the development of and investment in the agricultural sector in developing countries are needed to improve productivity and market access. Farmers also need means to both prevent and mitigate risks and to deal with adversity. This ties in with the wider agenda of

disaster risk reduction and resilience: investing in prevention yields better returns than investing in response. Development programming needs to be disaster risk sensitive.

In this light our constituency supports the Global Agriculture and Food Security Program (GAFSP). GAFSP has the potential to be a key source of transparent and competitive financing for country-led, evidence-based agricultural development strategies in the world's poorest countries, encouraging countries to take a comprehensive and inclusive approach to agricultural investment and reform.

Disaster Risk Reduction

Our constituency is pleased with the WBG's commitment to disaster risk reduction (DRR). Natural and human disasters can push people and countries into poverty. The most vulnerable are often the first to suffer. Neglecting disaster risks can be a structural obstacle to economic development. We support the WBG in its ambition to move DRR beyond traditional humanitarian support and shift its focus from reconstruction to prevention and mitigation.

We endorse the connection the WBG makes between DRR and the climate change agenda and see possibilities for an expanded portfolio. We encourage the WBG to both look internally for innovative and efficient ways to promote DRR and to work with civil society organisations through the WBG's Global Facility for Disaster Reduction and Recovery (GFDRR).

Modernisation and Reform Agenda

Results and Value for Money

Our constituency strongly supports the WBG's commitment to achieve and show results. The ability to identify, measure and report on development results is central to the World Bank's effectiveness and enhances its accountability to its shareholders. IDA needs to use the results framework as a basis for results on the ground and value for money. We expect the WBG to provide a platform for enhanced cooperation among multilateral institutions on this issue.

Better results can also be achieved in the field of procurement. Effective procurement is indispensable in order to achieve development impact. It helps borrowing countries get value for money and enhances the development outcome of WBG projects. Therefore our constituency attaches great importance to the WBG's current review of procurement policies. We would like to see quality and contract compliance become more important in tender procedures. We encourage the WBG to align and harmonise its procurement guidelines with the most modern international standards and to allow for greater emphasis on non-monetary considerations. Similarly, we look forward to enhancing the effectiveness of the WB safeguards.

The 'knowledge bank' needs to be built as a 'development solutions bank'. Demand-driven knowledge products, especially reimbursable advisory services, are key to fostering transformative processes. The Bank is in a unique position to produce, customise and connect knowledge for development. However, a broad shift in culture and mind-set is still necessary to become a solutions bank. Incentives and rewards for knowledge exchange should become the standard. Breaking up regional and sector silos and promoting two-way exchange between sectors and country offices are a condition *sine qua non* for becoming a development solutions bank.

Priorities of the New President

Our constituency has followed President Kim's first public speeches with great interest. On several occasions he has emphasised the importance of choosing evidence-based solutions over ideology. He has acknowledged that the WBG needs to complement its strong analytical and problem-solving skills with practical experience drawn from field implementation. This should feed into new policies and

priorities. Our constituency is supportive of this idea and we look forward to hearing from President Kim what measures he plans to take to move this agenda forward.

Internal Organisation

Our constituency is critically examining the WBG remuneration and benefits policy. In the light of the ongoing global economic crises, we ask the WBG to bring its relatively generous policy more in line with the public development objectives the group stands for.

Financial Position of the World Bank Group

Thus far developing countries have been relatively resilient to the worldwide economic crisis. Our constituency appreciates the WBG's contribution to this by taking counter-cyclical measures, e.g. expanding its volume of loans. Sustaining this support to developing countries may become a challenge, however, given the WBG's limited resources. The current economic climate also affects the Group's financial capacity. The capital adequacy of the IBRD and IFC are still very strong, but the medium and long-run perspective is deteriorating as the low interest rate environment is negatively affecting their capital position. Our constituency places great value on a financially strong institution; we encourage the WBG to continue to closely monitor this trend and propose measures to reverse this trend.

We take note of the discussion on IDA graduation. While recognizing that graduation is an important achievement, we support the common practice that the graduation process considers country specific circumstances.