



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)



EIGHTY-FOURTH MEETING
WASHINGTON, D.C. – SEPTEMBER 24, 2011

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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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The World Bank Group has worked hard since the outbreak of the financial crisis on an effective and immediate response to cushion the impact of the crisis on the most vulnerable. At the same time, however, some challenges remain unaddressed or have re-emerged and new ones have arisen. In Mogadishu, the capital of Somalia, the dire consequences of years of conflict, poverty and drought are glaringly evident. The current humanitarian crisis in the Horn of Africa is painful proof that achieving food security continues to be a major challenge. [Our constituency is actively engaged in finding a solution of the global problem of food security.] Achieving the Millennium Development Goals remains a top priority and the position of women requires special attention now and in the future. The unrest in the Middle East and North Africa underlines the need to have a better understanding of the role jobs should play in the development process. Our constituency, therefore, welcomes the attention to these topics on the current agenda of the Development Committee.

Gender Equality and Development

Our constituency agrees with the conclusion from the World Development Report that gender equality requires leadership by governments and commitment by development partners. Gender equality is not a lofty goal for countries after they have achieved economic growth; it is a condition for security, stability, equitable growth and achievement of the Millennium Development Goals. Many countries, particularly post-conflict states, benefit from the participation of both men and women in the peacebuilding process. Fully-fledged participation enhances political and economic stability, making countries more resilient to shocks and challenges, such as climate change and food security.

The World Development Report makes a compelling case to further strengthen World Bank policies. Our constituency therefore agrees with the Bank's proposed strategy to capitalise on the recommendations of the report. We put particular emphasis on expansion of country-level diagnostic work for a clearer understanding of the nature of possible inequalities and to enable utilisation of the most effective programme and policy interventions. These interventions need to be results-oriented, well-prioritised and to take account of the financial and human resources necessary to implement the agenda. Strengthening field-based and other partnerships with the United Nations, regional organisations, donors and recipient countries should also be a priority. In this context, we urge the Bank to engage the Ministries of Finance or Planning in the policy dialogue on gender in order to obtain broad commitment. For us it is evident that attracting the right expertise at all levels of the World Bank Group is a precondition for successful implementation of the recommendations of the World Development Report.

Jobs

Our constituency welcomes employment as the intended topic for the 2013 World Development Report. Employment is not only a key factor in making growth inclusive, but also contributes to social integration, social protection and a sustainably peaceful society. Inclusive economic growth is essential to fight poverty. We are looking forward to further research on this topic and hope the World Bank, in close cooperation with other relevant organizations such as the International Labor Organization and the International Monetary Fund, will come up with useful analysis and recommendations that will help client countries create more and better jobs.

The definition of ‘good jobs’ and how they can be created differs by region. Employment strategies, therefore, need to be country-specific. In fragile and conflict-affected states, capable, accountable and legitimate institutions are the missing link between violent or peaceful resolution of national and regional conflict. In these states, a stronger focus on job creation should go hand in hand with improving citizens’ security and justice. In other countries, strategies should focus on creating enough productive jobs to absorb the large numbers of new entrants into the labour market. Under all circumstances, however, our constituency believes that the private sector needs to play a central role in the employment strategies of countries, since it is vital to securing sustainable employment opportunities and economic growth.

The World Bank’s role in the international aid architecture

Our constituency emphasises the importance of the World Bank as a platform for the donor community. To this end, convening and collaborating with other development partners at the global, regional and country level are imperatives. In light of the need for continued progress in reducing aid fragmentation and enhancing coordination, we encourage the World Bank to work effectively in partnership with a wide range of stakeholders and to work flexibly in a way that supports the country-led approach. This means taking a leadership role where appropriate, but in other cases also following the lead of other organisations, for example the United Nations in situations of conflict or fragility. Also, implementation should be taken up by those agencies which are best equipped for it. Effective delivery of aid remains a central concern in the increasingly complex global aid architecture.

We encourage the Bank to set an example for all donors regarding efficient forms of assistance, country-based approaches and interventions designed according to specific needs and circumstances. This will allow the World Bank to lead donors’ efforts in assisting developing countries governments in creating the environment for sustainable economic growth.

The World Bank’s strategy in middle income countries

We welcome ongoing efforts to improve the World Bank strategy for middle income countries. While recognizing the diversity within this group of countries – among others in macroeconomic and financial frameworks – we believe that the World Bank should continue to play a countercyclical role. In this respect, the International Bank for Reconstruction and Development should look for diversification of instruments and products. We are also interested in possible innovative approaches to leverage limited resources and support partnerships with middle income countries, taking into account the need to safeguard the Bank’s financial solidity. Finally, we appreciate the Bank’s efforts in reviewing the fee-based service model. We see room for improvements that will ultimately lead to a better allocation of human and capital resources while meeting client expectations.

In our view, an important advantage of the World Bank Group lies in its broad membership. Middle income countries’ knowledge and experience can be tapped to support low income countries and South-South investments can be supported. Also, innovative approaches could be shared between different parts of the World Bank Group, for example in the context of work on the financial sustainability of the International Development Association.

IFC’s and MIGA’s role in private sector development and FDI promotion

Since the financial and economic context is still uncertain and volatile and governments are facing fiscal challenges, we would like to express our support for the private sector windows’ work in both low and middle income countries. In our constituency’s view, priorities should be private sector development and promotion of Foreign Direct Investment. In particular, we welcome the International Financial Corporation’s agribusiness strategy. Also, we expect a higher catalytic role in the mobilization of domestic resources and support for South-South investments.

For the Multilateral Investment Guarantee Agency, following the amendment of its Convention, we welcome the strategy to expand its business and make better use of its capital. Also, we look forward to seeing what effect decentralization has in diversifying its exposure and penetrating new markets.

Results Orientation

Our constituency fully endorses the Bank's Corporate Scorecard which will report on operational and organisational effectiveness and the implementation of internal reforms. Our constituency sees the Corporate Scorecard as an important accountability mechanism, supporting a strategic discussion with shareholders on Bank performance. We therefore welcome plans to present it to the Governors at the Annual Meetings as an element of the President's accountability report to shareholders. The Scorecard should also serve the Board as an internal tool to track progress on development results and organisational performance.

We recognise that the Corporate Scorecard is a work in progress and its prompt use should further enhance its evolution. At the same time, as the Corporate Scorecard evolves, the right balance should be struck between complexity and comprehensiveness, with an emphasis on its informative role. We look forward to its expansion to include the International Financial Corporation and the Multilateral Investment Guarantee Agency.

Likewise, we support the World Bank Management's proposal for a new lending instrument to respond to changing development needs and demand from borrowing countries. We want the instrument to focus directly on improvements in sectorial or other development programmes and place direct emphasis on results by making them the basis for disbursement. Such an approach is in line with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, which together express the international consensus in favour of strengthening ownership, accountability and results. Our constituency cautions that any procurement resulting from the use of the new lending instrument should be based on solid systems, with a level playing field for the international business community.