

**Statement by**

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**of the Kingdom of the Netherlands**

**Representing the constituency of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Macedonia, Moldova, Montenegro, the Netherlands, Romania and Ukraine**

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Today's Development Committee meeting sees the World Bank Group (WBG) take steps to move from strategy to reality, implementing the Forward Look vision that should make it fit for purpose for the years to come. Our constituency reaffirms the WBG's central role in achieving the Sustainable Development Goals, the Paris Agreement on Climate Change and the Addis Ababa Action Agenda on Financing for Development. The WBG is a vital partner in providing resources, mobilising funds and convening actors to provide solutions to today's pressing development challenges.

Our constituency welcomes the progress made in the fight against extreme poverty in recent decades, including by the WBG. At the same time, we note that inequality remains high both between and within countries. We view the fight against inequality as a crucial component of achieving the WBG's Twin Goals. Multilateral institutions like the WBG and the International Monetary Fund (IMF) have an important role to play in fostering sustainable growth and in supporting inclusive economies, making sure that everyone can enjoy a share of the gains of global economic progress and that no one is left behind.

The current hunger crisis in parts of Africa and in Yemen deeply concerns our constituency. We need to collectively take action to prevent a humanitarian disaster. We therefore welcome President Jim Kim's initiative to create a financial package to fund operations to support the affected countries. In addition to the short-term assistance provided by humanitarian organisations, we support the WBG's active efforts to invest in the long-term development and resilience of local communities. In doing so, we encourage the WBG to work more closely with the United Nations and NGOs at country level in order to integrate and optimise their interventions.

We appreciate the WBG's continued support for countries in the Europe and Central Asia (ECA) region, including the countries of our constituency. Many of our constituency members are facing economic headwinds and sluggish growth. We call upon the WBG to deepen its engagement in the ECA region so as to support these countries in facing their challenges, in particular through fostering private sector-led growth.

*Forward Look: Progress and Challenges*

Our constituency welcomes the Forward Look as an effort to recalibrate and improve the WBG in order to enhance its contributions to the pressing development challenges facing us. The Forward Look constitutes an ambitious recognition of the leadership role that the WBG envisions itself playing in achieving the goals set out in the 2030 Agenda for Sustainable Development. We consider the WBG to be an important partner in translating these ambitious goals into development success.

Our constituency welcomes the steps that the WBG has taken to improve its business model thus far and to become fit for purpose with regard to meeting the challenges of the 2030 Agenda. In particular, we support the WBG's enhanced focus on supporting the world's most vulnerable by becoming more active in fragile and conflict-affected states, where extreme poverty is increasingly concentrated. Furthermore, we welcome the WBG's improved efforts to catalyse and mobilise private financial flows, as the sheer magnitude of the 2030 Agenda means we cannot realise our development ambitions with public resources alone. We also welcome last year's revision of the WBG's safeguard policies as a promising step towards becoming an institution that is both accountable and close to its clients. We call on the WBG to ensure a smooth transition to the new framework, including through capacity building in client countries. Building on that, we support the ongoing discussions on modernising the mandate of the WBG Inspection Panel and call for these discussions to be successfully concluded this year.

We encourage the WBG to step up its efforts in translating the ambitions expressed in the Forward Look into specific targets and tangible results. More specifically, we call on the WBG to bring the Bank closer to the client and the private sector. At least half of WBG staff should work in the field, at the heart of where development happens. What is more, there should not only be more staff working *on* fragile and conflict-affected states, but also *in* those countries. Additionally, we urge the WBG to specify targets for mobilising private capital, which will make or break financing for development. Finally, in terms of the WBG's business model, while we appreciate the commitment to cut loan processing times by one third, we stress that debureaucratisation and simplification should become entrenched in a continuous effort towards becoming a more Agile Bank.

#### *Financial Capacity*

As shareholders, we require a strong business case from the WBG to be able to decide on the need to enhance the WBG's financial capacity. We note that the WBG's commitment to achieving the targets specified in the Forward Look Result Matrix and progress towards a Better Bank should remain an important underpinning of any discussion on enhancing the WBG's financial capacity.

Our constituency emphasizes the necessity of exploring all possible options to strengthen the WBG's financial capacity and we urge the WBG to go the extra mile in this regard. We believe that there is still ample room for the WBG to further maximise cost efficiencies and increase income levels. The Expenditure Review cannot be a one-off exercise. We also urge the WBG to make more effective and efficient use of the capital already provided by shareholders, in accordance with the G20 MDB Action Plan on Balance Sheet Optimisation.

#### *Shareholding Review*

The Shareholding Review represents an important opportunity to align representation within the WBG with developments in the global economy, while properly reflecting contributions to the WBG's development mission. Our constituency has provided constructive support for this process, recognising that we need to provide adequate voice to developing countries as the WBG's clients, and we take note of the technical work done so far.

To prevent any abrupt changes to shareholding and to generate political support for a possible realignment, we need to take steps that are manageable for everyone, for example by keeping a selective capital increase small, by setting limits to avoid excessive dilution and by distributing potential losses as fairly as possible.

Finally, we note the interconnectedness between the concurrent discussions on the Forward Look, Financial Capacity, and the Shareholding Review. While the work towards a Better Bank can stand on its own, our constituency underlines that a package agreement is necessary to build political consensus on measures towards a possible general and/or selective capital increase.