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on the
Transfer of Real Resources to Developing Countries)

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Statement by

H.E. Ahmed Bin Mohammed Al-Khalifa
Minister of Finance

Kingdom of Bahrain

**on behalf of Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon,
Libya, Maldives, Oman, Qatar, United Arab Emirates, Yemen**

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The global economy continues on the path of a gradual recovery amidst the background of slowing economic growth, trade, and investment. Emerging market economies are facing commodity shocks, capital outflows, increased inequality and financial market volatility. It is therefore prudent to foster a coordinated, comprehensive, and well-communicated policy mix, aimed at sustaining the recovery, managing downside risks, and increasing growth. As such, we reaffirm our commitment to deepen our efforts to reduce extreme poverty and promote shared prosperity through policies that preserve macroeconomic stability, promote inclusive growth and create economic opportunities, particularly for youth and women. These objectives will require enhanced collaboration with our development partners, including the WBG, encompassing both financial and technical assistance. Going forward, realization of the twin goals and development objectives, exemplified by the sustainable development goals (SDGs), will require substantial resources. We therefore commend the WBG for intensifying its pledge towards supporting the 2030 Development Agenda, as demonstrated by the strategies framed within the Forward Look, thereby reinforcing the strategic role of the WBG.

However, realization of the 2030 Agenda will necessitate resources far beyond the capability of any individual development institution. Therefore, it is imperative that the WBG works within the parameters where it has a distinct comparative advantage, while strengthening its coordination with partners based on their own areas of specialization, in collaboration with the private sector and other key stakeholders and ultimately enabling country ownership.

We believe that the WBG should sustain efforts to ensure that its operations and business models are aligned with the growing demand for its services, while maintaining focus on its corporate goals. We note on-going efforts that incorporate the requirements to strengthen the balance sheets of all WBG institutions, in addition to aligning its resources with strategic priorities. While we appreciate the multifaceted work on the WB's business model, we believe that more could be done on the efficiency and effectiveness agenda. We fully support the WBG optimization initiatives, through robust and recurrent reviews of its budget and operations, in order to become a more agile, fit-for-purpose and results-oriented institution. A simpler, better and faster WBG can translate into more transformational and timely development outcomes in all client countries. We look forward to working with a WBG that is well-situated to offer services with greater speed and more flexibility.

The Forward Look illustrates the influential role of the WBG as an integral player in global development and a key driver for achieving inclusive growth and eradicating extreme poverty. We are in full agreement that the WBG needs to work across the spectrum of all client segments, while ensuring financial sustainability. The WBG's capacity to deliver to clients, in a timely and efficient manner, needs to be

boosted, particularly with the strengthened focus on low income and fragile countries stemming from the considerable increase in IDA18 resources.

Ensuring a successful issuance of IDA's bond will pave the way for transforming IDA's financial model into a hybrid model that can allow it to scale up its resources to meet IDA18 commitments. We welcome the progress made to direct resources to IDA18 implementation. It is crucial that resources are shifted to improve the quality of operations and client facing services, in addition to building a strong portfolio, particularly in Fragile Conflict and Violence (FCV) environments and small states. We also expect the different windows under IDA18 to be geographically diverse.

Having said that, we believe that we should avoid any unintentional tradeoffs with working on MICs. These countries house two thirds of the World's poor, represent the engines of global growth, are sources of development knowledge, and comprise a large variety of stress factors, opportunities, and capacities. UMICs steady demand for IBRD lending and knowledge services has been proven time and again. This brings to the fore the issue of financial capacity. The package approach seems to be the optimal way forward given the myriad of issues captured in this discussion. We acknowledge the initial multi-pronged approach including a set of options and look forward to discussing a robust proposal during the Spring Meetings. We take this opportunity to advise caution that while attempting to enhance the financial capacity of IBRD and IFC, we should not place the burden on any one measure, be it on clients and pricing, WBG's budgets, IBRD's and IFC' financial needs vs a vs IDA.

In an environment of constrained capital, Maximizing Finance for Development can potentially make a significant contribution towards achieving the Development agenda. We, therefore commend management on a comprehensive document that includes what it entails for the organization to successfully implement and operationalize this approach, including internal systems, organizational culture, training, and collaboration with other development partners. We support the proactive and collaborative approach of the Bank, IFC and MIGA in creating markets and fostering private sector development, which are key components of development and growth. Furthermore, we also support the increased emphasis on advisory and knowledge work, which will be integral to accessing new frontier markets and bolstering private finance.

We recognize the strong progress of the WBG's private finance mobilization efforts towards the realization of the "Billions-to-Trillions" agenda. We also anticipate the full implementation of the Cascade approach in our region, leveraging IFC expertise to attract private capital to the region's countries in transition, boosting the volume of funds available and creating markets in Fragile and Conflict-Affected Situations (FCS). We need to not only use the Cascade to maximize and leverage private capital for development, but also to acquire an improved understanding of private sector behavior in different country typologies and sectors, and factor it in. We therefore look forward to learning from the ongoing pilots, especially, given their diverse growth strategies and levels of experience with private participation in infrastructure.

We believe that what is required today is the ability to convene all development partners, donors, IFIs and private investors, leveraging the comparative advantage and various products of each stakeholder, in order to package large transformational projects, and overcome capacity constraints of individual entities. Within the context of creating the condition for markets to emerge and prosper, we believe that more emphasis should be placed on building institutional capacity and developing financial and capital markets in addition to assisting clients, particularly IDA and Fragile and Conflict-Affected Situations (FCS), in project preparation and a Public Private Partnership (PPP) framework.

In this regard, MICs can act as channels of South-South Cooperation, including demonstration effect, and progress can be accelerated by enabling knowledge transfer and benefit sharing to support developing

countries ability to identify drivers of growth and effectively implement financial sector and labor market reforms to attract investment.

We would also like to stress that Domestic Resource Mobilization (DRM) is at the core of financing for development. Efforts to achieve the SDGs and the twin goals must be complimented with sustained Bank support for policies aimed at boosting DRM and ensuring its optimal use through strengthened public finance management (PFM). Furthermore, the adverse impact of illicit financial flows (IFF) on realizing the twin goals, provides a strong basis for the WBG's engagement in this challenging area. Therefore, efforts to boost DRM should be accompanied with efforts to curb IFFs as part of the larger WBG commitment to Maximizing Finance for Development.

As protracted conflict in the Middle East and North Africa (MNA) region has exacerbated existing high levels of poverty and unemployment, this has resulted in intensified fragility, which can subsequently threaten to reverse previous development gains. We therefore see the necessity for a more innovative approach in our region, utilizing a flexible operating model, including decentralization of staff, additional resources, and concessional financing instruments to reduce the burden on recipient countries. Structural reforms designed to support demand in the short-term and to boost inclusive growth in the long-term, will need to be supported and enhanced. The WBG can play a contributory role in supporting country-owned initiatives aimed at enabling private-sector led growth, sustainable job creation and shared prosperity, while ensuring adequate financing and quality technical assistance. We therefore reiterate our commitment towards economic diversification, structural transformation, and promoting investment to strengthen our countries' resilience to emerging shocks and boosting growth aimed at reducing extreme poverty and promoting shared prosperity.

The world stands to benefit from peace and stability in the Arab region and the international community will have an instrumental role in supporting peace processes, as well as financing post-conflict reconstruction and recovery programs. We urge the Bretton Woods Institutions (BWIs) to continue supporting countries in conflict by preserving and developing their institutional capacities, as well as helping people to manage and reduce the impacts of conflicts. As the situation improves for these countries, the IMF and WBG should stand ready to provide immediate and appropriate financial support, while scaling-up their technical assistance. Assessing the damage and the reconstruction needs, while also designing strategies for recovery and reconstruction at an early stage will be essential.

In order to prevent the recurrence of future conflicts, reconstruction and recovery efforts should be inclusive and contribute to the peace-building process by addressing the root causes of conflict and fragility. Engagement should be framed within a comprehensive development agenda, comprising additional support and financing to foster an environment of economic opportunities and basic service delivery for all stakeholders.

Consequently, programs should go beyond building and rehabilitation of infrastructure and should concurrently aim at strengthening institutional resilience to enhance social cohesion and enable investment in human capital. Nation building needs to be at the core of the reconstruction and recovery process and should be people-centric to ensure that no one is left behind, including the forcibly displaced.

Additionally, reconstruction and recovery programs should be nationally owned, as the role of national institutions will be vital in designing, implementing and monitoring of post-conflict reconstruction and recovery programs.

Furthermore, we welcome the progress made in implementing the gender strategy. The WBG will need to step up its investment to support countries in building a stronger narrative for women's economic empowerment and address the gender data gap to craft result-based approaches and evidence-based

policies. Increasing operations with gender components in FCS will be warranted. These operations should not be limited to fighting gender based violence, but should also address the bottlenecks that limit women economic empowerment.

Finally, with regards to the topic of the WDR 2018, namely the focus on learning and the link to quality of education is the most critical issue beyond access to education. Essentially, applying a systems versus a piecemeal approach is imperative. Business as usual for different contexts is insufficient, as we need to differentiate between education for the forcibly displaced populations or fragile and conflict affected settings; and understand how governments can balance the various needs of a system to ensure that generations are not lost. This requires innovative measures that address all levels of education, training and skills development, including a focus on the psychological and emotional aspects. Pertaining to stakeholders and incentives, we need to understand and leverage the latest research in order to effectively promote collection and transparency of data and monitoring, which could provide citizens an entry point and mechanisms to influence education objectives and priorities. The most important question is how will institutions like the World Bank Group work together and leverage resources while applying innovative and flexible instruments to present regions like MNA with new solutions that could yield better and more transformational impact than in the past.