



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)

ONE HUNDREDTH MEETING
WASHINGTON, DC – OCTOBER 19, 2019

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October 19, 2019

Statement by

H.E Sigrid Kaag
Minister for Foreign Trade and Development Cooperation

Kingdom of the Netherlands

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

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100th Meeting of the Development Committee

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Our constituency greatly values the World Bank Group's (WBG) continued efforts in delivering on its Twin Goals, the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. Through its financial resources and expertise, the WBG plays a critical role in helping countries to achieve their development outcomes.

We particularly value the WBG's continued support for countries in the Europe and Central Asia region, including the countries in our constituency. We encourage the bank to deepen its engagement in the region, particularly by promoting private sector-led growth.

Against this backdrop our constituency encourages the WBG to further incorporate the SDGs into the broader activities of the Bank. In particular, we would like to see the link between the SDGs and the Bank's country programs to be strengthened. In this regard, we consider the recent discussions between the WBG, United Nations and European Union on supporting nationally owned financing strategies for the SDGs at country level – the Integrated National Financing Frameworks – to be a step in the right direction. We continue to strive for an ambitious commitment, possibly linked to the country platforms advocated by the G20.

We highly welcome the development of the Fragility, Conflict and Violence Strategy. The challenges underline the necessity of an ambitious, concrete and operational vision to enhance the work in FCV countries and cooperate effectively with key partners. We expect this strategy to be both ambitious as well as concrete, particularly with respect to staffing, working with the UN and simplified procedures for the Bank to engage in fragile and conflict-affected situations. Coordination, conflict prevention and continuity of engagement throughout conflict are key aspects for us in this regard.

Our constituency considers IDA as a very effective channel for financing the SDGs and reaching the poorest and most vulnerable groups. IDA has achieved impressive results and helped lifting millions out of poverty, and we believe that the global challenges of poverty alleviation in the context of newly arising challenges such as climate change and debt distress underline the importance of IDA and its 19th replenishment. We therefore encourage IDA and its donors to deliver ambitiously in this round, both in policy commitments and financing package.

Technology offers new opportunities to accelerate progress towards the twin goals and for achieving sustainable and inclusive growth by building the foundations of the digital economy. At the same time, it introduces some new risks, related to equity, cyber resilience and data protection. Following previous discussions on the Development Committee, we call on the WBG, in cooperation with partners across

the public and private sectors, to continue harnessing the potential of technologies and mainstreaming the Disruptive Technologies agenda across sectors, while appropriately mitigating the associated risks. Adherence to the highest environmental and social standards, as well as offering maximum accountability, is key at all times to ensure the WBGs continued leadership role when it comes to standard setting and being an effective and responsive partner in development. A transparent, neutral and genuinely independent accountability mechanism in accordance with best practices in other MDB's is indispensable in addressing any incident of possible harm or non-compliance. We look forward to continuing our cooperation with the Bank and members of the Board to continuously improve our work.

World Development Report 2020 Trading for Development in the Age of Global Value Chains

We support the policy recommendations of the World Development Report on Trading for Development in the Age of Global Value Chains, in particular the emphasis on the need for developing countries to implement reforms, and industrial countries to pursue business friendly policies.

We encourage the Bank to focus more on climate action and environmental measures in the context of Global Value Chains. Investing in the circular economy and sustainable solutions can offer important opportunities in developing countries not only for economic growth, trade and employment, but also to enhance social and ecological resilience. We believe that the role of the private sector is essential in this respect and we encourage the Bank and other development partners to work more closely with businesses that put sustainability and corporate social responsibility at the heart of their work. We welcome the attention of the Bank to the effect of Global Value Chains (GVCs) on the role of women, and encourage the Bank to further look into possibilities for structurally involving female entrepreneurs in GVC's. Also, we encourage the Bank to further explore the role of regional value chains, including trade finance and services that facilitate regional and international trade.

We share the Bank's concern that trade conflicts have a distorting effect on the integration of developing countries into the global economy and into GVCs in particular. As such, we support the Bank's call to deepen both trade cooperation and cooperation in areas such as taxes, including setting an example by further strengthening its own policies in accordance with the highest international standards, and also in areas such regulation, competition, data protection, and infrastructure. We believe enhanced cooperation in these areas is essential in order for developing countries to benefit more from the opportunities that integrating into global value chains offers.

This is a particular concern for fragile, conflict and violence affected states (FCV countries). Global value chains can help address the root causes of migration and instability by creating an enabling environment for economic growth. We therefore encourage the Bank to develop concrete policy options on the integration of FCVs into GVCs.

Jobs and Economic Transformation (JET) Drivers, Policy Implications and World Bank Group Support

We see investment in human capital - with a particular focus on youth and women - as a crucial building block for renewed, inclusive social contracts. We ask the bank to continue its analytical work and client countries engagement on this topic and integrate JET into the Bank's operations. In this light, we very much welcome the discussions on the subject during these Annual Meetings.

Furthermore, we ask the Bank to deepen its cooperation with development partners who have the knowledge, capabilities and financial resources to operate in the local context of countries involved. Sharing knowledge and using best practices, in particular through collaboration with the private sector, is crucial in this. We believe that the Bank is well positioned to make these types of partnerships – both at global and country levels - possible.

Human Capital Implementation Update

We continue to fully support the Bank in its focus on human capital. Several countries in our constituency were early adopters of the Human Capital agenda. The constituency agrees with the Bank that a shortage of funding, ineffective use of government funds and administrative problems remain major challenges for countries with a low realized human capital potential. Investing in human capital and developing solid and equitable social safety nets is not possible without effective and efficient tax systems. This is a problem in several of the Bank's client countries, which withholds governments from raising the necessary funds for development.

Moreover, there is too often a lack of urgency to prioritize human capital in client countries' national policies and budgets and seizing full potential of economic contribution of women, youth and minorities. Therefore, we call on countries to take the necessary measures to increase the employment rate of women, youth and minorities and to invest continuously in human capital and lifelong learning. The constituency welcomes the Bank's call for the protection of human capital in countries affected by fragility and conflict as well as the link between human capital and climate change: poor harvests lead to malnutrition, stunting and economic slowdown.

We look forward to an update of the Human Capital Index for individual countries in 2020, as the index is increasingly used for policy formulation in the countries concerned. Ultimately, the key for success of the Human Capital Project will be the incorporation of the issues in its operations, country strategies, policy dialogue and assistance. As such, we support the Bank to continue translating the indispensable data and analysis that the Human Capital Project delivers, into concrete policy options. We encourage the Bank to step up its own operations in education and – in this context – very much welcome and support the creation of the International Financing Facility for Education as a way to facilitate this process in the World Bank and other MDB's.

IDA Voting Rights

We very much welcome the proposed IDA Voting Rights Review, including the outlined principles, objectives and scope. We believe that the current framework should be strengthened, providing maximum incentives to contribute to IDA, lead to equitable outcomes and fit within IDA's hybrid model and the according highest governance standards, while at the same time sufficiently protecting representation of the recipient countries. We encourage the Bank's Board of Directors to build on the momentum and swiftly execute the review within the agreed framework and clearly outlined roadmap, while sufficiently informing IDA deputies along the way.