

U.S. DEPARTMENT OF THE TREASURY

Press Center



Statement of Secretary Jacob J. Lew for The Development Committee

4/16/2016

WASHINGTON — In the year ahead, we will begin the important task of implementing new global commitments made through the 2030 Sustainable Development Agenda, the Addis Ababa Action Agenda on Financing for Development, and the Paris Agreement on Climate Change. While the fundamentals of the global economy remain solid, global growth has been too weak in recent years, and downside risks may threaten our ambitious development agenda. Political instability and conflict continue to generate movements of people on a massive scale, contributing to human suffering around the world. Droughts and floods sparked by El Niño are exacerbating food insecurity and raising the specter of famine in Africa, and mounting evidence suggests that climate-related natural disasters are more frequent and intensifying.

The United States views the World Bank as a critical partner to help countries navigate these challenges. We are committed to reinforcing the World Bank's role as a strong, effective, and accountable global development institution that is equipped with both the tools and the flexibility to tackle extreme poverty and boost shared prosperity. World Bank management and shareholders have a bold agenda for the remainder of 2016 as we work to approve a new safeguards framework, establish a dynamic shareholding formula, complete the negotiations for the 18th replenishment of the International Development Association (IDA), and reach consensus on a medium to long-term vision through the Forward Look exercise. The United States believes that addressing the global challenge of forced displacement, deepening our support for the poorest, promoting secure and inclusive financial systems, delivering on our climate commitments, and reaffirming the World Bank's leadership on sustainable development outcomes must be central to our work this year.

Addressing Forced Displacement: An Unmet Global Challenge

We welcome the strong leadership of President Kim and the support of Governors in adding forced displacement issues to the World Bank's agenda. The crisis in the Middle East has highlighted a gap between the international community's humanitarian response capabilities and the work of development institutions. And we know that forced displacement is a global challenge: South Asia and sub-Saharan Africa have been hosting significant displaced populations for years or even decades. With no permanent home, these marginalized populations lack access to the essential services and opportunities needed to sustain their livelihoods. Further, absorbing these populations can strain the already limited services and infrastructure available in their host communities.

The United States calls on the World Bank and its shareholders to move quickly to establish a broad Global Crisis Response Platform that both IDA and International Bank for Reconstruction and Development (IBRD) borrowers could tap to address forced displacement and other external shocks, such as pandemics and natural disasters. This Platform would enhance the World Bank's capacity to help countries that are experiencing exogenous crises by bringing together both existing financing instruments and newly developed mechanisms. We urge the World Bank to present the Platform at the UN General Assembly this September. The proposed Middle East Concessional Finance and Guarantee facilities can form part of the Platform and offer an example of how we can stretch scarce public resources to help vulnerable populations and their host communities, including in middle-income countries.

Effective solutions to forced displacement will require more than additional financial resources. Even closer cooperation between the World Bank and the United Nations will be critical moving forward. The United States welcomes the commitment by President Kim and UN Secretary-General Ban Ki-moon to strengthen the partnerships that will support these vulnerable populations.

Supporting the Poorest

With significant reforms on the horizon, this is an exciting time in IDA's history. Proposals to leverage IDA's equity offer the potential to enhance its lending capacity and make more efficient use of its capital. IDA is well-positioned to help deliver on the Addis Ababa Action Agenda and to support countries in diversifying their sources of development finance, particularly as they move from low-income to middle-income status and prepare to graduate from IDA. We call on IDA to strengthen its focus on governance and institution-building, including domestic resource mobilization, and to redouble its efforts to leverage private sector resources. IDA should also seize the opportunity presented by low commodity prices to continue promoting greater economic diversification in its client countries, which will help mitigate the impacts of commodity price swings in the future.

A heightened focus on fragile and conflict affected states will also be essential to IDA's ability to fulfil its mission, as these countries make up a growing share of its client countries. These efforts are key to combatting the root causes of forced displacement and other crises. IDA should experiment with more ambitious and evidence-based approaches in this area, while being cognizant of the challenges that World Bank staff face when working in these often difficult environments.

Achieving gender equality and empowering all women and girls is vital to inclusive and sustainable growth and it must be at the heart of the World Bank's agenda. These efforts must include improving the collection of sex-disaggregated data, striving to close gender gaps in key sectors—including financial inclusion and agriculture—and addressing gender-based violence, which undermines the formation of stable, inclusive, and productive societies.

The United States looks forward to a robust IDA-18 replenishment that delivers on equally robust policy priorities and is underpinned by a clear results framework. We support making a timely decision on leveraging IDA's equity, and we reiterate the importance of vigorous financial analytics from World Bank management so that shareholders can make decisions that are simultaneously ambitious and responsible.

Promoting Secure and Inclusive Financial Systems

Advancing financial inclusion and protecting the financial system from abuse are complementary goals. By enabling more people and small businesses to access the regulated financial sector, we can reduce reliance on informal services, with the benefits of reducing costs and improving reliability and access to recourse. At the same, moving transactions to formal channels increases the transparency and safety of the entire system. The United States calls on the World Bank, in conjunction with the International Monetary Fund, to step up its role in helping countries ensure the safety, soundness, inclusivity, and integrity of their financial systems. This could be done by increasing technical assistance to combat money laundering and the financing of terrorism, to improve the regulatory and supervisory capacity for financial inclusion, and to explore new, technology-based models for providing financial services.

Fulfilling our Climate Change Commitments and Strengthening Risk Management

Addressing climate change is integral to achieving the Sustainable Development Goals. Greater congestion and urbanization are dramatically raising the human and financial costs of carbon-intensive and pollution-generating policies, increasing the urgency for all countries to take action. We applaud the World Bank's commitment to increase the climate-related share of its portfolio to 28 percent by 2020 and reaffirm its important role in supporting countries as they implement national climate action plans. We encourage the World Bank to develop a strong, mutually beneficial partnership with the Green Climate Fund.

With its ability to leverage significant private sector financing, the International Financial Corporation (IFC) will be instrumental in promoting climate-smart development policies that can also foster an attractive investment climate and support innovation.

We applaud the World Bank's efforts to integrate disaster risk management across its activities as an essential element of its climate change agenda. Disaster response funding remains a necessity as climate change exacerbates extreme poverty and a large part of the population remains vulnerable to natural hazards. However, we need a renewed push for disaster risk financing and mitigation efforts in order to address this unsustainable nature of the situation.

The United States also welcomes the World Bank's wider work to improve pandemic risk management and to develop the Pandemic Emergency Facility. A few years ago, no one would have predicted the rapid onset of the Ebola and Zika viruses. The Pandemic Emergency Facility is an important complement to the vital work that the United States and other development partners undertake to strengthen global health security. Together, these efforts are critical to preventing an epidemic from transforming into a pandemic.

Reaffirming the World Bank's Global Leadership on Environment and Social Safeguard Policies

Sustainable development requires effective environmental and social risk management, not just to prevent harm but to maximize outcomes for people, the environment, and the economy. Smart development, underpinned by robust environmental and social risk management, is a critical part of the World Bank's value proposition to its client countries. The proposed Environmental and Social Framework (ESF) includes welcome improvements, such as non-discrimination requirements, labor standards, and the inclusion of climate considerations. We applaud the World Bank for its extensive, global consultations on the proposed ESF and the United States looks forward to the new framework. We are confident that a strong conclusion to the safeguards review will enable the World Bank to be a more effective partner to client countries as they pursue ambitious and sustainable development outcomes.

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