



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)



SEVENTY-SEVENTH MEETING
WASHINGTON, DC – APRIL 13, 2008

DC/S/2008-0031

April 13, 2008

Statement by

Mr. Douglas Alexander, MP
Secretary of State for International Development
and
Mr. Alistair Darling, MP
Chancellor of the Exchequer

United Kingdom

Statement by

**The Rt Hon Douglas Alexander, MP
Secretary of State for International Development
and
The Rt Hon Alistair Darling, MP
Chancellor of the Exchequer**

United Kingdom

The Millennium Development Goals

Standing halfway to 2015, the international community can look back and see real progress since 2000. The world is on course to halve extreme poverty by 2015; 40 million more children are in school; 2 million more lives are now saved every year by immunisation.

But as this year's Global Monitoring Report (GMR) makes clear, the reasons for concern outnumber the reasons for celebration. At the current rate of progress the international community will fail in the mission we set ourselves in 2000 when we signed up to the MDGs. We said that we would cut infant mortality by two thirds by 2015, but are unlikely to do so until 2050. We said that in 2015 there would be primary education for every child, but 2100 is the current prediction. In short, progress is too slow, particularly in low-income countries in Africa and particularly in fragile states. This means that millions of people remain hungry, illiterate and in poor health, living with insecurity. And far too many of them will see their children grow up to lead similar lives, struggling in poverty and facing uncertain futures. And for their daughters, the situation is especially bleak, Gender inequality remains pervasive, blighting the daily lives of women and girls, denying them opportunities and their rights.

That is why in July 2007, the Prime Minister, speaking alongside UN Secretary General Ban Ki-moon, declared a 'development emergency' and encouraged the global community to form a genuine partnership to accelerate progress towards the MDGs. And, at the beginning of April, we heard the President of the General Assembly say that 2008 was a "window of opportunity" to accelerate progress on the MDGs and the Secretary General himself echoed these sentiments when he said "2008 should mark a turning point in progress towards the MDGs". We must respond to this 'Call to Action'. 2008 must be a year of action for the poorest, the bottom billion, people. This meeting is one of the first of several critical opportunities for the international community to agree on ways to accelerate progress on the MDGs. The six-point agenda outlined by the GMR - growth, human development, environmental sustainability, more and better aid, trade and more effective international institutions - provides a good basis for doing this.

We meet against the backdrop of the current global market turbulence and high commodity prices which threaten past and future progress towards the MDGs. It therefore adds to the urgency of developing credible global responses. The price of internationally traded commodities, particularly food grains and energy, most notably oil, are approaching record levels. This will increase poverty levels and pose macro-economic challenges in net-importing developing countries.

The international community needs a fully co-ordinated response to the market turbulence and commodity prices. It will be important for the World Bank, the IMF and the UN to urgently work together to lead the development of an international response to address all the elements of this crisis. We need both short term action to deal with immediate hardship, and a medium term agenda.

In this regard we welcome the call by President Zoellick for a 'New Deal for Global Food Policy'. Action would also be required to address rising oil prices, including through increased cooperation on supply, demand and the functioning of oil markets. In addition, we should redouble our efforts for a WTO trade deal that provides greater access by poor countries to developed country markets and cuts distortionary subsidies in rich countries.

We therefore welcome the discussion at the Development Committee on how we can mitigate the negative impact of high commodity prices on the poor in particular, and what the Bank's role should be in this global response.

At this crucial moment, half-way to 2015, we need to as shareholders also ensure that we are making the most effective use of all our resources to accelerate progress on the MDGs. In this context we welcome the recent review of capital adequacy by the World Bank which concluded that the World Bank has around \$10bn in excess capital. We also call on the World Bank to provide leadership in developing options for how best to use this capital to help make faster and more urgent progress towards the MDGs. The September MDG mid-point meeting would be an opportune moment for the Bank to present concrete options for doing this.

Climate Change

We have recognised that climate change and environmental degradation could slow and reverse progress since 2000 . Some developing countries will suffer from the most harmful climate change and the degradation of natural resources. The GMR spells out the urgent need both to accelerate progress towards the MDGs *and* to tackle harmful climate change that threatens the well-being of all countries, especially developing countries. We need to mitigate further climate change and assist countries adapt to its impact. The World Bank Group has a key role to play in both areas.

The Bank must provide leadership in providing and leveraging additional finance for mitigation and adaptation. We therefore welcome the Bank's work in developing a set of multilateral funds referred to as the Climate Investment Funds – including the Strategic Climate Fund. We will seek to build further support for these funds, to progress with their design and be quick to capitalise them with new resources.

The task is urgent, and at the Autumn Meetings we must agree a Strategic Framework on Climate Change (SFCC) for the Bank. It needs to have a comprehensive results framework and set out how the Bank will put climate change and environmental issues at the heart of its work. These issues are development issues – there is not a choice between addressing climate change and poverty reduction; the two issues are fundamentally linked.

We welcome the progress that has been made on the Clean Energy Investment Framework. We are pleased that the Bank has agreed to publish – along with the other multilateral development banks – a joint paper on how they will coordinate more effectively in tackling climate change. In the next few months the World Bank and MDBs need to outline a level of ambition for the CEIF and a set of targets across sectors and pillars.

The Bank's Strategic Direction

We welcome the progress made in developing the six strategic themes outlined by President Zoellick last October. The working groups have done some good work in reviewing the Bank's current activities and presenting innovative ideas across the six themes to deliver on the vision of a sustainable and inclusive globalisation. Now we need to focus on implementation, setting results and timelines.

Voice

The Bank needs to evolve to reflect today's world and to ensure that it is as effective as possible. The representativeness of international institutions needs to be improved to increase the voice of borrower countries. We welcome the progress that has been made at the IMF and the Issues and Options Paper that was presented to the Bank Board earlier this year. We look forward to a full package of reforms being presented for discussion by the Development Committee at the Annual Meetings this year. Such a package should include measures to ensure an open and merit-based Presidential selection process.

IDA 15 Commitments

The Bank is one of the most effective development institutions. It makes a critical contribution to donor efforts to achieve the MDGs, and we were pleased to provide such a large UK contribution to the IDA15 replenishment. But the challenges posed by the MDGs, climate change and global economic turbulence means that the Bank needs to make the best possible use of its funds. So we urge swift implementation of the commitments made during the IDA15 negotiation. These include further decentralisation of staff and decision making authority to improve its own delivery and partnership working – the latter being critical to the Bank's effectiveness. It also needs to have the incentives and mechanism in place to ensure that staff implement the Good Practice Principles on conditionality consistently, making good use of poverty and social impact analysis.

Conclusion

Today, we have the knowledge, the technology and the wealth to make a difference for millions of people on our planet by helping to lift them from grinding poverty by giving them the opportunity to learn, be healthy and make enough money to support their families. In 2008 we must all demonstrate the political will and do more to turn our promises into action.