



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-EIGHTH MEETING
WASHINGTON, DC – OCTOBER 12, 2008

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Statement by

Mr. Bert Koenders
Minister for Development Cooperation
The Netherlands

**On behalf of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia,
Cyprus, Georgia, Israel, the Republic of Macedonia, Moldova,
Montenegro, The Netherlands, Romania and Ukraine**

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78th MEETING, WASHINGTON DC, 12 OCTOBER 2008

1. We meet in Washington today against the backdrop of global economic turmoil and concern about the robustness of a coordinated international response. The slowing down of the world economy reflects the increasing interaction between the financial crisis and the real economic cycle. And although the crisis until now has had a larger bearing on industrialised countries than on developing countries, we are fully justified in focusing on the effect of recent economic developments on long-term growth and efforts to overcome poverty in developing countries, and on the role of the World Bank and the IMF. Recent developments will also have an impact on the World Bank Group's Strategy. Other critical issues to be discussed at the Development Committee meeting are climate change and development, and how to give developing and transition countries a stronger voice in the Bank's decision-making. In my written statement I shall mainly focus on these topics.

Food, energy and the effect of recent economic developments on long-term growth and efforts to overcome poverty

2. At the Spring Meeting, we discussed the consequences of the rising food and energy prices. Now, it is not only the food and energy crisis that demands our attention, but also the international financial crisis, and its effect on the world economy and the attainment of the Millennium Development Goals. Fortunately, the crisis has not yet directly hit the financial sector in developing countries. But this could change without warning. And the crisis could also have an indirect effect if Western banks reduce foreign loans and investments.

3. In June, the IMF predicted a fall of 15%, but the true figure could well be higher. Furthermore, because of the indirect effect of the crisis on economic growth in the major world economies, poorer developing countries will also suffer from a decrease in demand for their products. It is also very likely that the robust economic growth enjoyed by developing countries over the past few years will diminish over time. This downturn will be more severe the longer the credit crisis in the world continues. Therefore, appropriate macro- and regulatory policies for dealing with the current global crisis have to be put in place. These policies should also clarify and further define the responsibilities of the industrialised countries and the roles of the Bank and the Fund.

4. Development banks like the World Bank can help prevent a reversal of the MDG gains of the last few years and should be ready for a swift and flexible emergency response, much like that already given by the World Bank through the Global Food Crisis Response Programme. But we also have to speed up and bring innovations to our ongoing efforts to lift the existing structural barriers to development. So, today, we should not just address the Bank's emergency response but also provide guidance on how to structurally improve the effectiveness and accountability of the WBG's entire operational framework, and look at the opportunities for change this crisis can offer the World Bank and aid architecture in general.

5. We can do so by looking for opportunities to increase agricultural production, an endeavour which is also essential with regard to lowering food prices. Although prices have stabilised in the last few months and some prices have even fallen, price levels for the most important crops like corn, rice and soy are still three times higher than they were at the beginning of the century and are expected to remain high. Our constituency views the high food prices as a problem for developing countries which are net importers of food. There is clearly a role for the IMF in helping affected countries to overcome balance-of-payments problems. In the long term these countries will have to adapt to the altered circumstances and put their balance of payments in order.

6. We further believe that the World Bank has an important role to play in giving advice on how countries can effectively mitigate the impact of high food prices. We share the World Bank's view that income support is the best way to avoid hunger in the short term and much better than subsidising food for everyone. However, in the long term we have to strive for a sustained improvement and diversification of the agricultural sector in developing countries and invest in their capacity to absorb price fluctuations.

7. Our constituency supports the World Bank and the IMF in their call to reject price controls and export restrictions, because these measures could weaken incentives to raise agricultural production. We further believe that the World Bank should support countries by financing agricultural projects. Investing in agriculture could help reduce food prices and increase economic growth. We therefore strongly support the decision taken earlier by the World Bank to double the amount of money to be spent on agricultural projects in Africa to USD 800 million per year. We also welcome the USD 1.2 billion to tackle the problems directly caused by the high food prices. On the issue of energy prices, our constituency would like to emphasise that there is no need to subsidise energy on a massive scale in the oil-producing developing countries.

8. In the remainder of my contribution to the Development Committee's debate I would like to highlight two highly interrelated issues on which our constituency expects strong progress in the coming years: effectiveness and accountability.

Effectiveness: Strategic Directions for the World Bank Group and Internal Governance

9. I was very pleased to read the progress report on the strategic directions for the World Bank Group and in particular to learn of the acknowledgement that the World Bank's current business model has reached its limits in effectively responding to today's development challenges. The message of management seems to be that we cannot exploit new opportunities if we don't change the way we do business. Our constituency therefore wholeheartedly agrees with the need to transform the WBG into a 'nimble, flexible and client-focused' organisation.

10. The question is how to do that in such a way that we actually strengthen the existing strong fundamentals that have served the Bank so well over the past 60 years. The Bank's financial base must remain strong and viable, and we need to continuously look for opportunities to deploy our capital where it delivers the highest development impact; in other words we need to seek the 'biggest development bang for our buck'. Once the financial markets have calmed down, I would welcome a sophisticated and informed discussion on the Bank's capital adequacy, based on the strategic priorities and on the principle of preserving and strengthening the IBRD's income-generating capacity.

11. A second fundamental basis of the Bank is the knowledge and skills of its staff. These skills are needed to design country programmes and to serve country demands. That can best be done locally. Knowledge is meant to be effectively transmitted to local researchers and policymakers and translated into practical policy. It is not supposed to stay in Washington or be stored in thick, glossy reports. While acknowledging the progress made, in particular at IFC, our constituency looks forward to receiving viable

proposals for further decentralisation. This is especially important in fragile states, where qualified World Bank staff should be working on the ground. To be really effective in fragile states, the World Bank also has to react faster by unravelling its sometimes complicated procedures. As far as we are concerned, these proposals for further decentralisation may be radical and actually break away from our Washington-centric model of operations.

12. Working out the organisational consequences of management's strategic directions requires a Board that is able to give strategic advice and to oversee the reform of the Bank's operations, not a Board whose time is dedicated to details and the vetting and approval of the Bank's many products. My constituency is pleased to learn that the Board's working group on internal governance has produced a report that sets in motion a reorientation of the relations between management and the Board that will benefit the entire governance and effectiveness of the Bank. We call upon the next Board to work closely with management to implement the current proposals. We look forward to receiving more detailed reports and to continuing our discussion at future sessions of the Development Committee on all aspects relating to the Bank's effectiveness in implementing its strategic directions.

13. To support the further elaboration of the strategy, the Netherlands organised a conference on the future of the World Bank on 12 and 13 July. Many high-level participants from multilateral development banks, developing and OECD countries, NGOs and think-tanks took part in this conference. And although it is difficult to draw conclusions, as reflected in the summary attached, it was clear that nearly all participants were of the opinion that: the legitimacy of the World Bank should be improved by strengthening the voice of Developing and Transition Countries (DTCs); the Governance structure of the Bank could and should be made more effective and efficient; the fight against climate change should be considered to be an integral part of the development agenda of the World Bank; cooperation and coordination between the institutions involved on the issue of fragile states should be strengthened; and the World Bank should play an important role in combating further fragmentation of the international aid architecture. In our view, invitation-only conferences like this could contribute to elaboration of the strategy and should also take place in other countries.

Accountability: Enhancing the Voice and Participation of DTCs in the WBG

14. We agree with the proposals put forward by management on strengthening the voice and participation of DTCs. We consider the mini-package to be a useful staging post on our way to a significant reform of the shareholdership of this institution. The package is historic in two important ways: adding an additional African chair to the Board means that a majority of chairs represent DTCs; and the paragraph on the selection of the president is confirmation for my constituency that, as in the case of the IMF, geographic preferences will no longer play a role in a transparent and merit-based selection of the president of the World Bank Group.

15. But we must now keep up the momentum and continue our efforts to move forward towards a significant realignment of shares. For our constituency, it is important that such a realignment reflects the global mandate of the WBG and that we do not artificially divide the shareholders in static blocks. This is a global cooperative institution in which shareholders constitute a very diverse clientele. Their number of shares and corresponding voting weights should therefore not only be determined by the relative weight of a country's economy, but also by a shareholder's use of the institution, be it through IDA donations and trust fund support or through the procurement of the WBG's financial and advisory services.

16. Accountability and effectiveness are closely intertwined. I am therefore pleased to see that the document on voice and participation pays sufficient attention to the importance of decentralisation and improving internal governance. We should not forget that these measures are not so much about the voice of shareholders, but about the voice of stakeholders and about the operations of the Bank closer to the

global poor and underrepresented. In this respect, we would ask for special attention for fragile states, where it is even more important to work at local level, as close to the 'Bottom Billion' as possible.

17. In this respect, the Bank could further improve on harmonisation and alignment, and follow up the recent conference in Accra. The possible diminishing of money flows to developing countries, as a consequence of the current financial crisis, demands greater effectiveness and greater coordination, not only by bilateral development agencies, but also by multilateral institutions. The upcoming conference in Doha should help bring this about.

Development and Climate Change

18. Our constituency welcomes the Strategic Framework on Development and Climate Change, since addressing climate change is central to development and poverty reduction. We agree that the Framework should be an integrated part of the Bank's overall strategy and form an integral part of its global public goods strategy in areas where the Bank could act as a catalyst.

19. We believe that financial resources for the climate change agenda should be additional to the present levels of ODA finance so as not to compete with other MDGs. Adaptation measures should be integrated and mainstreamed into development aid.

20. Our constituency welcomes the new Climate Investment Funds and is pleased by the substantial pledge of USD 6 billion to the new funds. However, we would ask for more attention to be paid to the issue of renewable energy for the poor. This subject does not get the attention it deserves.

21. The carbon-poor development of fast-growing developing countries is another key issue. So clean technology should be applied as soon as possible.

22. The Framework recognises that, for the Bank to be effective and accountable in this area, it is important to work closely with other development partners, including the UN (UNFCCC, UNEP, UNDP), the GEF, Regional Development Banks, bilateral donors, the private sector, research institutions and civil society. In the area of climate change, the WB should focus on its comparative advantages and should agree with its partners on a proper division of labour. The maximising of synergies between IFC, MIGA, IBRD and IDA also deserves attention.

23. New products should focus on raising private sector finance, which will form the lion's share of funding for climate change. We welcome the relatively large role allocated in the document to IFC and welcome the development of a climate change strategy.

24. With respect to the development of a portfolio of strategic Climate Investment Funds (CIFs, and the umbrella vehicle), we are pleased that over recent months we have seen much stronger involvement on the part of developing countries. But we remain concerned about the risk of proliferation as well as duplication of funds and difficulties concerning their governance. Given the establishment of the Adaptation Fund (AF) in Bali, any replication of existing efforts will raise questions of coherence and effectiveness.

25. The Framework also mentions the study on the economics of adaptation. This study could shed light on the extra costs relating to climate change necessary to achieve the development goals. We believe that the World Bank could do more to integrate the work on adaptation into its other fields of work.

An Eye on the Future: the World Bank in a Changing World

12-13 July 2008, Amsterdam, the Netherlands

Conference Synopsis¹

“Together we can make a difference”

Edith Grace Ssempala

The Conference was hosted and organised by the Netherlands Ministry of Foreign Affairs, in conjunction with the World Bank and with the support of ODI. The conference brought together international experts, opinion leaders and political figures to discuss future challenges faced by the World Bank.

The focus of discussion was on the period beginning in 2014, when the next IDA replenishment but one would be required. The recent (2007) replenishment of the IDA (the soft loan financing branch of the World Bank Group) provides financing of \$46.1bn to 2011. The one after that will cover the period 2011-2014.

For the immediate future, the World Bank President, Robert Zoellick, has identified six strategic themes, which provided a platform for discussion. These are: (i) doing better in the poorest countries, (ii) working effectively in post conflict and fragile states, (iii) developing more competitive development solutions for middle income countries, (iv) delivering effectively on global public goods, (v) engaging with the Arab World and, (vi) knowledge and learning.

In considering the period after 2014, there were three main overarching questions:

1. What assumptions should be made about the global context?
2. What would be the role of development cooperation?
3. Where and how would the World Bank sit in the global development cooperation architecture?

The Conference did not seek definitive answers to these questions. However, discussing them helped to clarify the big choices facing the World Bank Group. In 2007, the World Bank had been identified as “...the leading global development institution. It plays a central and effective role in efforts to reduce poverty. Its expertise on global debates on development issues and the high quality of its staff are well known and valued.” (DFID, UK) If that were to remain true in 2014, then the World Bank would have to decide how to:

- 1. *Reform its internal governance structure:*** including modernizing the Bank’s board, finding innovative approaches for financing (such as the use of IFC funds for replenishing IDA) and further decentralization.
- 2. *Develop new approaches to operating in risky environments and situations of crisis:*** including better analysis, less focus on projects more focus on system design, different skill sets, stronger partnerships and improved ways of working with the ‘politics’ of fragile situations.

¹ The conference ran under Chatham House rules. The synopsis captures major discussion threads but does not attribute contributions.

3. ***Adopt a more regional approach*** for tackling cross-border challenges such as conflict and fragility, environmental change and harnessing private sector investment for growth and development. .

4. ***Emphasise its role as a facilitator and catalyst of private sector development/engagement:*** including working more effectively with the private sector in environmental initiatives and developing structures to support entrepreneurship and job creation in fragile states.

Day One : Opened and moderated by Minister Bert Koenders (MFA) and Simon Maxwell (ODI)

Keynote Session: Global Development Challenges and the Evolving Role of the World Bank

[Key note speeches by Simon Maxwell and Trevor Manuel, interview with Robert Zoellick]

Globalisation involves tremendous opportunity and great risks. We are living in a world in which equity and openness exist in a new mix, in which responses to global challenges are institutionally and politically complicated and in which success and failure are close companions. Inclusive and effective global institutions are crucial in our ability to respond to and function in this changing world.

The World Bank Group (WBG) is the leading global development institution. As such it is heavily relied upon to provide leadership, knowledge and financing across the breadth of the international development agenda. But it also faces challenges that are both structural and substantive in nature.

The purpose of the conference was to share experience and ideas that could contribute to ongoing efforts to enhance the World Bank's role and effectiveness.

Key themes and messages

The World Bank reinvents itself for every generation – by 2014 it will need to do so again and will face key choices about its place within the overall architecture. Key issues include:

- The size of IDA. With promises of increased ODA by 2013 (\$130bn plus), a higher percentage of the world's poor residing in countries graduating to middle income status (India by 2010, Pakistan by 2013), and an estimated 70-80 % of the very poorest people living in conflict affected, post-conflict or highly fragile situations how large does IDA need to be to remain effective?
- Development cooperation is changing. Development, diplomacy and defence are increasingly intertwined. In the future key developmental issues will be determined where foreign policy, aid and trade connect. What will be the role of the WBG in this shifting landscape?
- Aid is on the increase but it is a declining share of total flows now going to developing countries. At the same time, there is also an increase in South-South cooperation and in aid flows within the South and emanating from the South. Development finance is changing with a potentially more fractured future than the situation today. What is the case for the Bank operating as a *one stop shop* but one which would need to demonstrate competitive advantage in a world in which contestability and accountability are key principles of aid delivery?

- With new funding sources coming on stream, the share of multilateral assistance is declining. Is this the beginning, albeit unplanned, of a long march against multilateralism? Or is it time to stand the aid architecture on its head?

But how fit for purpose is the Bank as a global governance institution? The Bank's internal structure is complex: three tiers of decision-making include governors, executive directors and management. The process is often opaque and the outcome not always consistent. Paradoxically those with most voting power on the Bank's board are the members with the least need of the Bank's services. Recipient countries are relatively under-represented. Addressing this concern is a key challenge of the Bank: how to accommodate the need for greater representation while ensuring that the donor countries do not "lose their voice" or creating an even more complex process of decision-making as a result. Improving the internal governance of the institution is clearly desirable (and current efforts attest to that) but also critical for the continued relevance of the organisation.

A key role for the Bank is learning lessons for the next generation of development challenges. The recent Growth and Development Commission www.growthcommission.org signals a shift away from orthodox development policy, identifying the next generation of challenges linked to inclusive growth and globalisation. Africa, for example, has never been in a better position (macro-balances are strong, growth rates are positive) but there is still too little investment in the productive economy and the quality of life is still not improving for the majority. These economies need to know about the levels of incentives and public investments that are necessary for private investment to take off and ensure the long-term diversification and integration into the global economy. This is a key role for the WBG going forward.

Other major challenges in the lead up to 2014 include:

- Anticipating change – the role for the WBG in advocating on behalf of other agencies and fundraising for the international development effort as a whole. The Bank as 'advocate general'.
- Moving ahead in a messy, complex aid architecture which is unlikely to be less messy in the short to medium term. The limits of a 'central planning' approach to architecture reform and the importance of a more networked approach based around transparency, benchmarking and evaluation.
- Balancing engagement in MICs, where many of the world's poor will be living post- 2014, and engagement in LICs, many of which will be conflict affected, emerging out of conflict or weakly performing.
- Combining knowledge, coordination and implementation effectively, constantly assessing what is working and what is not, adopting a problem-solving approach.

Panel Session 1: The Challenge of Delivering Global Public Goods: the World Bank's role in Tackling Climate Change

[Keynote by Katherine Sierra, Panellists Michael Zammit Cutajar, Roland Kupers, Surya Sethi, Manish Bapna, Jacqueline Cramer, Moderator: Herman Wijffels]

The session was framed around the WB's role in mitigation/adaptation and how the Bank fits into the broader global architecture for tackling climate change. Main themes for discussion were:

- The need to address concerns that CC action will involve a diversion of resources from other critical development challenges
- The importance of developing new financial products across public and private sectors to respond to CC
- How to work effectively in an era of uncertainty regarding the future climate regime (post-Kyoto), and
- Working effectively with partners

The Bank is currently working on a number of fronts that include:

- Mainstreaming climate action into core development agendas
- Leveraging finance – the IDA 15 replenishment includes additional funding for the Bank’s climate work; plus new instruments such as the CIFs.
- Developing customised financial products, particularly for MICs
- Supporting the enabling environment for private sector engagement – technology and private financing
- Stepping up policy analysis (WDR 2010 will be on CC) in advance of Copenhagen and the post-Kyoto talks.

The panel and floor discussion emphasised the following:

The Bank has been at the beginning of every institutional innovation in the CC area. It has made considerable progress in articulating a strategy on CC. Its role remains critical but going forward it is essential that Bank initiatives are fully aligned with the UNFCCC architecture. The UNFCCC is established around a system of commitments NOT just aid transfers. The former is critical in shaping future global public action on CC.

There is still a need for more ambition – a more transformative agenda on CC. The Bank has a unique role not just in scaling up investment in low carbon technologies but in scaling up efforts to create an enabling environment for the market in low carbon technologies. WB funds are critical and they need to play to their strengths in terms of high value, focused and high impact investments.

An effective post 2012 agreement on CC needs transformative levels of finance and a strong financial architecture. Current concerns about the funding regime include proliferation (14 new international initiatives by different organisations in the last 18 months), a lack of additionality in newly announced funds, ownership of the Adaptation Fund and continued operation by these special funds outside of the UNFCCC.

There are a set of critical functions that will be need support going forward (c.f. Stern at <http://www.lse.ac.uk>), waiting for the optimal climate architecture to emerge is not an option. Action is needed now to bring about more effective cooperative action in the short to medium term.

Some of the issues around mitigation and adaptation that emerged from panel one include: the need for a more transformatory approach by the Bank in dealing with current global crises such as climate change. This transformation calls for among other things, the need to improve internal governance to reflect the way in which the Bank responds to crises; and also the need for the Bank to use/ come up with new instruments to engage with emerging crises associated with climate change.

Challenges going forward include:

- Harmonising country and regional strategies with what needs to be done globally
- Setting priorities and estimating the true cost of mitigation and adaptation actions
- Being clear about who bears the cost
- Incentivising cooperative action, and
- Retaining the focus on empowerment and poverty reduction.

Panel Session 2: The World Bank's Role in Fragile Situations.

[Keynote by Ashraf Ghani, Panellists Ad Melkert, Dennis de Tray, Alistair McKechnie. Moderator: Ngaire Woods]

The backdrop to the session was framed in terms of the coming together of political, economic and security goals, the risks of fragility posed by the current crises in food and fuel prices and the possible diversion of aid resources away from fragile states as the financial crisis and oil price shock hit aid budgets in donor countries. The scale of the challenge was made apparent by the 2.5 billion people who currently live without secure property rights, the number of countries that are currently moving out of and then back into conflict and the extent of regional contamination from ongoing conflicts such as Darfur and Somalia.

The Bank's current involvement in fragile situations has five main elements:

- Research, learning and the dissemination of knowledge
- Being a strategic partner to government
- Assisting in identifying a bankable programme and supporting it with technical advice and knowledge
- Mobilising resources in a coordinated way (MDTFs etc)
- Coordinating efforts in areas related to Bank competencies (leaving wider coordination to others) and playing a supporting role in areas where it does not have comparative advantage.

The panel and floor discussion emphasised the following:

The Bank is a long term development organisation. The Bank's ability to respond quickly and flexibly in line with humanitarian agendas is reduced in part because of its internal governance structure, in part because of its history as a project financing institution, in part because of its staffing and incentive system.

Too little is really known about different methodologies for rebuilding fragile states. The analytics are currently weak. There is a huge role for the Bank in research, learning and dissemination and in providing a forum for evaluating methodologies for engaging in fragile situations.

At the implementation end, the Bank should focus on its areas of core competence including rebuilding economic governance, infrastructure, jobs and employment.² Managing expectations is key, pointing to the importance of balancing 'quick wins' with longer term state building and development. Some questioned how effectively the Bank can engage in the highly political project of state-building, while others focused on the part that the Bank can most effectively play in the state-building process alongside other actors.

Speed is of the essence in fragile situations, but neither the UN nor the Bank is 'made for speed'. Discussions revealed a certain consensus that change is possible if based on a more flexible governance structure; a move away from project funding to the wholesaling of funds in support of national programmes; simplified procedures (particularly for procurement); and a stronger emphasis on knowledge and partnerships.

The importance of entry and exit strategies is fundamental in fragile situations. Knowing when to intervene and when to depart is potentially critical in determining the success of Bank engagement and

² In this regard, there is a need for the Bank to create an enabling environment that will support job creation and which may entail financing infrastructural development, private sector development etc.

partnership. This points to the need for stronger impact assessments of the Bank's interventions and of the decisions to disengage at critical moments in the conflict cycle.

Panel 3: New Actors, New Flows: The World Bank Group, the Private Sector and Sustainable Growth

[Keynote by 'Mo' Ibrahim, Panellists Michael Klein, Kandeh Yumkella, Donald Kaberuka, Alexandra Trezciak-Duval. Moderator: Stephen King]

In a world in which ODA is being dwarfed by private sector flows to developing countries a key question for the Bank Group is how to (a) better understand these new flows, and (b) clarify its niche in relation to them. This session looked at the proliferation of new actors and new donors and the challenge of sustainable and inclusive private sector led growth.

The role of the private sector, as provider of jobs and a more prominent actor in the aid architecture, was also emphasized in other sessions. For example, panel 1 discussed the role of the private sector in environmental initiatives such as Carbon Capture and Storage. Equally, in fragile states, the private sector was noted to be important for the creation of much needed jobs. Structures to support entrepreneurship are a high priority in this context.

The private sector is already investing. The challenge for the WBG is how to create the right environment for an increase in such investment through support for human capital, effective economic governance and small and medium scale enterprise development.

Job creation is vital; productive jobs need functioning markets. The WBG and IFC in particular are already heavily engaged in client countries creating new markets (e.g. for insurance), providing new financial instruments (e.g. local currency instruments) interacting between public institutions and the private sector and supporting an enabling environment for business.

The need to empower women (e.g. in terms of titles to property, access to finance, ownership of businesses etc.) was also emphasized. Poor women play a major entrepreneurial role with a strong track record in investing well.

The agenda for future action remains large however, including:

- More work on meso-financial instruments,
- Support for agri-business and local supply chains,
- Investments in infrastructure and energy to support rural and small to medium scale enterprise and continued work on corporate social responsibility.
- A major task remains of leveraging financing for the less attractive locations and sectors (where private flows are currently limited), managing risk and working more closely with regional institutions to support an enabling environment for investment and growth.

The discussion further emphasised the Bank's role as a convenor of knowledge and good practice (not always as an implementer), its work on system/regulatory reform, capacity development and leadership on anti-corruption. Harmonisation and coordination remain vital tools.

Roundtable – the Challenge of Effectiveness

[Moderator Bert Koenders, Discussants Ashraf Ghani, Ronald Gerritse, Trevor Manuel, Mo Ibrahim, Donald Kaberuka, Justin Yifu Lin, Simon Maxwell]

The question for the roundtable discussion was ‘what kind of Bank do we want to see in the middle of the second decade (2014)’? The background to the discussion carried over from the panels and the keynotes in the morning: global trends require changes in the way international institutions operate. Institutions have not kept pace with the realities of globalisation. Events are increasingly global and regional and require inter-organisational responses, new bundles of finance and knowledge and new forms of cooperative decision-making. The Bank has to see its future lying within this shifting landscape.

On what the Bank should be emphasising in 2014, discussion centred around:

- The Bank as a catalyst to public and private investment for poverty reduction, lowering the cost of development action and moving beyond the project-centred approach.
- The Bank’s role in delivering additionality – taking the risks others cannot take and delivering competitive financial solutions at country level
- The need for new methodologies for engaging in fragile states (the current lack of such methods is indicative of how challenging the problems are in the current aid architecture)
- Reforming governance is central - a non-resident Board with a bigger role for Bank Governors would provide stronger focus on the mission of the organisation “legitimacy is a matter of survival for the institution”
- Some order is needed in the financial system, a stronger WB has to be matched by a stronger UN and a stronger EU. The strength of the multilateral system going forward lies in a group of results-oriented set of institutions working to a clear set of accountabilities.
- The possibilities of a more networked approach in which the Bank adopts both a coordinating but also an ‘advocate general’ role on global and regional public good issues.
- More benchmarking, more evaluation and more transparency.

Day Two: Opened and moderated by Minister Koenders and Alison Evans (ODI)

Day two opened the conference discussions up to a wider public audience, broadening the debate on the forward agenda and the critical mission of the World Bank.

Panel Discussion: Recap on Day One.

[Trevor Manuel, Edith Ssempala, Simon Maxwell, Herman Wijffels, Mo Ibrahim, Katherine Sierra, Ashraf Ghani]

Reactions: Arthur Arnold, Farah Karimi

There was a recap on the main discussion threads from day one followed by floor discussions on a wide ranging agenda with particular emphasis on:

The need for a more representative institution and achieving equitable change whilst representing shareholder interests. Suggestions from the floor included electing independent members onto the Bank's executive board, limiting European representation to one EU seat and changing voting arrangements in favour of developing countries. Others pointed to the fact that EU-donors contribute more than 60 % to IDA, a fact that also should be taken into account, looking at voting arrangements. Settling timelines to address internal governance is crucial.

A strategic push for more grant financing through IDA, drawing on IBRD and IFC income. Balancing this with the need to retain the developmental, as opposed to charitable purpose of IDA ODA becomes too much charity. Grants also can delay the development of a good national tax system, which is needed to generate a country's own income.

Engaging with reform of the wider multilateral system, a new paradigm for multilateralism that includes reform of the UN system as well as the IFIs providing more choice and more flexibility in the response to global challenges.

Moving beyond a project centred approach to a customised and tailored approach which places the client at the centre. The importance of moving from a supply driven to a demand driven knowledge institution.

A solutions focused Bank, converting its considerable brain power into action, taking the risks that the market won't take.

Not a single issue Bank, no real appetite for the Bank as the 'Environment Bank', instead some are concerned that the climate change agenda will overwhelm its core mission to reduce poverty.