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TEXT OF THE ORAL INTERVENTION MADE BY THE UNION FINANCE MINISTER SHRI P.CHIDAMBARAM AT THE DEVELOPMENT COMMITTEE MEETING IN WASHINGTON D.C.

New Delhi, 13th October, 2013
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Following is the text of the Oral Intervention made by the Union Finance Minister Shri P.Chidambaram at the Development Committee Meeting of the World Bank in Washington, D.C. yesterday:

Mr. Chairman,

Last April, we endorsed the twin goals of "ending extreme poverty and promoting shared prosperity" by 2030. We now have an opportunity to examine the proposed path to achieving these goals.

I think the proposed Strategy is well thought out, comprehensive and in the right direction. There are many aspects of the Strategy that are attractive and critical to the achievement of the goals: aligning all activities in achieving the twin goals, drawing on comparative advantage to maximize development impact, and working as one World Bank Group and becoming a 'Solutions Bank'.

We are glad that the World Bank Group is finally realigning its financial strategy to support its mission and its goals. I support the primacy being given to the principle of financial sustainability. I welcome the statement that implementation of the Strategy will require a significant scaling up of financial resources. Only a financially robust World Bank Group will have the ability to meet the strategic and cyclical challenges that it faces over the medium-term. We are happy that management is willing to look at all options for augmenting revenues, reducing costs, and using its available capital more efficiently. These are the right first steps. I would recommend that conversation on augmenting capital should commence immediately.

Let me look at the problem this way. The lendable resources of the World Bank today are about USD 14 billion a year. If we do nothing, this will decline to about USD 12 billion a year. Mr. President, you have said on more than one occasion that there are 1.2 billion people living in extreme poverty. Put those two numbers next to each other and what do we get: we reach the depressing and frightening conclusion that we will have USD 10 per year per individual living in extreme poverty. The time to begin work on augmenting resources was yesterday.

I fully endorse the proposal that the allocation of resources by the World Bank Group should be driven by its Strategy. This is the only efficient and effective way of deploying scarce resources in a manner that establishes a clear line of sight between the goals and the activities undertaken by the Bank.

We support the proposed Country Partnership Framework. While sound diagnostics and customized 'solutions' are important, the development needs and priorities of the countries should be the centre-piece of this process.

During the Spring Meeting, I had recommended that intermediate goal-posts be established to ensure better tracking of progress. I am glad that President Kim has indicated an intermediate target of 9 per cent by 2020. Without an intermediate goal post, we would find it difficult to evaluate meaningfully the progress being made by the Bank in meeting the twin goals.

Rolling-out a complex Strategy is indeed time consuming. However, as both the goals and the direction have been established, it should be possible for the Bank to organize its activities in a manner that is more and more aligned to the pursuit of the twin goals. The poor of the world are getting increasingly impatient, as we witness every day. The success of the Bank depends, to a large extent, on battling delay and uncertainty and delivering with speed on its promises.

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