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GOVERNMENT OF INDIA

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**Text of the Union Finance Minister Shri Arun Jaitley's Speech at the  
Development Committee of the World Bank in Washington D.C. yesterday**

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Following is the Text of the Union Finance Minister Shri Arun Jaitley's Speech at the Development Committee of the World Bank in Washington D.C. yesterday where the Finance Minister spoke about the role of World Bank in the changed scenario among other issues:

**Mr. Chairman,**

1. I compliment the Bank for presenting a very well researched and comprehensive paper on the issue and the challenges of forced displacement the World is facing today. The conflicts in Middle East and North Africa (MENA) region and Sub-Saharan Region (SSR) and the fragility in many other countries have the potential to increase the concentration of poverty in these regions. The World Bank Group, therefore, needs to extend financial resources, provide analytical and advisory services and play a very meaningful convening role in such situations. Further, it may be more effective and efficient to create a financial intermediary fund along the lines of Crisis Response Window (CRW) in IDA to provide concessional finance to both low-income countries and middle income countries.

2. Moving to the Dynamic Formula update, it is heartening to note that the Shareholding reforms agenda has moved forward. We discussed Forward Look during Lunch today. The unfinished task of eliminating extreme poverty, achieving development ambitions enshrined in the Sustainable Development Goals (SDGs) and meeting the enormous challenge of reconstruction posed by conflicts and fragility calls for the Bank Group to expand its annual lending to 100 billion dollars. For doing so, both IBRD and the IFC, would need General Capital Increase (GCI). These two institutions would also need large Selective Capital

Increase (SCI) to reflect the increasing weight of Developing & Transition Countries (DTCs). These steps have to be taken in timely manner to maintain leadership position of World Bank Group in the development landscape.

3. I wish to reiterate that we must adhere to the Istanbul principles. We must accept that the time has come for raising partnership of DTCs in the IBRD and IFC to 50%. This would require that economic weight captured by GDP must remain the primary factor in the formula, with larger share of PPP based GDP of not less than 60%. IDA has enormously useful role in financing development in low income countries, but recognizing IDA contributions in IBRD/IFC share capital has adverse impact on voting share of developing countries. Therefore, it would only be fair if a weight of not more than 10% is given to IDA contributions in the dynamic formula. Such a weight should also recognize only recent contributions to act as rightful incentive for the emerging countries to contribute in IDA and should also recognize multiplier based on burden share and generosity.

4. The Environmental and Social Standards (ESF) discussions are also extremely important for the borrowing countries. The future of investment lending hinges upon adoption of pragmatic, developmental and utilitarian standards rather than divisive and political standards. I have noted that the consultation process with the borrowing countries has been completed. These borrowing countries, including India, have provided the Bank team with a good reality check on the potential implications of the proposed ESF- II draft standards. I am sure the Bank team would be able to take this valuable feedback into consideration and would now propose the right kind of standards for consideration of the member countries.

Thank you.

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