Statement by

Hon Steven Ciobo MP
Parliamentary Secretary to the
Treasurer of the Commonwealth of Australia

Australia

On behalf of the constituency comprising Australia, Cambodia, Kiribati, Korea (Republic of), Marshall Islands (Republic of the), Micronesia (Federated States of), Mongolia, New Zealand, Palau (Republic of), Papua New Guinea, Samoa, Solomon Islands, Tuvalu and Vanuatu
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90th Meeting of the Development Committee

October 11, 2014
Washington, D.C.

We welcome the focus of this meeting of the Development Committee: on the challenges of promoting shared prosperity. This is an agenda common to all of the Bank’s member countries. It is a particularly pertinent topic in the countdown to the 2015 Millennium Development Goals (MDG) deadline, and as the post-2015 development agenda is being finalized.

The world has made genuine progress in recent years. The MDG goal of halving extreme poverty was reached by 2010, five years ahead of schedule. Three other MDG goals have been reached ahead of the 2015 deadline: gender equality in primary education; access to safe drinking water; and improving the lives of 100 million slum dwellers. These achievements are real and should be celebrated.

But the overall report card is less satisfactory. In particular, progress on the social indicators represented by MDGs 2 to 7 has been halting. Many of the poor’s basic needs remain unmet. Indicators that track the socioeconomic status of the bottom 40 per cent of the population have proven difficult to improve, even though the income growth of the poor has been faster than that of the general population in many countries.

It is clear that growth is the key driver of poverty reduction; growth was instrumental in halving extreme poverty between 1990 and 2010. We therefore welcome the expectation that the global economy will strengthen between now and the end of 2015, and in particular the encouraging projection that the regions with 95 per cent of the world’s poor – East Asia, South Asia and Sub-Saharan Africa – are expected to grow at an annual average of six per cent over the next two years.

But we are all aware of the very real risks to this recovery, both geopolitical and economic. The pace of growth is currently low and uneven, and subject to downside risk. Moreover, even under the expected trend of a strengthening global economy, the prospects of reducing extreme poverty to three per cent by 2030, as envisioned under the World Bank Group Strategy, are not good. The status quo will not be sufficient for us to reach our objectives.
It is therefore critical that nations commit to policies that foster a more robust, job-rich recovery. More and better jobs should be our central policy goal in the battle to end poverty and boost shared prosperity. Fundamentally, job creation requires structural reforms to increase productivity and improve the enabling environment for private investment. A healthy private sector is the key driver of growth. Growth must be balanced and inclusive, creating the confidence for private firms to invest and expand, and thereby creating the jobs that help lift people out of poverty.

Earlier this year in Sydney G20 Finance Ministers and Central Bank Governors set an ambitious target of lifting the G20’s collective GDP by 2 per cent over the next five years. At their most recent meeting in Cairns, international organisations announced that members had already put forward more than 900 measures – including to accelerate infrastructure investment, progress financial reforms and encourage free trade – that the IMF and OECD estimate could add 1.8 per cent to collective GDP over the next five years. Countries will continue to work right up to the November G20 Leaders’ Summit in Brisbane to bring forward additional measures to reach the 2 per cent growth ambition. Together these measures can lead to the creation of millions of jobs, not just in G20 countries, but globally.

This Development Committee meeting provides a parallel opportunity for nations to consider the measures required to further boost job creation and ensure that its benefits are broadly shared. In addition to structural reforms, investments in human capital, in particular through education, are vital. So too are the development of efficient and well-targeted social safety net schemes, which, when effectively implemented, can break down barriers to economic participation and thereby contribute to growth.

Our constituency has a particular interest in the issue of sustainability, with many of our Pacific members facing challenges emanating from climate change and other forms of environmental degradation, including of our oceans. We urge ongoing investments to improve energy efficiency and increase the capacity of countries to manage their natural resources and plan for and respond to extreme weather events. We would welcome the World Bank Group’s consideration of the Samoa Pathway Outcomes of the recent 3rd International SIDS Conference as meaningful inputs to the implementation of the post 2015 agenda for many of the countries in our constituency.

We strongly welcome the partnership arrangements announced for the Global Infrastructure Facility (GIF). The facility is an example of the highly valuable and catalytic role that the World Bank Group can play when it works at its best: applying convening power and technical capacity to unblock constraints to private sector investment and thereby stimulating growth and poverty reduction. We look forward to its further development, including the trialing of the GIF concept in the Asia-Pacific region.

We welcome too the update provided on the World Bank Group’s work in supporting gender equality. Gender equality is not just a clear imperative but an economic necessity: improving women’s workforce participation increases growth rates and contributes to shared prosperity. We encourage the Bank Group to take further steps to support countries to address constraints to gender equality, including those relating to broad-based economic participation. This includes the development of better sources of data and innovative analytical tools to support action on the ground.

We note the update to the World Bank Group’s Corporate Scorecard. As shareholders, we continue to closely monitor and track the Group’s results. Ultimately the success of our efforts will be measured by results on the ground, through progress towards our twin goals of ending poverty and promoting shared prosperity.

Finally, in light of the Scorecard’s findings and the 1 July move to a new organizational structure for the World Bank Group, we wish to highlight the importance of the Group remaining attuned to the diverse needs of its membership. Global aggregates should not be the only measure of success; the Group will
need to keep a focus on small members too. Our constituency spans a vast and varied area, from landlocked Mongolia to the small island states of the Pacific. A number of these members face unique challenges related to their size, isolation and capacity constraints. We will continue to closely monitor the Group’s responsiveness to the needs of its members, particularly small island states. We wish to reinforce that the Group’s capacity to be genuinely transformational is perhaps most evident in small, resource and capacity constrained countries such as those represented in our constituency.