Address by ROBERT B. ZOELLICK,  
President of the World Bank Group,  
to the Boards of Governors of the World Bank Group,  
at the Joint Annual Discussion
RESILIENCE, RESULTS, REFORMS
Addressing the Crisis and Beyond

Robert B. Zoellick
President, The World Bank Group
Plenary Session
I. THE CRISIS TWO YEARS ON
GLOBAL GROWTH HAS RETURNED
but not strong enough to cut deeply into unemployment

Real GDP growth rates in percent

- World
- High-income
- Middle-income
- Low-income

GLOBAL GROWTH HAS RETURNED
but not strong enough to cut deeply into unemployment
OUTPUT HAS NOT RECOVERED
to pre-crisis levels in high-income countries and ECA

Most recent value, June 2010
FDI AND BONDS IN EMERGING MARKETS HAVE REBOUNDED, but bank lending remains weak to the detriment of LICs.
MULTIPLE POLES OF GROWTH ARE EMERGING
that can drive global demand

Map of GDP growth (5-year averages)
2006-2010
DEVELOPING COUNTRIES ARE INCREASINGLY an engine of global growth

Contributions to GDP growth

Contributions to global merchandise import growth (12 months ending July)
But countries face uncertainty given volatility and disasters. Natural Disaster Hotspots along with other environmental and social stress factors.
VOLATILITY IN FOOD PRICES CONTINUES
and is a vulnerability for many countries

Price, January 2007=100
2. THE WORLD BANK GROUP’S RESPONSE
WORLD BANK GROUP’s COMMITMENTS and disbursements are at record levels

**WBG Commitments ($ bn)**
- FY08: 38.2
- FY09: 58.8
- FY10: 72.9
- Cumulative (FY09 - Sept. 17, FY11): 137.4

**WBG Disbursements ($ bn)**
- FY08: 27.3
- FY09: 33.4
- FY10: 47.1
- Cumulative (FY09-FY11 YTD): 87.9

**Legend:**
- **IBRD**
- **IDA**
- **IFC (own account)**
- **MIGA**
Fast Response, Flexibility, Client Focus

**RAPID RESPONSE**

- $1.5 bn through IDA Fast Track - 50 countries benefited
- $1.6 billion through the Pilot Crisis Response Window
- $1.5 billion through the Global Food Crisis Response Program

**IFC SUPPORTING PRIVATE SECTOR**

- $6 bn in support for crisis response initiatives
- Global Trade Finance / Liquidity
- Microfinance, Infrastructure, Bank capital
- Renewable energy

**MIGA: FLEXIBILITY & NEW PRODUCTS**

- Financial Sector Initiative delivered
- US $1.5 billion in guarantees
Sharing “Know How” and Spreading Innovation

- Conditional Cash Transfer Systems
- Social Safety Nets
- Infrastructure
- Public Finance, Procurement, Transparency and Accountability
- Disaster Risk Management
Global Priorities

**Agriculture and Food Security**
- Scaling up financial support: $6.2 - $8.3bn annually
- Global Food Crisis Response Program (GFRP)
- Global Agricultural and Food Security Program (GAFSP)
- Strengthening the value chain
- CGIAR reform

**Climate Change**
- Supporting climate change activities in 133 countries
- $6.4 billion in Climate Investment Funds leverages climate smart investments in 44 countries
- Supporting UNFCCC – Building blocks
Global Priorities

Governance & Anti-Corruption
• Volcker recommendations implemented – new Prevention Unit
• 306 cases completed in FY10
• GAC Strategy intensive programs in 17 countries
• MDB agreement on cross debarment /StAR

Gender
• Gender Action Plan
• Adolescent Girls Initiative in 8 countries
• WDR 2012 on Gender
• Theme for IDA 16

Fragile States: Mixture of Governance, Development, and Security
• Use of Multi-donor Trust Funds: Aceh, Afghanistan, Haiti, South Sudan
• Theme for IDA16
• WDR 2011 on Conflict, Security and Development
3. REFORMS TO LEVERAGE EFFECTIVENESS
Reforms of Voice and Governance

Increased voting power of DTCs

- IBRD to 47.2 percent, up 4.6 percentage points since 2008
- IDA to 46 percent, up about 6 percentage points
- IFC to 39.5 percent, up by 6 percentage points

New Chair for Sub-Saharan Africa November 1st

Increasing diversity in management
Implementation of Financial Package

Projected gap in capital backing loans

Spring package

- General and Selective Capital Increases
- Reform of loan maturity terms
- Existing national currency paid-in capital
- Budget discipline

Equity-to-Loans Ratio

Target Risk Coverage Range

Capital Gap

<table>
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<th>Year</th>
<th>FY10</th>
<th>FY15</th>
<th>FY19</th>
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<td>Gap</td>
<td>27%</td>
<td>23%</td>
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<td>Ratio</td>
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Agility, Flexibility, and Responsiveness
Interconnected reforms to improve Results Focus

Modernizing Client Services
- Financial
- Knowledge

Enhancing Service Delivery
- Matrix
- Decentralization

Strengthening Enabling Systems
- IT
- HR
- Budget

Maintaining Standards
- Results Monitoring
- Risk Management

Achieving Results
- Transparency
- Accountability

Introduction of Corporate Scorecard to measure and monitor
Open Data, Open Knowledge, Open Solutions

**Open Data**
- Over 4,000 development indicators free

**Open Knowledge**
- Open to analysts -- PovcalNet; AdePT; Isimulate

**Open Forum**
- Join the development conversation

**Applications for Development Competition**
- Solve development problems

**Mapping for Results**
- Find project locations and see results
4. LOOKING AHEAD
IDA: the WBG’s Fund for the Poorest

IDA helps the 79 poorest countries (39 in Africa) to reach the MDGs

Unique strengths:
- Demand driven, country-based model
- Help countries coordinate and target aid
- Multi-sectoral approach
- Support for capacity building
- Knowledge sharing and policy advice

IDA has developed dynamically:
- 27 countries have graduated
- IDA donors increased from 17 to 45

Focus on results:
- First MDB to adopt systematic results measurement system
- Pilot innovative results monitoring approaches

Key themes: Gender, Fragile Situations, Climate Change, Crisis Response
IDA16: Building a Global Coalition for an Ambitious Replenishment

**Results Agenda**

- **IDA Beneficiaries**
  - • Increase in donor contributions reflects fiscal constraints
  - • Acceleration of credit repayments
  - • Hardening of lending terms
  - • Contribution increased to reflect economic weight
  - • New Donors
  - • Transfers to IDA
  - • Ongoing internal reforms
  - • Focus on operational and organizational effectiveness

**IDA16: Building a Global Coalition**

**TRADITIONAL DONORS**
- Increase in donor contributions reflects fiscal constraints

**IDA GRADUATES**
- Acceleration of credit repayments

**IDA BLEND COUNTRIES**
- Hardening of lending terms

**EMERGING DONORS**
- Contribution increased to reflect economic weight
- New Donors

**WORLD BANK GROUP**
- Transfers to IDA
- Ongoing internal reforms
- Focus on operational and organizational effectiveness
Challenges and Opportunities:

Slow recovery, continued high unemployment
- Social pressures
- Demographic challenges
- Risk of trade tensions
- Budget pressures

Need to rebuild buffers used in crisis

Special attention to:
- Budget consolidation with protection for most vulnerable
- Investment in infrastructure for further growth
- Tools to better manage risks of natural disasters and external crises

Food price volatility
- Global food security reforms
- Agricultural productivity and production
Challenges and Opportunities:

Developing countries as sources of growth

• Promote private sector investment
• Use of IFC Asset Management Company; new Equity Fund for SSA/LAC

G-20 & G-187

• G-20 can help improve cooperation among major developed economies and emerging economies
• Needed for sustainable recovery; adjustments for balanced growth; global economic challenges
• But sensitivity of non G-20 countries
• Special attention to interest of poorer and smaller developing countries
• Role for WBG & IFIs: expertise; resources; policy innovations; connected to all shareholders
On the horizon

Debt management

Bond market bubble?

Issues arising from search for yield?
Possible Questions for the Development Committee

**Resilience**
- Is our assessment of the external environment generally correct? Are there additional risks or opportunities we should be considering?
- What are developing countries’ expectations for their external financing needs over the next 3 years – from securities markets, banks, FDI, & the IFIs, including the WBG?
- How can the WBG best assist in reducing the risks to growth and increasing prospects for a sustainable recovery?

**Results**
- Is IDA’s experience with tracking and reporting on development results a sound starting point for further work on measuring results?

**Reforms**
- Would you adjust or qualify our principal areas of policy priority?
- What other steps or initiatives should we be considering to attract more private investment to developing countries and build their private sectors?
- What other advice might our shareholders offer on internal reforms and on governance agenda?
Possible Questions for the Development Committee

Looking forward

• What other steps should we – and possibly donors – take to achieve a successful IDA16 replenishment?

• What suggestions do G-20 and non G-20 members have for our effective support of that group and non-members?

• Do shareholders have recommendations regarding additional work the Bank should be pursuing on Agriculture and Food Security?

• What role would our shareholders like the WBG to be playing to support climate change financing in developing countries and to assist the UNFCCC process?
Annex I: IDA results

For IDA 12-15:

- 13 million lives saved through IDA
- 310 million children immunized
- 33.3 million mosquito nets purchased/distributed to prevent malaria
- 113 million gained access to an improved water source
- 2.5 million women given antenatal care
- 1.8 million health personnel trained to improve services quality
- Over 3 million teachers recruited
- Over 2 million classrooms built
- Over 118,000km roads constructed or rehabilitated
- Public Sector management reforms in 60% of IDA countries (IDA 14 & 15)
Annex 2: IBRD Results

In the last decade:

- Over 20 million people gained **access to water** and 10 million to sanitation
- 100 million have **improved water resource management**
- Support to **telecommunications sector** in over 40 countries
- 2007-2009, over 40,000 km of **roads constructed or rehabilitated** and 40,000 km roads **repaired or maintained**
Annex 3: The Reach of IFC’s Projects

In 2009, our clients provided:

- 2.2 million **jobs**
- $112 billion in micro, small, and medium **enterprise loans**
- 8 million patients with **health care treatment**
- 35 million people with **clean water**
- 29 million people with **power connections**
- 1.4 million students with **education services**