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Statement by the Hon. **JAN KEES DE JAGER**,  
Governor of the Bank for the **KINGDOM OF THE NETHERLANDS—NETHERLANDS**

**Statement by the Hon. Jan Kees de Jager,  
Governor of the Bank for the Kingdom of the Netherlands—Netherlands**

**International financial and economic situation**

The global economic recovery has recently suffered a setback. After relatively strong growth in 2010, the combination of slowing growth prospects and concerns about fiscal sustainability in parts of the advanced world have sparked adverse reactions in markets and the financial sector. This threatens to cause a negative feedback loop between sovereign, financial sector and the real economy that has to be controlled. Uncertainties around the public finances of some euro area countries - but also of the United States and Japan - have become key risks for global financial stability. As such, we believe that credible consolidation strategies without delay, combined with structural reforms, are now a critical priority in order to secure fiscal sustainability and long-term growth. Given the strong differences in the speed and progress of the recovery between countries and regions, the high level of global liquidity, and the fact that many distortions underlying pre-crisis global imbalances are still in place, global coordination on policy priorities is as critical as ever.

In Europe, we are taking bold steps to address the problems of distressed sovereigns, including through EU/IMF programs for Greece, Ireland and Portugal and adjustments to internal economic governance. The recent EU-wide stress test has focused on vulnerabilities in the banking sector, which are being addressed through European Banking Authority and as part of EU/IMF programs. Overall, the IMF has acted as a key contributor in crisis management in the euro area, bringing invaluable third-party expertise and conditionality. We welcome the Fund's continued involvement throughout the process of repair, reform and rebalancing in the euro area and beyond.

In several key emerging economies, growth has been very rapid in recent quarters. Such rapid growth can bring strong welfare benefits, particularly for the poorest in society. Yet it also could pose challenges to authorities. While emerging countries generally have a stronger outlook for fiscal sustainability than in the past and then some advanced countries, fiscal stances are often still accommodative, and interest rates potentially too low. Hence, in countries facing strong credit and asset price growth, financial inflows and overheating, we encourage the use of more countercyclical policies, including macro-prudential instruments and fiscal tightening, so as to ensure stability and enhance resilience.

## **IMF's role in a more stable and resilient international monetary and financial system**

To support macroeconomic and financial stability, the IMF has a crisis prevention and crisis resolution role. The IMF's surveillance and lending framework has already undergone a remarkable overhaul since the onset of the crisis, but more needs to be done to create a more stable and resilient international monetary and financial system. Although we are open to reforms and instruments that strengthen the crisis resolution role of the IMF, we believe the focus should lie on how to address the buildup of imbalances and vulnerabilities as this is key to prevent (systemic) crisis situations from emerging.

To address underlying imbalances, it is of utmost importance that risks and vulnerabilities are identified and communicated in a clear, consistent and timely manner. We welcome the significant progress over the past three years to address the shortcomings of IMF surveillance, including the spillover reports and the consolidated multilateral surveillance report as the most recent products. We look forward to an extensive discussion of these reports in the IMFC, and suggest building further on the experience and capacity gained with these reports by repeating the exercise next year. However, we should continue with the process of strengthening and improving the IMF surveillance framework building on the recommendations of the 2011 Triennial Surveillance Review (TSR) and the Independent Evaluation Office (IEO). We especially encourage the Fund and the membership to focus more on interconnections, spillovers, financial stability and capital flows.

## **World Bank**

The World Bank Group has worked hard since the outbreak of the financial crisis on an effective and immediate response to cushion the impact of the crisis on the most vulnerable. At the same time, however, some challenges remain unaddressed or have re-emerged and new ones have arisen. In Mogadishu, the capital of Somalia, the dire consequences of years of conflict, poverty and drought are glaringly evident. The current humanitarian crisis in the Horn of Africa is painful proof that achieving food security continues to be a major challenge. The Netherlands is actively engaged in finding a solution to the global problem of food security. Achieving the Millennium Development Goals remains a top priority and the position of women requires special attention now and in the future. The unrest in the Middle East and North Africa underlines the need to have a better understanding of the role jobs should play in the development process.

The World Development Report on Gender Equality makes a compelling case to further strengthen World Bank policies. The Netherlands agrees with the conclusion from the World Development Report that gender equality is a condition for economic growth and requires leadership by governments and commitment by development partners. We also agree with the Bank's proposed strategy to capitalise on the recommendations of the report. We put particular emphasis on expansion of country-level diagnostic work for a clearer understanding of the nature of possible inequalities and to enable utilisation of the most effective programme and policy interventions. These interventions need to be results-oriented, well-prioritised and to take account of the financial and human resources necessary to implement the agenda. Strengthening field-based and other partnerships with the United Nations, regional organisations, donors and recipient countries should also be a priority. In this context, we urge the Bank to engage the Ministries of Finance or Planning in the policy dialogue on gender in order to obtain broad commitment. For us it is evident that attracting the right expertise at all levels of the World Bank Group is a precondition for successful implementation of the recommendations of the World Development Report.

The Netherlands welcomes employment as the intended topic for the 2013 World Development Report. Employment is not only a key factor in making growth inclusive, but also contributes to social integration, social protection and a sustainably peaceful society. The Netherlands believes that the private sector needs to play a central role in the employment strategies of countries, since it is vital to securing sustainable employment opportunities and economic growth.

The Netherlands fully endorses the Bank's Corporate Scorecard which will report on operational and organisational effectiveness and the implementation of internal reforms. The Corporate Scorecard is an important accountability mechanism, supporting a strategic discussion with shareholders on Bank performance. The Scorecard should serve both the Governors and the Board to track progress on development results and organisational performance.