

**Director General Manuel Sager in his opening remarks particularly stated:**

- The Swiss-led constituency at the World Bank also specifically mentioned the report in its written statement to the Development Committee in October 2016, saying that more attention needs to be given to institutional arrangements and governance issues when formulating recommendations and allocating resources.
- In the new Dispatch on International Cooperation 2017-2020, the strengthening of the rule of law as well as democratic participation and the support for institutions that serve societies and the economy are one of our seven strategic goals. This is in line with the Sustainable Development Goal 16 on peace, justice and strong institutions.
- But this year's WDR report is not only about interventions on governance and the rule of law, but also about the relevance of political and institutional frameworks for development cooperation. As such, the report essentially takes up the relevance of a country's political economy.
- Let me end by congratulating the authors of the WDR on the thorough collection of knowledge about the relevance of power and politics, and the importance of understanding their role in eradicating poverty and promoting shared prosperity. As such, the report also confirms the World Bank's stance as an accepted, credible, accountable and legitimate development partner.
- Switzerland firmly shares the conviction that development outcomes are strongly influenced by the way a country is governed. Many countries regard Switzerland as a model in the areas of democracy, human rights and governance. But then, these are everyday processes that need to be constantly confirmed in the delicate interaction between state institutions and non-state actors.

**The Co-Lead author Luis-Felipe Lopez Calva focused on the report. You can also find an overview online. As well as the presentation of the launch here on the Shareweb.**

**In her reply, Ambassador and Assistant-Director General Elisabeth von Capeller made a critical appraisal of the report:**

- The report collects a vast amount of research connected to governance and the law and is as such an important state of the art document on these relevant questions.
- The report goes beyond just being polite and raises important aspects and dilemmas in development cooperation. It also follows-up neatly on the 2013 WB report on 'Inclusion Matters'. In this earlier report, it was shown how institutions, norms and historical processes can lead to exclusion.
- With regards to the key messages of the report, the three guiding principles that resonated and that SDC also support in its policies are:
- (1) Not form, but function: effective policy results do not primarily stem from the kind of institutions that are introduced, but are rather based on the functions that they serve. Also for SDC, as outlined in our Peacebuilding and State building Strategy, we do not aim at establishing particular institutions; rather we are supporting basic governance functions that enable mutually constructive relations between the state and society.

- (2) Not Capacity building but power asymmetries: inequality does not mainly stem from a lack of access to income, it mainly stems from a lack of access to influence on policy decisions. For SDC, aspects power asymmetries are key in order to understand the context of a partner country. As discussed in our democratization policy, we are aware that sustainable development always addresses deep-rooted power structures and relations.
- (3) Not rule of law but role of law: The laws of a society must be founded upon principles that are seen as legitimate by its own people. Even though we are currently renewing our Human Rights Policy, we already stressed more than 10 years ago that apart from formal particularly informal arrangements can be relevant for accountability.
- The report is very timely and legitimizes a lot of the work that has been done in this field since years. Not only in the global South, but also in the global North, globalization has left people behind. A peaceful and prosperous coexistence is however only possible, if all profit from ending poverty and shared prosperity. The report takes these aspects up and addresses this sense of vulnerability that lots of people feel.
- SDC will continue to work on power and politics. We will mainly focus on two very pragmatic aspects in the coming years: (1) While we use and also capitalize our experiences with political economy analysis, we aim to ensure that also our implementers are aware of these questions and approaches. (2) And, we want to focus much more on new ways how to support local problem solving – based on the analysis of power and politics, focusing on our role as facilitator and bridge builder.

**In her reply, Rosmarie Schlup focused mainly on some issues after the publication of the report:**

- How can the findings of the report that are rather supporting a long term-logic be reconciled with the project cycle?
- What kinds of skills are needed in teams that are taking into account the aspects that the report raises?
- What can external actors finally achieve: evolutions of reforms are hard to anticipate?

**In the discussion and Q&A session the participants mainly took up the following issues:**

- How will the findings of the report be implemented? Here, interesting information was shared by Mr. Lopez-Calva who said that for the first time, the bank has included a formal commitment to report on the operationalization of a WDR report.
- How will this implementation be linked with the Agenda 2030 of the UN and the Sustainable Development Goals (particularly Goal 16)? The country directors of the bank (as in SDC) have a lot of leverage and influence on the implementation.
- In how far will the bank use this as a tool for policy dialogue? Important instrument for policy dialogue processes.