STATEMENT

H.E. Alfonso Prat-Gay
Minister of Finance
Argentina

ON BEHALF OF ARGENTINA, BOLIVIA, CHILE, PARAGUAY, PERU AND URUGUAY
Statement by

H.E. Alfonso Prat-Gay
Minister of Finance

Argentina

On behalf of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay

94th Meeting of the Development Committee

October 8, 2016
Washington, D.C.

1. Today’s meeting takes place against a very particular backdrop. The ongoing governance discussions among the World Bank Group’s member countries have aroused great expectations in terms of their impact on global cooperation for development. In particular, on the possible effects the outcome of these discussions may have on the attainment of the Sustainable Development Goals (SDGs), which promote worldwide development and are aligned with the WBG’s twin goals. These discussions are focused on the World Bank Group’s medium and long-term vision, the Forward Look, the approval of the new Environmental and Social Framework, and the Shareholding Review.

2. The persistent global economic uncertainty and market volatility only add complexity to the current environment. The pace of recovery in advanced economies has been sluggish or moderate at best; global demand remains weak, and some emerging economies that have emerged from the latest crisis largely unscathed are now confronted with downside risks and forced to adjust to a context of low commodity prices.

3. The global economic conditions described above, which are hampering the development achievements attained by low, middle, and upper-middle income countries, are accompanied by a forced displacement crisis that brings back memories of a time we believed long forgotten. In a context of humanitarian crises, social inequality, fragility and violence, threats of pandemics and climate change, coupled with rather discouraging demographic trends and the increasing challenges posed by a rapid urbanization process worldwide, the World Bank Group is to take on a much greater responsibility as a leading knowledge and financial multilateral institution: that is, to provide financial support and customized technical assistance to adequately respond to these challenges and lay the foundations for sustainable and inclusive growth in all its member countries.

4. We welcome the progress made toward supporting member countries overcome these challenges – reflected in the Forward Look document --, in response to the request of the Board of Governors in Lima last October, and resulting from a fruitful interaction between the Board of Directors and Management, to ensure that this institution remains relevant and a trusted development partner in the coming decades. In this sense, it will be vital that the measures to be taken further advance process simplification to ensure that this institution is agile and well-suited to provide time-sensitive solutions. At the same time, it is central that Country Partnership Frameworks be designed taking into account the specific needs of each country, as well as result from a thorough consultation process with local authorities and a “One World Bank Group” approach that maximizes positive synergies among its four institutions. The WBG needs to set itself apart as a knowledge-sharing center, become the leading voice for global issues, as well as redouble its efforts to help bring together the public and private sectors as genuine partners with shared responsibilities in
pursuit of sustainable and inclusive growth. In order to achieve these goals, the World Bank is to develop a more flexible and efficient business model that timely and adequately meets its clients’ demands and come up with innovative products and services attuned to local realities. At the same time, we recognize that a capital increase, together with an efficient use of the budget, is the appropriate path toward strengthening the financial position of the WBG and, therefore, providing the institution with commensurate resources to fulfill its mission.

5. At a time of increasing pessimism about the benefits of globalization, the *Forward Look* is an opportunity to reaffirm the relevance of multilateralism and the role of the World Bank as a forum from which to work for the common good and the benefit of all its member countries.

6. We strongly believe that the World Bank Group should work with all its client countries in response to their own particular needs and demands, and that all members have a relevant role within the institution, from the poorest and most vulnerable countries to the upper-middle income countries (UMICs) that are still struggling to reduce poverty and inequality. Cooperation among its members has been the guiding principle ever since the Bank’s inception, and we are confident it will continue to be upheld as such. The WBG has played a leading role in providing financial resources and in disseminating and transferring knowledge across all its member countries. It is important that the relationship between this institution and its client countries be guided by the latter’s demands and needs, and that this institution be capable to respond by drawing from a wide range of tools, adequately adapted to the particularities of each client. This set of tools can range from knowledge sharing to financial support provided through the development of innovative tailor-made solutions. As for UMICs, they contribute to advancing the global public goods agenda and they are an important source of prosperity and knowledge creation and dissemination, having a positive spillover effect, both at the regional and global levels. Hence, any Bank’s intervention in UMICs should be assessed beyond its impact on each individual country. In addition, the fact that middle-income countries are a source of income generation, contributing to the financial sustainability of the institution, should not be underrated.

7. Given the need to respond to many complex global challenges, we agree that the Bank should strengthen its partnerships with other multilateral and bilateral institutions and further engage with the civil society, seeking to maximize the comparative advantage of each of these partners and harmonize efforts, while avoiding duplications. Based on their respective comparative advantages, the UN, the IMF and the World Bank Group should support the efforts of countries toward meeting the SDGs in a coordinated manner. We support the implementation of the Global Infrastructure Facility, which shows the collaboration among Multilateral Development Banks (MDBs) in financing growth-oriented infrastructure. MDBs should intensify their efforts to enhance the Addis Ababa Action Agenda and the agreement reached in Paris on Climate Change.

8. We also concur with the importance such agreements give to the private sector within the development agenda. An active and dynamic private sector is essential to generate quality jobs, increase productivity, and generate higher incomes that in turn will contribute to poverty reduction and boost shared prosperity. An enabling business environment, trade openness, and an entrepreneurial spirit are requisites for the private sector to develop and realize its potential. We urge the institutions of the WBG to join efforts to develop initiatives that bring together the public and private sectors and make use of their complementarities. In this regard, we expect IFC and MIGA to mobilize private sector resources toward small and medium enterprises involved in industries that may have a catalytic impact on the economy and boost regional economies. We also expect the WBG to promote public-private partnerships (PPPs) to stimulate the development of large infrastructure projects. We welcome the design of the private sector window between IDA, IFC and MIGA, aimed at promoting the private sector in more challenging environments.
9. Achieving gender equality is an outstanding commitment and we believe the role of the World Bank is vital in advancing this issue. We reiterate our support to the Gender Strategy adopted in 2015, and we look forward to its effective implementation.

10. In light of the challenging global situation described above, it will be necessary to achieve a strong IDA18 Replenishment through contributions from traditional and new donors so that we can continue supporting fragile and conflict-affected states and the poorest countries. We also call for maintaining appropriate support to countries graduating from IDA so they can transition toward a graduate status in a smooth and sustainable manner. In this sense, we advocate for an ambitious and comprehensive package at the fourth and final IDA18 Replenishment meeting in December.

11. We welcome the report that marks the end of the first stage of the Shareholding Review process. In line with what Governors agreed upon during the Annual Meetings in Lima last October, a dynamic formula was developed to serve as a starting point for the second phase of the process. In order to preserve the spirit of multilateralism this institution has endorsed since its inception and provide greater legitimacy in the decision-making process, the second phase will require that clear mechanisms be established to avoid dilution of the voting power of developing countries and polarization. This approach is consistent with the Istanbul Principles, which advocates for equitable voting power between developed and developing countries, and also with the target 10.6 of the SDGs, which aims to improve the voice and representation of developing countries in international financial institutions. In this regard, we hope to follow the roadmap established in Lima and finalize this process by October 2017.

12. We welcome the approval of the new Environmental and Social Safeguards Framework, which represents the firm commitment of the World Bank and its member countries to environmental and social protection, and aims to provide a response to a growing global call to protect the planet, as well as the new challenges arising from the evolution of humankind.

13. To conclude, we take this opportunity to congratulate President Jim Yong Kim on his re-election to a second term at the helm of this institution.