Statement by

Mr. Mohamed Boussaid
Minister of Economy and Finance
of the Kingdom of Morocco

On behalf of the Constituency of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia
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89th Meeting of the Development Committee

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The Meeting of our Committee is taking place in an international economic context marked by stronger signs of economic recovery in developed economies. This positive development does, however, pose significant risk to continued growth in developing countries, where the external environment continues to be fraught with uncertainty and heightened risk.

Indeed, the return to conventional monetary policy conditions in developed economies runs the risk of fueling greater volatility in capital and foreign exchange markets, a situation that is bound to reduce capital flows to developing countries and drive up financing costs.

Furthermore, although growth rates in developing countries are higher than they are in developed economies, they are falling. This slowdown in growth in developing countries is primarily linked to cyclical factors, but also to structural constraints that are impeding higher levels of productivity.

In order to promote stronger and more sustainable growth, it is therefore important, for the majority of developing countries, to continue reforms aimed at improving the investment climate and investment levels as well as productivity. For low-income countries, productivity will be boosted primarily through the development of basic infrastructure and agricultural techniques. However, in the case of middle-income countries, the objective of increasing productivity will, without a doubt, be contingent on policies that foster a better allocation of resources to the most productive sectors and a competitive business climate.

In this post-crisis period, we deem it appropriate to underscore the importance of an open international trade system, given the possibility that the expectations of a sizeable number of developing countries with respect to bigger export markets and more favorable terms of trade may not be met. In our view, it is in this context that strengthened regional integration and the development of South-South cooperation are particularly important to achieving sustainable growth, in particular through the promotion and deepening of trade and investment relations among these countries.

Cooperation of this nature would have an enabling effect, particularly for low-income countries, and especially those in Sub-Saharan Africa that face an underlying lack of infrastructure and low investment and savings rates and are completely dependent on exports, mainly of natural resources. Against this backdrop, we encourage the World Bank Group (WBG), with its organizational structure and new prerogatives, to support, at the institutional level, efforts and initiatives aimed at South-South cooperation, regional integration, and trade facilitation.
We also cannot, during this post-crisis period, overlook investment in infrastructure, which is essential for the provision of public services, reforms to improve the business climate from which the private sector will benefit, and higher productivity. In this regard, we commend the World Bank Group for the importance accorded to investment in infrastructure through, in particular, direct financing, support for public-private partnerships, and the project to mobilize greater private sector resources in the context of the Global Infrastructure Facility currently under preparation.

We recognize that private investment flows are playing a greater role as a source of development financing and are a key factor in the achievement of the Bank’s objectives. We are also confident that in an enabling environment that includes, in particular, suitable infrastructure and policies that foster competition, entrepreneurship, and job creation, the private sector will be able to promote shared prosperity and offer meaningful prospects to all citizens, in particular women and young people. We therefore commend IFC and MIGA for the support they are providing to private sector development and we urge the WBG to adopt an institutional initiative aimed at strengthening its impact on development.

Furthermore, the sustainable development goal must be achieved not only under viable economic conditions, but also under viable environmental and social conditions. In this regard, special attention should be paid to climate change and the development of renewable energy. The well-being of current and future generations calls for the protection of our planet’s future, the promotion of social inclusion, and management of the debt that will be inherited by future generations.

In the face of these challenges, we remain confident in the World Bank Group’s capacity to address requests for greater financial and technical assistance and to continue to pursue the two goals of reducing extreme poverty and promoting shared prosperity.

Our confidence is based on the underlying premises of the initiatives launched by the World Bank Group under the leadership of President Kim, in particular the assurances provided with respect to the increase in lending volumes and the resulting increase in the World Bank Group’s countercyclical response capacity to crises.

At the operational level, we are pleased with the record sum of US$52 billion raised through the IDA 17 replenishment exercise, which is likely to facilitate achievement of the two ultimate objectives. We also support the priority accorded by the World Bank Group to Sub-Saharan Africa and South Asia.

We note the adoption by the Board of Directors of the proposals to improve the IBRD’s margins for maneuver and we are pleased with the commitment to reduce the World Bank Group’s administrative expenditures by close to US$400 million by 2017.

From an organizational standpoint, we are confident that the World Bank Group’s project to adopt a structure based on several fields of excellence combined with five cross-cutting areas, namely climate change, fragility, conflict and violence, gender, jobs, and public-private partnerships, will most certainly facilitate interregional transfers of knowledge and technical expertise.

We are also anxious to see the realization of the country diagnostic framework that will serve as a guide in making the most appropriate public policy choices for each country, depending on its specificities. The analysis of the results of this diagnostic exercise will therefore be decisive to the joint design and preparation of the new country partnership framework, which sets forth the commitment of the World Bank Group.

Lastly, we would like to thank the WBG for the presentation, on the margins of our meeting, on the status of work to integrate natural disaster risk management into its operations, as requested by our Committee at
the Annual Meetings in Tokyo. In this regard, we are pleased to see the steady increase, between 2010 and 2013, in resources allocated by the Bank to disaster risk management.

We also note with satisfaction the growing number of countries seeking the World Bank’s assistance in this area and the range of products and services offered by our institution to its clients. In addition to specific investment loans and technical assistance, this assistance includes development policy loans and loans accompanied by the deferred disbursement option, that is, results-based programmatic lending.