Statement by

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Minister of Economy and Public Finances
Argentina

On behalf of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay
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92nd Meeting of the Development Committee

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1. Today’s meeting of the Development Committee in Lima, Peru, is particularly special as it is held at a historic moment, not only because of the new era that has begun in terms of development cooperation, marked by the launch of the Sustainable Development Goals (SDGs), but also for the internal ongoing discussions that will define the relationship between the Bank and its member countries, at least for the coming decades. Among the topics for discussion, the financing strategy for the development of multilateral financial organizations, Environmental and Social Safeguards, and the increase in the Voice and Representation of Developing Countries at the World Bank are to be mentioned. Additionally, all this is taking place in a context of increasing uncertainty about the global economy and market volatility, and the harrowing plight of migrants, which reminds us of the atrocities of a past we thought long gone and buried.

2. We are concerned about the downward revision to growth projections for emerging countries and the increase in the need for special social protection measures in view of discouraging unemployment levels and against an unfavorable international context. Eight years of fiscal austerity policies in the core countries contributed to fueling the pessimism observed in the markets today, while the tepid economic recovery is inadequate to reverse the trend.

3. Within the international organizations, and after a period of intense debate and extensive consultations, the countries agreed at the highest multinational sphere on a renewed set of Sustainable Development Goals (SDGs), which ramps up the so called MDGs adopted in 2000 in terms of both depth and scope. Without delving into the SDGs individually, and while praising an exemplary participatory process, we deem the SDGs as a set of guidelines for human development, politically and economically sustainable, in a context of harmony with the planet, and remaining accountable to future generations. Our region welcomes this global strategic agreement based on universal values which aims to strengthen human development, as a multidimensional and continuous process that bolsters the capacities of societies in the pursuit of equity and goes beyond the mere economic growth as measured by GDP.

4. We note and support the renewed commitment expressed by the World Bank and the IMF to contribute to this development agenda by providing both financing and technical assistance. In this regard, we welcome the IMF’s intent to strengthen its technical advice in the areas of inclusive policies and environmental sustainability as key elements of the SDGs.
5. We believe that there is still much work to be done to improve the effectiveness of the role of development banks and multilateralism, not only in terms of meeting the infrastructure needs, but also in preventing that the current crisis negatively impact the progress made by countries in social indicators in recent years.

6. The new agenda demands an effort of resources of all kinds to enable all countries to reach the goals. In order for this to happen, it is paramount that the objectives, targets and indicators be adapted to the realities of each country, avoiding out-of-context recipes. The localization of the SDGs defines the sequence to ensure the operationalization of this agenda. As the Millennium Agenda showed, the best results, which were certainly not few, were reached in countries where implementation happened on the back of a comprehensive and well-rounded planning process, taking advantage of the efficient use of public resources, but above all, of synergies among the different dimensions, according to the needs and peculiarities of local realities.

7. The Latin American region made significant accomplishments in terms of human development in recent years. Poverty levels declined, while health, education, and gender equality indicators improved, accompanied by substantial progress achieved in the areas of employment and social protection. Given the diversity of approaches, some believe that this performance was due to external conditions. The reality is that for the first time in its history, the 'Southern Cone' engaged in a dialogue and promoted an integration based on regional commonalities, coupled with a deep respect for diversity and the particular development and growth pathways chosen by each country.

8. Contrary to the prevailing views, high commodity prices were not the tailwind that brought about significant poverty reduction in the region; rather, it was the commitment of regional governments to ensure that economic growth was inclusive. It is important to remember that not so long ago the region enjoyed high growth rates, although accompanied by negative results in terms of poverty levels, deterioration in income distribution, and growing social polarization. However, amid a recent decline in commodity prices, economies in the region are under pressure and must act in different ways to ensure that the gains achieved so far in terms of inclusive growth are not reversed.

9. What is shared by all governments in the region is the commitment and respect for democratic institutions and the acknowledgment of the special role played by public policies, particularly as facilitator of development, with a focus on social rights, in the context of a new social contract. Notwithstanding differences in policy design, the results achieved are broadly shared, precisely because they are adapted to national realities and the availability of inputs for policy implementation, both in terms of human and financial resources. As past experiences have shown, top-down approaches imbued with paternalistic features are not an effective, and even much less efficient, tool to achieve the goals of eradicating poverty and increasing shared prosperity for all. It is indeed the development of national capacities in the pursuit of these goals that can ensure that they become true state-level policies, irrespective of political governments and circumstances.

10. The renewed discussion at the World Bank on "Environmental and Social Safeguards" is linked to the new goals. So far, the safeguards succeeded in protecting the institution’s projects, despite the administrative difficulties its counterparts had to face. Although this represents an improvement over previous practices, the safeguards were applied to the project bubble with a focus on protecting the WBG from potential reputational risks rather than promoting more fine-tuned social and environmental values.
or building local capacity. The latter entails a thorough assessment of national systems, identifying their strengths and weaknesses, to help reinforce and adapt them to the challenges ahead.

11. The SDGs, together with an appropriate safeguards system, constitute an organizational framework for the planning of public policies. Multilateral organizations can contribute to this process by strengthening the national institutions involved, training their staff, coordinating with other multilateral organizations, and strengthening South-South cooperation. Rather than playing a leadership role, they should act as facilitators toward improving governance for the most vulnerable sectors of the population. The mandate is very clear in this regard.

12. The topic of "Investing in Evidence", discussed at the Ministerial lunch, reemerges as critical in the current context, and it certainly is, but it should be given its proper relevance. The generation of reliable and accessible data for all is a means rather than an end in and of itself, a key tool in the planning of public policies. This allows to go beyond the aspirational stage, relying on empirical evidence and starting off by defining baselines, intermediate benchmarks, and goals, while implementing corrective measures in the event of deviations.

13. To meet the proposed objectives, dynamic and flexible multilateral institutions which are open to the needs of their member countries are required. This is a partnership for development rather than a client-institution relationship, as proposed in the MDGs as well as the renewed SDGs. This is where the debate on Voice and Representation of Developing Countries is going to require a frank and open discussion that considers not only the nominal weight of the economies -which as the current systemic crisis has shown, is considerably volatile- but also takes into account variables much more indicative of sustainable human development, such as the social gains achieved, South-South cooperation, and an adequate regional balance. These discussions demand breadth and openness to assess what provides the organization with better tools rather than resorting to automatic formulas. Furthermore, it is important to note that this discussion began in Monterrey and later incorporated the principles established in Istanbul, where the goal was to give more Voice and Representation to Developing Countries.

14. Finally, we believe that the challenges ahead can only be dealt with by building up a new partnership for development that hinges on openness, humble creativity, and transparency.