Statement by

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The global economy remains fragile. While signs of recovery have emerged, we are still facing times of uncertainty and important challenges persist. Unemployment is still high (particularly among the youngest) and there are many needs unattended. For instance, the investment requirements in emerging markets economies over the next decade are still great. According to the World Bank, the annual financing gap for infrastructure in developing countries accounts for US$700 billion.

In the current juncture it becomes imperative to take necessary measures to revitalize global growth, particularly by taking care of the requirements of the real sector of our economies.

In that vein, investing in infrastructure becomes paramount. The benefits of these investments, including their positive externalities (job creation, value chains, etc.) are well known.

We believe that there is scope for the World Bank Group (WBG) to scale up its financial support to infrastructure projects. In this sense, we welcome the Global Infrastructure Facility (GIF) that is currently being developed, and we expect that it will help the Bank to leverage resources for infrastructure investment, both from public and private sector. However, at this stage we still need to see more details on its operationalization and implementation.

In order for the Bank to remain relevant in our region, increasing this kind of investments is vital. Over the last couple of years we have seen other development partners taking the lead and increasing their presence on this field. However, the Bank has enormous experience and resources that can provide comparative advantage in this arena that should be preserved.

On the WBG strategy, we commend and support the President for clearly setting the twin goals of eradicating extreme poverty and boosting shared prosperity by 2030.

For the Strategy to be successful, it should remain inclusive and flexible. The achievement of these twin goals should be focused on client needs as expressed by their national development programs and priorities.

In the last decade, South American countries have demonstrated what it takes to achieve inclusive and equitable societies. These accomplishments were possible through prudent countercyclical policies, low and sustainable levels of public external debt, large international reserves, and redistributive fiscal policy (improving the progressiveness of the taxation system and invigorating the social security programs). We are committed to protect and strengthen the gains achieved in the past decade in terms of economic growth and social inclusion.
However, it also requires a strong political conviction and states determined to implement policies to achieve income and wealth redistribution in a large scale. The lesson that South American countries have obtained in the last twenty years is that attention should be paid to whether growth reaches the whole population, particularly the most vulnerable ones. Therefore, the challenge lies in implementing a pro-development policy agenda and not a merely pro-growth agenda. As we have stated, the role of states is to assure that growth benefits are equally distributed and enjoyed among the members of society.

In that vein, it is crucial that the World Bank Group increases its focus on quality job creation and social inclusion. For the global recovery to be sustainable, the world needs to create 600 million new jobs over the next decade, and we expect the Bank to help countries to address this issue.

Important consideration should be given to the implications and consequences that the new Strategy poses for Middle Income Countries (MICs).

We agree that the level of ambition set of in the Strategy calls up for a significant scaling up of financial resources. Therefore, MICs are key partners. They are not only the main source of knowledge creation but also the main contributors to IBRD’s net income.

In that sense, increasing Bank resources through, for instance, loan pricing, could pose additional pressure for MICs which still have large pockets of poverty and are suffering both the scarcity of resources from the Bank and the increasing danger of a strong trend reversal of capital flows.

In sum, we agree with the importance of leveraging the resources that the Strategy requires. However these should not be achieved at the expense of countries that are also facing significant challenges both on domestic and external spheres.

Finally, on the gender equality agenda, we welcome the progress on implementation of the Gender Equality Agenda at the World Bank Group. We believe that addressing gender inequality is one of the key components towards achieving a more egalitarian society. We consider that for meeting the WBG Strategy twin objectives, gender inequality should be tackled effectively and with no delay. Gender disparities are highly correlated with poverty and we agree that it negatively affects people's ability to take advantage of available economic opportunities.