



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

NINETY-NINTH MEETING
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Statement by

Nadia Calviño
Minister of Economy and Business

Spain

**On behalf of Costa Rica, El Salvador, Guatemala, Honduras,
Mexico, Nicaragua, Kingdom of Spain, and República
Bolivariana de Venezuela**

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On behalf of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Kingdom of Spain, and República Bolivariana de Venezuela

99th Meeting of the Development Committee

**April 13, 2019
Washington, D.C.**

We welcome the opportunity to discuss in the Development Committee the global challenges and opportunities and the role of the World Bank to tackle them, a role for which the bank has recently been bolstered by the highest ever capital increase. Its duty to achieve the twin goals: end poverty and shared prosperity, must be carried out in a currently weakened global macroeconomic scenario, facing increasing risks. If we do not take a bold and decisive action, the progress already achieved may be reversed and we may fall short of achieving the SDG goals. Both the Bank and client countries must act decisively.

Strengthened efforts must be devoted to structural reforms. Growth potential in emerging and developing economies is still low to deal with poverty properly and foster shared prosperity. Here there are several areas of priority.

1. Gender. The challenges ahead will not be met if around half of the population is left behind. The gender problem is not only a social issue, but also an economic one. Gender equality starts with health and education, but it is right as important for equal labor opportunities and entrepreneurship. We commend the attention the World Bank has been paying to Gender equality and encourage the Bank and client countries to keep helping and leveraging in such a key issue.
2. Inequality. There is still a long way to go on shared prosperity challenges. Nobody must be left behind. Inclusive growth model must be our goal. There needs to be equal opportunities for all, in accessing a high level of health and education, no matter the gender or income level. Special attention needs to be paid to Latin America, as unfortunately it is still the region with the highest inequality level.

In this sense, we reiterate the importance of the Human Capital Project, and ask the Bank to reinforce its efforts to bring pressure on the needed reforms. Progress may come from the Human Capital Project. Work on the Human Capital Index must continue. Progress may also come from bilateral engagements with client countries. Financing and knowledge are two important tools for the World Bank, and they normally come hand in hand. At the same time, client countries must take a long-term perspective in investing in human capital. Sometimes, incentives in long term returns are not enough to make this type of investment happen. For this reason, an important role of the Bank is to advocate for the investment of domestic resources in human capital.

In the same vein, the challenges of disruptive technologies must be converted into new opportunities for all. These technologies tend to break economic and geographical barriers, opening new

opportunities. At the same time, they tend to require specific qualifications, therefore every segment of the population must be prepared to grasp the opportunities of the new technologies.

Finally, public resources must adequately endow social safety nets to protect those in need. Here, efforts may be needed for people to learn and adapt to new technologies and, also to face the adjustment costs that people may have to incur in when they have been displaced by new technologies.

3. Private sector and employment. Given the financing needs for development, the limited public resources, and the limited fiscal space in developed and developing world, private sector involvement in development projects should be bolstered. The World Bank Group owns a unique angle to guide and accompany countries to set the core stones of structural reforms and economic transformation needed to foster productivity and long-term economic growth. Hence, we maintain the high expectations that made all our constituency countries support the capital increase. In addition, fostering trade and investment may indeed put in place the proper virtuous circles that raise innovation, employment and development. At the same time, attention should focus on vulnerabilities, and particularly, the risk of debt distress. Debt vulnerabilities may endanger economic and social achievements. Maximizing finance for development requires debt transparency and sound borrowing and lending practices. In this context, we strongly support the World Bank Group and the International Monetary Fund in their multipronged approach to help countries improve debt management capacity and sustainability.

World Bank Group - Implementing the Forward Look: IBRD-IFC Capital Package Implementation Update

We welcome the progress made by the WBG in its implementation of the Forward Look and the Capital Package. In this context, we would like to emphasize the principle of Serving All Clients and to stress the importance of tailoring WBG approach all over the income range of countries to tackle both poverty and inequality in all their complexity and diversity. Furthermore, we strongly support the flexibility basis of the graduation policy, entailing that borrowing countries' decision to graduate from IBRD is based on a dialogue between the Bank and the country concerned.

We commend the WBG's work to adopt the cascade approach in an effort to maximize finance for development. Beyond the common shared view of the need to ramp up development financing, moving from billions to trillions, the World Bank has the global experience and knowledge and the conveying power to help countries create markets to boost private investment. In this unique commitment, we support WBG efforts, particularly those of IFC and MIGA, to be at the forefront of catalyzing capital for development. A continuously enhanced approach to crowd in private capital and maintain private capital flows to upper and middle- income countries is needed to generate the crucial financial stability in emerging and developing economies, a global public good that will benefit the world as whole and create the foundations for shared prosperity.

Additionally, the analytical work of the World Bank for economic development constitutes a key reference, its continuous assessment of the drivers of growth, distribution mechanisms, and heterogeneous global experience creates a solid reference when economic policies performance monitoring is needed. In this context, we highly appreciate the topic for the World Development Report, *Global Value Chains: Trading for Development*. In the current context, there is an imperative need to examine how trade and GVC affect growth, inequality and poverty and to explore how national policies together with international cooperation can promote sustainable development in a GVC world.

In this common effort, special attention should be devoted to regional integration and how World Bank's operations may proactively drive regional operations, particularly in regions such as Central America with an enormous untapped potential for regional integration. By following this path, these small economies will reap the gains of economies of scale and be able to make the most of their efforts.

Human Capital Development is especially important. We praise the World Bank for stepping in Human Capital Development. Notwithstanding its efforts, we urge the Bank to increase its commitment, proactively placing Human Capital and Gender Equality on the top of the policy agenda, so we may indeed make the difference for a qualitative leap in development. Unlocking the potential of women in emerging and developing economies entails targeting multiple obstacles that could only be surpassed by mainstreaming gender equality and empowering the new generation of women.

We highly appreciate the work done on the Human Capital Index as it may contribute to create the proper incentives to provide optimal health and education. But this is not a one-step effort. More resources and innovative approaches are needed to guarantee access to education and health. Disruptive technologies may help to meet citizens needs in a more cost and time efficient manner. The World Bank may help client countries to prioritize and better target their decisions in favor of inclusive growth.

Emerging and developing economies also need the special focus on jobs and economic transformation, more and better jobs may constitute the transmission belt of prosperity. Opening market opportunities and connecting them by removing barriers to trade and do business may encourage job creation. Employment is the key for inclusiveness and formality the one for equality. We strongly support the WBG adopting a job lens to WBG interventions and measuring its impact in an effort to better scale up and transfer the lessons learned.

In this endeavor, supporting the digital economy is crucial to match the imbalance in the labor market. Increasing population in IDA and changes in the nature of work demand smart and courageous approaches.

Finally, we believe that our commitment is to move on the pathway towards climate-resilient development. We appreciate the WBG's continued commitment to contribute to fulfilling the Paris Agreement and welcome the increased target of 28% climate co-benefits of total lending by 2020 and encourage to maintain its leading role building stronger partnerships with other development partners.