Statement by

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On behalf of Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Kingdom of Spain
The recovery from the unprecedented global economic crisis triggered by the COVID 19 pandemic is taking place, many economies are reopening, and the expectations are improving. The situation today is better than when we last met in April and, to reach this point, government and central bank support has proven instrumental. Additionally, vaccines are - and will continue to be - decisive in determining the speed and certainty of growth in the months ahead.

However strong in some countries, the recovery remains uneven, and GDP is still below pre-pandemic levels, particularly among many of the World Bank’s client countries. Furthermore, the crisis is leaving a structural and long-lasting footprint, both economically and socially, in many of those countries, where progress towards reducing poverty in a sustainable manner has been reversed by the pandemic. Today, achieving the Sustainable Development Goals (SDGs) and the World Bank’s twin goals seems much more elusive than pre-COVID.

The countries I represent are evidence of this uneven recovery. Spain, an advanced economy that was deeply hit by the pandemic. But thanks to the large percentage of the population already fully vaccinated (around 78%) and the support measures put in place, the government is forecasting growth of 6.5% this year and of 7% in 2022, with GDP returning to pre-crisis levels at the beginning of 2022.

In contrast, the Latin American and the Caribbean (LAC) has been the hardest-hit region by the pandemic. And while each of the LAC countries faces different circumstances, vaccination rates and specific challenges, and despite the efforts made to face the crisis, in many of them returning to pre pandemic GDP levels will take longer. The damage caused by the pandemic in this region will leave deep and long-lasting consequences on growth, poverty reduction and human capital. All this has a particular impact on women and children.

The World Bank’s response to the pandemic has been broad and timely. The institution has lived up to its commitment to deploy US$160bn since April 2020 to June 2021 to assist with the economic, health and social consequences of the crisis that its client countries are facing. I commend the Bank for the unprecedented effort made. But, unfortunately, there is still work ahead. I will refer to three areas.

**First, ending the pandemic** is the necessary condition for a full, rapid, and global recovery. Therefore, ensuring that vaccines reach every country and community should be our number one
priority in the short term. I welcome the support that the World Bank has provided in this front, with US$20bn financing made available, as well as its participation in the Multilateral Leaders Task Force, together with the IMF, the WHO and the WTO. This Task Force represents a well-designed and much needed coordination effort that is yielding results in identifying the main areas of action to accelerate vaccine delivery to developing countries, scale up vaccine production, promote effective deployment to LICs and MICs, and addressing existing bottlenecks. In sum, every effort and energy should be put into facilitating access to affordable vaccines and helping countries deploy them timely and effectively.

Second and in parallel to the former, overcoming the effects of the pandemic requires – and, at the same time provides an opportunity to – **rebuilding our economies in a greener, more resilient, and more equitable manner**. The World Bank, with its GRID agenda, can play a pivotal role in supporting the recovery of its client countries. To this end, in the post pandemic world, its policies and support need to be well designed and tailored to the needs of LICs and MICs which are facing the greatest difficulties. It is also necessary to duly incorporate the regional dimension and to coordinate with other IFIs on the ground, to achieve maximum impact in priority areas.

To enable the recovery and finance the GRID agenda, private capital mobilization is critical, although more difficult in the post pandemic environment. The Bank is well-placed to attract private capital by identifying the most attractive and impactful areas, using its tools to the full, refining its knowledge products, better coordinating its interventions within the Bank and with other IFIs and being mindful that this might require bearing more risk, to some extent.

Linked to the recovery, I want to specifically refer to the Middle-Income Countries. This group has been particularly hit by COVID both socially and economically, while also facing other challenges such as migration, climate change or indebtedness. Additionally, their growth prospects have worsened post COVID and their ability to fight poverty and inequality has been seriously compromised, as well as their advancing in achieving their development goals. In this context, World Bank support is more important than ever. To this end, the Bank should improve its diagnostics and tools to identify possible gaps and be able to better design, support and prioritize advice and resources in areas where they are most needed and effective. All this, to help these countries meet the SDGs and reduce poverty. MIC is an area in which the World Bank Group needs to show leadership, think ahead and be creative in its post pandemic response, if we do not want to see poverty levels increasing markedly in the next years in places where progress was being achieved. In this, regulatory reform, increased competition, and the role of IFC and MIGA are all crucial to support private investment and job creation.

The third area is **preparing for the future**. The main lesson to draw from this crisis is to be better prepared and to invest in preventing future ones. In this area, the international community, among others the World Bank, should start putting in place an innovative, structured, and well-coordinated strategy to prevent, prepare and recover from future crises. This strategy should make use of each organization’s comparative advantage, build on existing strengths, and reflect on weaknesses. To be better prepared to face adverse events, countries need stronger policies and institutions. Together with building sound health and social protection systems and developing quality infrastructure, strengthening fiscal frameworks, and mobilizing domestic resource to create and preserve fiscal space are essential to reinforce resilience.

Let me conclude with a **word on IDA**. We are in the process of launching IDA 20 replenishment, also as part of post COVID response. I do hope that the ongoing discussions produce a balanced result with which we can all be satisfied. So far, and that is very good news, we have already made
progress in its governance by achieving a consensus agreement on the Voting Rights Reform. The result, while not the first option for any of us, is an important one in terms of strengthening the governance structure of IDA, which is key for its success.