Statement by

Mr. Nizar Baraka
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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Our meeting is taking place at a crucial time, with the global economy operating at three speeds. While emerging and developing countries continue to post solid growth rates on average, despite the bleak international environment, the United States and, to a lesser extent, Japan, are showing signs of recovery that stand in contrast to the tepid economic activity in Europe, particularly in the euro zone. However, these averages conceal significant differences from one country to the next and among income levels in each country, owing to a trend toward growing inequality. In addition, the flexibility that many emerging and developing countries once had as a result of the sound policies followed for many years, which insulated them from the crisis, has been reduced as a result of the continuing decline in global growth and the worsening of its effects. This situation has prompted many countries to adopt budget adjustment policies to restore their flexibility in order to cope with future exogenous shocks.

This reshaping of the international map is leading to:

(i) Greater poverty and fragility among marginalized population groups; and

(ii) The descent into vulnerability and poverty of new population groups that had thus far been spared, owing to job losses and austerity policies adopted.

At the same time, other population groups that are still protected are beginning to face a situation of heightened job insecurity.

Greater and more widespread poverty and the risks faced by population groups that have thus far been shielded are reconfiguring the global poverty map, which will undoubtedly spawn other risks that are different in both nature and scope.

Against this backdrop, we are pleased to note the new common vision for the World Bank Group in this area through the identification of two goals, namely, ending extreme poverty and promoting shared prosperity.


We commend the World Bank for the proposal to make the need to end extreme poverty a moral imperative of the international community and to view this goal as one of the major challenges that we must confront in the years ahead.
Furthermore, in this regard, we support the target chosen of essentially ending extreme poverty in the world by reducing the percentage of people living on less than US$1.25 a day to 3 percent of the world’s population by 2030.

We also stress the relevance of the analysis done by World Bank experts, in particular regarding the current shortfalls of the new approach adopted to end extreme poverty in the world, and we wholeheartedly endorse the recommendations made in this regard, which include:

- Promoting inclusive and sustainable growth that takes environmental balance into account;
- Striving to reduce inequality and to ensure that growth leads to poverty reduction; and
- Preventing or mitigating the possible shocks resulting from weather-related disasters or new food, energy, and financial crises.

Of course, in the context of this new vision of the World Bank, these recommendations as a whole are part of a new global strategy to end extreme poverty that takes into account both the specificities of the events unfolding in the international context and the new poverty profiles.

However, we think it helpful to note that in this context, the focus should not be solely on population groups living in extreme poverty, but also on preventing new population groups from descending into poverty.

In this regard, the World Bank, given its mission, experience, and multidisciplinary areas of work, is best placed to define this vision and identify the resources for its implementation.

**This vision must have two components:**

- **Identification of the global factors that give rise to extreme poverty and ways to curb them.**
- **Identification of the internal factors that prevent countries from developing adequate or suitable resilience to withstand this phenomenon.**

We also think that this vision should lead to actions that have an immediate and rapid transformational effect in order to curb the spread of this phenomenon and incorporate a response to the range of risks that it may produce such as food security and social, environmental, security, and health risks.

Lastly, the common vision for our World Bank should provide for the identification of a precise road map that includes the commitments to be made by the different actors at both the international and country levels. The road map should also provide a logical framework that sets forth results indicators and appropriate follow-up measures.

With regard to this point, we suggest that:

- The Bank refocus its efforts to curb the spread of poverty and alleviate all forms of vulnerability, in parallel with its work aimed at reducing extreme poverty;
- The Bank provide assistance to enhance the capacity of countries to better understand the situations that foster poverty and, consequently, help them implement appropriate policies to address poverty;
• The different institutions of the World Bank Group adapt their roles to the new poverty map and the new risks and challenges associated with this phenomenon; and

• The coordination of the interventions of these institutions in the area of extreme poverty be improved upstream.

Given the increase in poverty rates, the continuing decline in global economic growth does not bode well for achievement of the goal of reducing the percentage of persons living on less than US$1.25 a day to 3 percent by 2030.

Consequently, any strategy aimed at achieving this goal must be supplemented, as emphasized in the report, by **a new strategy aimed at sharing the fruits of growth.**

2. **Shared Prosperity: A Condition for Achieving a World Free of Poverty**

We fully support the recommendations of the report regarding this second goal, which **targets sharing the fruits of growth with the bottom 40 percent.** We nonetheless hold the view that in order to achieve this goal, the strategy to be adopted should also **include an international component and a country component.**

From the standpoint of international economic relations, the Bank’s strategy should be strengthened with new and concrete measures aimed at building the financial capacity of the different countries by:

• Encouraging capital flows and orienting foreign direct investment toward developing countries;

• Promoting trade and expanding market access;

• Concluding beneficial and equitable free trade agreements; and

• Enhancing the effectiveness of official development assistance.

With respect to internal actions, the Bank should:

• Support country efforts to refocus national strategies related to safety nets, inclusive economic policies, self-employment, education, health, food security, financial inclusion, urbanization, and private sector development, in particular of SMEs and VSEs;

• Support the creation of the macroeconomic buffers necessary to stabilize and strengthen public investment by targeting medium-term social projects; and

• Establish new national and international mechanisms to provide social assistance aimed at ending poverty.