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-THIRD MEETING
WASHINGTON, D.C. – APRIL 16, 2016

DC/S/2016-0028
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Statement by
H.E. Rodrigo Valdés
Minister of Finance
Chile
On behalf of Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay
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1. Sustainable and inclusive growth will continue to be a significant challenge for emerging markets in the coming years. In particular, for small and medium economies that rely heavily on commodity exports and foreign investment flows. Today, in a renewed challenging economic and financial environment, our economies and people are tested accordingly.

2. During the last decade, Latin America and the Caribbean region, has achieved significant progress in poverty reduction, reflected in robust social indicators in education, health and labor, among others. Despite such achievements, current social and economic data shows signals of stagnation in line with the global tendency, placing a question mark on how to move forward.

3. The answer is not obvious, but we believe that a new multilateral engagement framework is required to withhold the achievements made and hopefully to help boost a new era of sustained and inclusive development. To accomplish this, we consider the WBG a key partner to support, maintain and build on that progress. We are confident that new, flexible and fit-for-purpose instruments that recognize distinct country realities and different stage of development, will be developed to meet our demands, particularly in the case of MICs where innovative solutions are needed. Successful instruments must be competitive in price and predictable in time. Likewise, there is also room to strength and expand existing ones, such as the P4Rs and DPLs with DDO given the current economic conditions.

4. The end of commodity cycle and the consequent reduction of countries’ incomes, can pose a major risk on the financial architecture of our social agenda. Our countries are deeply committed to adapt to the new market conditions and to secure social protection achievements, among others by reinforcing measures aiming to the full elimination of the extreme poverty, reduction of inequality and fostering greater access to economic and social prosperity.

5. To this end, our governments work relentlessly and responsibly to improve economic fundamentals, enhance the efficiency and governance of public institutions, and to consolidate prudent and predictable fiscal expenditure schemes. This is required to successfully transit current times in the global economy and, more importantly, to protect advances in poverty reduction and inclusive growth. Today, we have to find the right way to uncouple critical social long term spending from traditional short term incomes, as to avoid significant reversals in social indicators, sometimes exacerbated by painful but necessary budget adjustments.

6. Continued poverty reduction and new challenges experienced by vulnerable groups are setting the tone to our regional agendas. To ensure future development, more work is needed in critical areas
such as deeper social inclusion, increased productivity, improved access to good quality jobs, revamped quality of our educational and health systems and increased and equitable participation of women in the labor force and achievement of greater levels of regional integration.

7. As we strive to consolidate these objectives, it is also important that the WBG effectively support countries on their transition from IDA into IBRD. The investment that has been made in cooperating with countries to move from IDA into IBRD terms of financial support needs to ensure a successful and lasting exit process. Accordingly, enough and ready accessible financial support should be available to allow a smooth transition during and immediately after the graduation, preventing that current economic headwinds, lead to a return into concessional financing.

8. We encourage the WBG to work in a coordinated manner with all actors involved in helping those countries that are experiencing severe crisis due to violence and sectarian beliefs. The WBG’s involvement and leadership through the CRW in the recent crisis of forced displacement in Syria is a moral imperative. However, we also need to reflect on the underlying causes for these crises: continued economic, social and political exclusion. The WBG has a comparative advantage to help countries address many of those medium and long term challenges.

9. We encourage the WBG to continue the work with countries to develop and strengthen their institutions and policies, so they are responsive to the needs of their people in a manner that is sustainable in the long term. Again, economic and social welfare and expansion of prosperity and opportunities, has to be at the core of every WBG intervention, whether it is financial, policy dialogue or technical support. To get the most of this interventions, engagements have to be well aligned and fine-tuned to country demands and be mindful of country specific realities and needs.

10. Another critical area for confronting vulnerabilities lies in the need to reach effective allocation of resources and instrument’s development that allow countries to manage natural and social risks. The work the WBG has done to mainstream disaster risk management into operations is a timely and much needed contribution to sustainable development. Indeed, as many of our countries experience the effects of the “El Niño” phenomenon, we are reminded of the significant costs of inadequate investment in adaptation and mitigation when natural disasters strike.

11. Completion of COP 21 negotiations ought to provide us with clear signaling and ever growing common goals to address the threats of climate change across the globe. We call on the WBG for a concrete financial roadmap to support mitigation and adaptation plans in developing countries. We believe that the WBG have to play a significant role on helping LICs, MICs and HICs governments to implement their NDC commitments with additional concessional and non-concessional fresh resources. Daunting global challenges are met with responsible and persistent commitments to global public goods, as well as pertinent and sound national policies by all developing and developed countries.

12. As we move into a scenario of prolonged uncertainties, countries around this table need to count with the support of Bretton Woods institutions, particularly of the WBG. The discussion on redefinition of the WBG’s mission towards the 2030 agenda is urgent. We need an institution that responds to members’ needs with adequate financial support, sound technical advice and in a spirit of renewed partnership.

13. Discussion on voice and shareholding review requires further balance to move the process forward. We want to reiterate that re-weighting emerging countries perspectives, while preventing voting power dilution, is a fair deal. That is why, we the governors cannot forget our agreement under the
Istanbul principles, where we mandate the WBG to increase the voting power of developing countries in order to reach an equitable distribution of shares.

14. Finally, on the Environmental and Social Framework, we urge to all Governments, Social Organizations and the WBG staff, for a clear and generous commitment towards a broad agreement that benefits the real interested party, all poor and vulnerable people that rely on the support of the WBG’s interventions.