Statement by

H.E. Mohamed Benchaaboun
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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We are pleased that today’s meeting agenda focuses on development, economic growth, and poverty reduction against the backdrop of a global economy that is facing challenges such as rising unilateralism and climate change, all of which result in slower global growth, a decline in investments, and the erosion of poverty reduction gains. This meeting, therefore, provides us with an opportunity to work together to explore potential pathways to new sources of growth that can help boost shared prosperity, end extreme poverty, and ensure achievement of the 2030 Sustainable Development Goals.

We are equally pleased that the Management and staff of the World Bank Group (WBG) have prepared high-quality documents that not only complement each other, but also provide an overview of the current situation and future challenges and present a number of viable solutions.

I would therefore like to start my presentation by thanking Management for producing these excellent reports.

Trading for Development in the Age of Global Value Chains

We welcome the comprehensive approach of the 2020 World Development Report that clearly describes the positive effects of Global Value Chains (GVCs) on businesses and economic sectors. The report also considers the negative impacts of GVCs, with respect to, for example, (i) capital-intensive industries and the effects of the reallocation of value added from labor to capital; (ii) the challenges associated with the high cost of skilled labor; and (iii) the location of the most polluting stages of production in developing countries. We believe that the report clearly illustrates the advantages and disadvantages of GVC participation. We share the view that if there is to be greater GVC participation, developing countries must review their regulations in order to make their business environment and investment climate more attractive.

We welcome the World Bank Group’s clear support of a rules-based multilateral system at a time when trade wars and unilateral protectionist policies are resurfacing. The World Bank Group should continue to strongly advocate for the preservation of a multilateral trade and investment system that is underpinned by clear, transparent rules that pave the way for the establishment of a more just and more equitable international economic order. We also call on the WBG to assess the potential impact of GVC disruptions caused by unilateralism and protectionism. This assessment can help policymakers determine the manner and extent to which their countries should integrate the global economy in order to leverage international cooperation. It is therefore equally critical for the WBG to conduct a comprehensive impact analysis of each sector and region.
We welcome the proposed initiative to implement the recommendations outlined in the 2020 World Development Report using WBG technical assistance and financing tools. We acknowledge that the World Bank Group could help developing countries to formulate relevant trade and investment policies and by providing the infrastructure needed to facilitate greater GVC participation.

Human Capital Project Update

We welcome the Human Capital Project Update. We are pleased with the progress made and support the selected future directions. We urge additional efforts to expand the project’s coverage by increasing the number of participating countries. We support the introduction of the human capital index at the subnational level in developing countries, as we believe that this regional targeting will likely have a more immediate impact and be the most effective approach. We therefore urge the World Bank Group to provide technical assistance to countries to help strengthen institutions responsible for statistics and data collection and analysis, which would provide these countries with access to relevant, quality data to facilitate more appropriate policy making.

We believe that improving human capital is critical to economic transformation as it paves the way in particular for developing the skills needed to leverage cutting-edge technologies and scientific innovations. As human capital challenges vary across countries and regions, we recommend an increased focus on cooperation and experience sharing among the Bank’s client countries.

We also wish to draw attention to the need to scale up the financial and non-financial resources required to address human development challenges, particularly by leveraging additional private sector investment. We would therefore like IFC and MIGA to play a greater role in helping the Bank drive the human capital agenda forward.

Jobs and Economic Transformation

We commend the WBG on the quality of the jobs and economic transformation paper, and we reiterate our commitment to the strategic framework for implementation of the recommendations provided. We endorse the key pillars of the jobs and economic transformation agenda, and we agree that this agenda could help boost productivity, improve the business climate and competitiveness, and spur regional integration and trade.

We applaud the proposal to incorporate the jobs and economic transformation agenda into country programs based on systematic analytics conducted with the help of the tools available, including country diagnostics and policy advice.

We urge the World Bank Group to use its convening capacity, its expertise, and its experience to bring key partners together and ensure closer collaboration at the country level. We simultaneously call on the WBG to strengthen South-South cooperation to leverage the experience of countries.

Having a young and growing workforce is an asset for developing countries. However, the middling quality of human capital, the lack of functioning markets, and the complexity of regulations continue to impede economic transformation. In this regard, we believe that the human capital project and policy reform efforts are timely.

To successfully implement the jobs and economic transformation agenda and derive the maximum benefit from it, we urge closer coordination within the various WBG entities, at both the sector and country level, as well as between countries.
IDA Voting Rights

We welcome the detailed information provided in the paper regarding the work completed to date, the concerns surrounding the current framework, and the inclusion of the lessons learned from the IBRD shareholding review.

We acknowledge the need for an inclusive and transparent review of the voting rights system since the establishment of the current framework 50 years ago.

We believe that this review should aim to strengthen IDA’s financial sustainability, preserve and protect the voting shares of IDA beneficiary countries, and galvanize current and new IDA contributors. To this end, we endorse the “Guiding Principles” adopted by the IDA Participants. With respect to the “scope” of the review, we believe that it is important to develop a new framework that is based on a global formula approved by the Board of Executive Directors and takes into account IDA’s current composition, size, and financial structure.

In light of the complexity of the issue and the scope of potential changes, we agree that the Board of Executive Directors should lead the review, while consulting regularly with IDA Participants throughout the review process.

Regarding the timetable, we believe that the IDA voting rights review processes should be de-linked from the IDA19 replenishment and the upcoming IBRD shareholding review.

We also believe that the IDA Board of Directors, working closely with the IDA Participants, should play a key role in the design and finalization of a formula that is fair, simple, and realistic to ensure the successful completion of the review.