

**WORLD BANK CONSULTATIONS ON THE EVOLUTION PROCESS  
LATIN AMERICAN AND CARIBBEAN REGION  
SUMMARY OF MEETING WITH PRIVATE SECTOR  
1:00 – 2:45 PM PANAMA TIME  
MONDAY, JULY 10, 2023**

**World Bank Representatives:**

- **Axel van Trotsenburg**, Senior Managing Director, World Bank
- **Elizabeth Ann Marciano**, Regional Director for Central America and the Caribbean, Colombia, and Mexico, International Finance Corporation
- **Michel Kerf**, Country Director for Central America and Dominican Republic, World Bank
- **Carlos Rodriguez Castelan**, Practice Manager, Poverty and Equity, World Bank

**Moderator:**

- **Juan Francisco Ron**, Sr. Country Officer, IFC Central America, Panama

**Introduction**

The World Bank has been engaging in a transparent, inclusive, and iterative process with key actors across the development spectrum to ensure an open consultative process around its evolution. The parameters of these consultations are outlined on the WB Evolution consultation website [here](#). The first Evolution Roadmap Forum, held on April 11, 2023, at the Spring Meetings, kicked off the official consultations in parallel with the online multi-stakeholder consultation process. While participants expressed appreciation for the opportunity to engage in the Forum in Washington, they underlined the importance of taking the consultation on the road to global south stakeholders.

Building on the Evolution Forum, this second phase of the WB's public consultation period consists of regional consultations that are taking place in all seven regions of the Bank's work during the month of July 2023. The hub for Latin America and Caribbean region was Panama City, Panama, which held a meeting with members of the Private Sector on Monday, July 10.

**Participants:** 16 senior-level representatives of Panamanian business associations, companies from across economic sectors, universities, and the Government of Panama.

**MAIN HIGHLIGHTS**

- **World Bank governance:** Discussions covered the shareholder composition and representation at the World Bank Board of Directors and tensions between the Global North and the Global South. Global South countries are looking for other avenues of multilateral financing (including from the Asian Infrastructure Investment Bank and the New Development Bank) that may respond more efficiently to development needs in emerging countries. There was a question about the World Bank's governance followed by a discussion on better representation of emerging economies with regards to shareholding rights and decision-making.

- **Improving the efficiency of WB internal processes:** The topic of speeding up or fast-tracking the World Bank's processes was also raised by some participants, and there was a consensus that there is room for improvement.
- **Wealth distribution and poverty:** Participants expressed concerns about wealth distribution in countries like Panama, which has one of the highest levels of inequality in Latin America. Despite its status as a high-income country, Panama still exhibits high levels of extreme poverty in rural areas and IP territories (*comarcas*) as well as increasing levels of urban poverty.
- **Poverty analysis:** Participants reflected on how the WB can better analyze poverty to make more informed decisions and design more efficient programs to tackle this issue. In response, a WB representative explained the characteristics of poverty in Panama (such as the rural divide and the low participation of women) and extended an invitation to explore some of the World Bank's knowledge products, including the Poverty Assessment, SCD, and CPF. Participants suggested that, due to its small size, Panama could serve as a pilot for poverty reduction initiatives.
- **Subsidies:** Related to the previous point, some participants expressed concerns about the effectiveness of subsidies in solving/mitigating poverty and argued that the WB should be more focused on job creation.
- **Tertiary education:** The audience emphasized that education and human capital should be the focus of a long-term strategy to enhance productivity and resilience. Participants inquired how the WB can support universities in terms of direct investments and advisory services, especially in digitalization and technology adoption.
- **Private sector proposals:** To improve access to finance, participants suggested the WB should focus on the creation of new financial instruments to incorporate freelance workers/entrepreneurs into the pension system. In addition, the need to design legislation that would facilitate new instruments, such as a guarantee fund, was mentioned. Lastly, participants mentioned renewable energy as well as other infrastructure investments as a priority.

## Annexes

Annex 1: Detailed comments from Participants

Annex 2: Full Regional Consultation Schedule

## Annex 1: Detailed Comments from Participants

<b>Governance</b>	<b>Unknown</b> (inaudible)	Would like to understand how governance is integrated as a component of the proposed mission and vision.
<b>Poverty and inequality</b>	<b>Universidad Tecnológica de Panama</b>	The world clearly is not meeting the 2030 goals. We need projects that promote a better distribution of wealth. If we have resources to spare in some parts of the population, then we have resources for other parts of the population. We need projects that promote a better world with better citizens, healthier people, and with their basic needs covered.
	<b>INDESA</b>	Identifying the causes of poverty is very important. Depending on the causes, which vary between regions and locations, the measures to tackle poverty should be different. The World Bank can provide rigorous scientific analysis of that. With the scientific approach, we can also learn what works and what yields more results, impact, and a greater return on investments.
<b>Operational processes/speed</b>	<b>Manzanillo International Terminal</b>	Anyone who has worked with the WB knows how cumbersome the processes are, e.g., the paperwork to get a loan. Are we going to have a fast-track system to respond to the needs of this changing world?
<b>Subsidies and jobs</b>	<b>Mining Chamber</b>	To fight poverty, we should focus on creating jobs by supporting the private sector.
		While subsidies can help raise people just above the poverty line, people then just stay there perpetually. These subsidies have become a tax burden which is impossible to sustain in the time of crisis.
		The Bank should provide funding for renewable energy projects. This way we tackle the environmental issues and create jobs. Promoting renewable energies has to do with bridging the gap between the protection of critical minerals and the demand. The gap is quite large.
<b>Incentivizing private sector participation by de-risking</b>	<b>Unknown</b> (did not introduce himself)	The idea is to make participation of the private sector more attractive. The financial system has quite a lot of liquidity, but we have to reduce risks for borrowers. In Panama, we don't have a lot of guarantee funds, guarantee associations, or any other kind of collateral.

		<p>If we can deploy a series of guarantees as our neighboring countries, we could have contributed a lot to the areas that have stronger impact.</p> <p>Some pension funds for example for the niche market of youth and technology can be promising.</p>
<b>Conditions for concessional financing</b>	<b>Unknown</b> (did not introduce himself)	The Bank can improve its financing terms. The private sector does not necessarily want free money or always asks for lower interest rates. But for instance, in cases where the risks are reasonable, instead of giving me 7 or 8 years, why don't you give me 10 years, and maybe offer a longer grace period?
<b>Knowledge/analysis</b>	<b>Unknown</b> (did not introduce himself)	Low productivity of the labor force in Panama is a big concern, and a major concern for the private sector. IFC did a study on that in 2021 for the country. We must understand how important research and innovation are in driving and supporting different sectors. Connecting scientists and researchers with the private sector will be very helpful.
<b>Higher education</b>	<b>Universidad Tecnológica de Panama</b>	What is the WB's vision for funding higher education? Our institutions always have very limited resources. We have programs with the private sector, which is the driver of jobs and economic growth. But we, like many universities, face the funding challenges.

## Annex 2: Full Regional Consultation Schedule

Region and Country	Management Representative	Dates
South Asia (Dhaka, Bangladesh), regional, online multi-stakeholder	Ed Mountfield, Vice President, Operations Policy and Country Services	July 5, 2023
South Asia (Dhaka, Bangladesh), country-focused in person multi-stakeholder	Ed Mountfield, Vice President, Operations Policy and Country Services	July 5, 2023
Latin America and the Caribbean (Panama City, Panama), regional, hybrid multi-stakeholder	Axel van Trotsenburg, Senior Managing Director	July 10, 2023
Latin America and the Caribbean (Panama City, Panama), regional, private sector, in person	Axel van Trotsenburg, Senior Managing Director	July 10, 2023
Africa West (Abidjan, Cote d'Ivoire), parliamentarians, hybrid	Anna Bjerde, Managing Director of Operations	July 10, 2023
Africa West (Abidjan, Cote d'Ivoire), regional, hybrid multi-stakeholder	Anna Bjerde, Managing Director of Operations	July 11, 2023
Africa West (Accra, Ghana), regional, private sector, hybrid	Anna Bjerde, Managing Director of Operations	July 13, 2023
Europe and Central Asia (Tirana, Albania), regional, multi-stakeholder online	Ed Mountfield, Vice President, Operations Policy and Country Services	July 17, 2023
Europe and Central Asia (Tirana, Albania), country-focused, in person multi-stakeholder	Ed Mountfield, Vice President, Operations Policy and Country Services	July 17, 2023
East Asia Pacific (Indonesia, Jakarta), regional, hybrid multi-stakeholder	Aki Nishio, Vice President, Development Finance	July 17, 2023
East Asia Pacific (Indonesia, Jakarta), regional, private sector, hybrid	Aki Nishio, Vice President, Development Finance	July 17, 2023
Africa East (Washington, DC), regional, virtual*	Axel van Trotsenburg, Senior Managing Director	July 20, 2023
Middle East and North Africa (Rabat, Morocco), regional, hybrid multi-stakeholder	Anshula Kant, Managing Director & Chief Financial Officer	July 24, 2023
South Asia (Delhi, India), country-focused, hybrid multi-stakeholder	Aki Nishio, Vice President, Development Finance Auguste Tano Kouamé, Country Director of India	July 27, 2023

\* The consultations were planned to be held hybrid out of Nairobi, but were relocated to Washington, DC, because mission travel was suspended, and staff asked to work from home at the advice of WB Security.