

Joint Statement by the Regional LAC Representatives

IDA19 Fourth Replenishment Meeting

December 12-13, 2019, Stockholm, Sweden

1. We, the Borrower Representatives of Latin America and the Caribbean (LAC) applaud the strong implementation of IDA18 and its important contribution towards poverty reduction and shared prosperity. IDA19 stands as a critical extension of IDA18 for the attainment of set objectives within the framework of agreed policies. Like many LIDCs and Small States, as countries in our region face increased socio-economic tensions, the demand for resources will continue to increase. We, in the LAC region look forward to a renewed strong donor commitment to IDA. The worsening of macro indicators driven by shocks, increasing threat from climate change global uncertainties and, the steady decade-long decline of assistance flows to the region, as well as the shrinking of financing opportunities exacerbate the complexity of our fight against poverty and efforts to increase resilience.
2. We re-assert the long-standing tradition of the World Bank Group and reiterate our allegiance to IDA's Articles of Agreement which state that its financing to the poorest and most vulnerable people of the world must be done, *"with due attention to considerations of economy, efficiency and competitive international trade and without regard to political or other non-economic influences or considerations."* We expect this to remain the WBG's guidepost under IDA19 and beyond.
3. In this sense, a strong IDA19 Replenishment is required to accelerate the advancement of our development agendas and allow more of our countries to reach the SDGs by 2030. As stated jointly with other IDA Borrower Representatives at the time of the Third IDA19 Replenishment Meetings, *"poverty is a public bad, as poverty anywhere is a problem everywhere"*. Against this backdrop, we urge IDA Deputies to partake in our ambition to accelerate human capital formation, scale up job creating private investments, stave off drivers of violence, migration and fragility and strengthen our resilience to shocks in order to achieve sustainable and inclusive economic transformation.
4. In our region IDA has played a critical role using its diverse set of instruments. We underscore the CRW's instrumental support to Dominica's recovery following the 2017 unprecedented hurricane season which destroyed the equivalent of 226 percent of its GDP. The quasi tripling under IDA18 of the minimum country allocation played a pivotal role in the ability of the World Bank to make a significant difference in the small states of the Caribbean. Also, the maintained focus on FCV countries has made it possible for Haiti to obtain a level of funding that has helped reestablish the World Bank as one of the country's key development partners with the potential to effectively establish its footprints.
5. IDA has a proven record of successful implementation of projects with high impact on the most vulnerable segment of our populations and in building institutional capacity. Among illustrative examples we take Honduras where the COMRURAL program provided financing and technical assistance which were leveraged by private financial institutions at the rate of 1.5 dollar per each dollar invested for the benefit of 7, 200 small producers and their families. Small scale coffee

producers, dairy, honey and other products have changed their livelihoods, increased their productivity and competitiveness thru COMRURAL.

6. In Nicaragua IDA has provided strong support in the education sector, around 230,000 primary students from the most vulnerable and poorest regions were able to receive math, language, literature textbooks thru the Second Educational Sector Support Project. Furthermore, the Nicaragua: Alliance for Education Quality Project (ACE) is the first results-based IPF project in Central America that address the severe learning gaps among the most vulnerable groups. The innovation steers from the use of improved teaching practices to improve quality educational outcomes and the use of disbursement linked indicators (DLIs).
7. In the Organization of the Eastern Caribbean States (OECS), IDA resources have become vital to fostering growth and inclusion, addressing the effects of extreme weather events and supporting the subregion's thrust to build more holistic resilience. Through various disaster risk reduction operations, countries have been able to implement and test a broad spectrum of interventions aimed at reducing vulnerability in public buildings and infrastructure, as well as develop regional platforms for hazard and risk evaluation to improve decision making.
8. Elsewhere in the Caribbean region, in Guyana for example, IDA's resources have been critical in building the institutional and policy framework for economic diversification. A series of Development Policy Operations (DPO) will strengthen the legal and institutional frameworks governing oil and gas and build the capacity of key institutions for transparent and effective management of the sector.
9. In Haiti, IDA resources are an important complement to the State's budget to finance strategic operations and offer technical assistance in support of efforts to fight poverty and strengthen resilience against climate shocks. After hurricane Mathew where Haiti lost 32% of its GDP, IDA's support was determinant in reestablishing communication of the affected regions in the South with the rest of the country by rebuilding essential bridges and restoring accessibility of roads to deliver services and goods to more than two million people who had remained isolated in their distress.
10. We are pleased that the Crisis Response Window (CRW) extension under IDA19 will continue to assist countries for an early response to slower-onset crises, namely, food insecurity, and disease outbreaks and also responding as a last resort to severe economic crisis and exceptionally severe natural disasters. Early responses can reduce or mitigate the impact of shocks that otherwise could have disastrous effects on IDA countries specially on vulnerable groups as in the case of food insecurity.
11. The scaling-up of IDA's Regional Programs will allow the World Bank to address better the growing demand for regionally integrated solutions. The estimated demand for regional funds under IDA19 is consistent with the higher case scenario. We concur that the financing of operations should be based on each region's defined strategic priorities. In Central America and the Caribbean, we are particularly interested in addressing issues related to climate change, combating maritime litter, regional infrastructure and energy, as well as trade and economic integration. For the Eastern Caribbean specifically, future program will build on current efforts under the FY15-FY20 Regional Partnership Strategy for growth and competitiveness, strengthening resilience and unleashing the blue economy.

12. We also welcome the proposed enhancement to IDA's regional integration effectiveness with the use of Development Policy Financing (DPFs) to support harmonization of policies, regulations and strengthen institutions across countries and for financing regional institutions that meet the legal and financial requisites to access IDA regional resources on credit terms.
13. We recognize the special value of the Private Sector Window (PSW) for IDA countries. We understand the PSW was originally conceived to support investments in the poorest and countries in the most fragile situations. Nevertheless, we hope that without losing focus of the PSW on the most challenging settings, the experience gathered in its operationalization in FCV settings will help reveal the importance of opening the eligibility to LMIC IDA countries facing similar challenges including structural constraints in mobilizing private sector investment and creating jobs.
14. We want to voice our special support to the Jobs and Economic Transformation agenda. In Central America, our economies barely create half the jobs needed. Around 1,000,000 new jobs annually are needed to absorb the young entering the labor force for the first time. Our youth is forced into low paying economic activities, informality and to migrate in search of economic opportunities. In Haiti, joblessness pushes scores of young people to join armed groups or take a dangerous journey out of the country under the most challenging situations in the hope of finding better living conditions and being able to send back money to infinite numbers of family members left behind in poverty. The IFC and MIGA are tabled to play an increasing role in our economies and it is our hope that lessons learnt in the implementation of the PSW in Haiti and elsewhere will serve to design appropriate programs to support our low middle-income countries in mobilizing private sector investments and creating markets in Central America and the rest of the Caribbean.
15. Only an ambitious replenishment can deliver on IDA19's policy commitments along the axes of the five "Special Themes": Jobs and Economic Transformation (JET); Fragility, Conflict and Violence (FCV); Gender; Governance and Institutions; and Climate Change. The "high-case scenario" remains the only scenario among those considered, that will support a modest increase in per capita concessional allocation in real terms to all IDA countries despite population growth. Any other scenario would translate to a decrease of 3 percent of concessional allocations in real per capita terms for all IDA LAC countries possibly at the exception of Haiti- the only FCS in our region.
16. We, therefore, call on traditional and emerging IDA partners to help us achieve the US\$25 billion grant mark that will be leveraged to US\$85 billion. We look forward to a Fourth Replenishment Meeting that would decisively make IDA19 a landmark of international development cooperation.