

Fabio Panetta: Statement - meeting of the Development Committee

Statement by Mr Fabio Panetta, Governor of the Bank of Italy and Governor of the Constituency of Albania, Greece, Italy, Malta, Portugal, San Marino and Timor-Leste, at the 112th Meeting of the 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), Washington DC, 16 October 2025.

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Geopolitical tensions, worsening conflicts, mounting climate shocks and pervasive fragility continue to weigh heavily on people worldwide, often with dramatic consequences. These dynamics have heightened the demand for protection from global challenges and for better prospects at home.

As a central pillar of the multilateral system, the World Bank Group (WBG) is called to deliver concrete solutions where needs are greatest. By managing its resources efficiently and staying focused on its core mission - to end extreme poverty and foster shared prosperity on a livable planet - the WBG can effectively support countries in pursuing their development priorities and meeting their citizens' needs. The strategic use of resources, including funds unlocked through the *Capital Adequacy Frameworks (CAF) review*, will help sustain progress along countries' graduation paths, whose forthcoming reassessment is welcome.

Job creation is essential to reducing poverty, particularly in fragile contexts, while private sector development and social mobility are crucial to sustaining growth. Failing to generate employment and opportunity in developing countries risks exacerbating social tensions and driving migration pressures, with adverse cross-border repercussions.

Our Constituency welcomes the ongoing efforts to shape a comprehensive WBG Jobs Strategy. As underscored in the Development Committee Paper, reinforcing the foundations of growth and employment is essential to expanding opportunities and unlocking the potential of women and the many young people set to enter the labor force in the coming years.

The WBG should continue to help countries recognize the deep interdependence between the public and private sectors. A competitive and diversified private sector generates domestic revenues that are essential to financing public services and strengthening administrative capacity at both national and local levels. In turn, a skilled and adequately resourced public sector is vital to enabling private sector growth - by investing in education and health, designing sound reforms and regulations, fostering competition and quality in public procurement, and working with institutions such as the WBG to develop a strong pipeline of investment projects.

The Jobs Strategy should also underscore the urgent need to raise productivity - a fundamental engine of growth and prosperity - by enhancing the efficiency of existing jobs and firms and by reallocating capital and labor toward more productive uses. It

should further promote the transition from informal to formal employment, broadening social protection and strengthening job security. Clear and reliable indicators are essential to assess impact and track the strategy's progress.

The WBG has already launched a range of important initiatives to promote job creation. We support the *Agriconnect* initiative, in which Italy plays an active role by helping to develop coffee value chains in Africa. We further encourage closer collaboration with IFAD to draw on its expertise in linking smallholders and rural communities to regional value chains. Italy also contributes to the *Global Skills Partnerships*, which foster skills development and technical training, enabling workers to access better employment opportunities both at home and abroad.

The strengthened WBG Procurement Framework can play a significant role in advancing the Jobs Strategy by promoting local employment and stimulating productivity and innovation through competition focused on quality infrastructure and service delivery. This shift toward quality-based procurement should be accompanied by efforts to build capacity for efficient public resource management, enhance access to information, and encourage greater diversification through broad and fair participation of firms.

We welcome the WBG's pragmatic and inclusive approach to expanding access to energy - an essential driver of economic growth - while maintaining a clear commitment to its climate objectives. Exploring additional energy options, including nuclear, can help design tailored solutions that reflect country-specific circumstances and development priorities, in full consistency with their international commitments.

Africa lies at the heart of the global jobs challenge: by 2030, half of all new entrants to the world's labor force will come from Sub-Saharan Africa, and around 80 percent of the region's annual job needs will be concentrated in fragile, conflict-affected, and low-income economies. In this context, we look forward to the implementation of IDA21 and to continued efforts to strengthen its long-term financial capacity, while preserving its triple-A rating.

Under the Mattei Plan, Italy is actively supporting WBG initiatives across Africa. A new co-financing framework and dedicated programs have been launched, as exemplified by the recent co-financing of the *ASCENT* project in Mozambique - confirming Italy's commitment to Mission300 - while several other projects are at an advanced stage of preparation. Together with the WBG, the African Development Bank, the Africa Finance Corporation and other partners, Italy reaffirmed its support for the Lobito Corridor at the Italy-EU Summit in June 2025. Through the *Resilient and Inclusive Supply Chain Enhancement* (RISE) initiative, efforts are also under way to diversify and develop local and regional value chains in critical minerals and clean energy products. The *Africa Growth and Opportunity: Research in Action* (AGORA) conference, to be held in Palermo from November 3 to 5, will seek to turn analytical insights into concrete operations and policies - focusing on energy and agribusiness - and to strengthen partnerships between policymakers, the private sector, and think tanks from Africa and Europe.

To help countries address their substantial financing needs - amid persistently high debt-servicing costs - and channel resources toward sustainable development, Italy has

launched a bilateral debt-for-development swap program that will convert €250 million of Italian official claims on low-income and fragile African countries into development investments over the next decade.

We also look forward to the new WBG Strategy for Fragility, Conflict, and Violence, which should promote tailored approaches to prevention, engagement during conflict, and post-conflict recovery. Alongside support for refugees and host communities, its core pillars should include institution building, local conflict resolution, decentralized justice systems, private sector development, and innovative partnerships.

The Banca d'Italia is supporting the national central banks of the Western Balkan countries in their efforts to modernize payment systems. This initiative encompasses the development of a Fast Payment System that meets international technical and regulatory standards and fosters regional financial integration. We wish to express our sincere gratitude to the WBG for its invaluable cooperation on this endeavor.

The WBG's focus on private capital mobilization and the implementation of the *International Finance Corporation's* (IFC) *Vision 2030* present a historic opportunity for the WBG's public and private arms to combine their knowledge and expertise, ensuring that the development of domestic markets advances alongside stronger governance, institutional capacity, and access to essential services. The IFC's recent financial innovations have already mobilized record levels of private capital, and the first securitization transaction in September has further strengthened the originate-to-distribute model. The steps outlined in IFC's Vision 2030 are ambitious, and as these initiatives advance, it will be crucial to continuously assess their impact on project quality, income generation, and long-term financial sustainability. At the same time, capital mobilization should continue to foster development additionality, market creation, and the inclusion of smaller clients in more challenging environments.

We express our firm support for the WBG's leadership in strengthening Ukraine's resilience, advancing reform, and facilitating reconstruction. These efforts are vital to mobilizing international assistance and private investment, ensuring a coordinated and effective response to the country's long-term recovery. At the recent Ukraine Recovery Conference in Rome, more than €10 billion was mobilized; alongside other initiatives, Italy pledged a €100 million grant to the IFC's Economic Resilience Action program to foster the development of a modern and efficient private sector.

To achieve these goals, we need a strong WBG - one that rests on a solid credit rating and steadfast donor support. We therefore remain committed to a strong IDA and to stable WBG governance, while further amplifying the voice of the poorest and most vulnerable members.