

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 113th 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 April 2026.

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Ongoing conflicts and persistent geopolitical tensions are increasing global uncertainty, raising energy and food prices, and disrupting trade and supply chains. Risks to global growth remain tilted to the downside amid tight financial conditions and higher inflation in several regions. Developing countries are particularly exposed, with high debt and limited fiscal space, while the poorest are least able to absorb new shocks. Years of progress in development and poverty reduction are at risk of reversal. In this context, deeper engagement by the World Bank Group (WBG) in the most vulnerable countries is essential to help prevent crises and support stabilization, reconstruction, and transitions out of fragility. We look forward to the refreshed Fragility, Conflict and Violence (FCV) Strategy.

As a cornerstone of the international financial system and a leading development financier, the WBG must once again respond to these challenges by delivering practical, high-impact solutions where needs are greatest. This requires balancing immediate support in the face of acute crises with medium- to long-term development goals.

Today, the WBG's reform agenda is more important than ever. Our Constituency firmly endorses a sharper focus on outcomes, clearer and more integrated sector strategies, a stronger knowledge function, deeper partnerships, greater mobilization of private capital, internal efficiency gains, and more robust risk management.

We welcome the recognition that a business-enabling environment is central to the WBG's Jobs Strategy. This pillar rightly emphasizes the policy and institutional foundations needed to create jobs and support sustainable growth.

Clear, predictable, and enforceable rules are indispensable. Without them, productivity stagnates, wages lag, and firms remain small. Sound macroeconomic management, secure land and collateral rights, effective payment systems, and strong financial regulation are all critical to mobilizing resources and unlocking investment in physical and human capital. Together with the Knowledge Bank and the One WBG approach, these mutually reinforcing pillars can support tailored, comprehensive country solutions while preserving strategic coherence.

We encourage greater attention to those elements of the regulatory environment that are most important for productivity growth and a more efficient allocation of resources. An effective judicial system is vital for innovation-intensive activities and for attracting investment, including FDI. Labor market regulation should support firm growth while preserving incentives to invest in worker training and ensuring adequate contractual protection. Job creation in the WBG's five priority sectors should also be accompanied

by policies that promote economic diversification, resilience and more advanced production structures, based on robust diagnostics and tailored to country circumstances.

Access to reliable, affordable, and interoperable payment infrastructure is a prerequisite for firms - especially micro, small and medium-sized enterprises - to participate in formal markets, access supply chain finance, pay workers, and transact with customers. The euro area's experience in building integrated payment infrastructure - combining a level playing field for service providers, public oversight, and technological innovation - shows that payment systems are not merely a financial sector concern, but a development priority.

The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) play a vital role in strengthening the business environment, creating investable opportunities, and reducing risks for private investors. Beyond commendable efforts already under way to develop an effective originate-to-distribute model, the IFC 2030 strategy should deepen upstream engagement and prioritize projects with strong market-creation impact and clear additionality. MIGA's guarantees provide the predictability investors need, while the Guarantee Platform is a valuable innovation that facilitates joint IFC-MIGA initiatives, including trade finance guarantees and blended finance structures.

We appreciate the significant progress made in addressing the infrastructure gap through strategic partnerships and flagship initiatives that mobilize finance at scale and support key regulatory reforms through country compacts. Collaboration with other International Financial Institutions is essential to leverage comparative advantages of regional and sectoral organizations with deep local knowledge.

Within our Constituency, Italy will continue to provide co-financing to scale up WBG projects in Africa under the Mattei Plan. Building on the partnership forged under Mission 300, the focus on water sector investments will be strengthened this year, in line with the African Year of Water and the WBG Water Forward initiative. Africa is pivotal in building resilient global value chains in critical minerals and clean energy, while fostering local growth and job creation. In this vein, Italy continues to support the Resilient and Inclusive Supply-Chain Enhancement (RISE) initiative. The further expansion of the WBG Rome office will strengthen private co-financing, knowledge-sharing, and business partnerships.

Ensuring that infrastructure investments translate into productive employment, inclusive growth, and long-term resilience requires expanding access to quality education and better aligning technical and vocational training with labor market needs. To this end, Italy is supporting the replenishment of the Global Partnership for Education. We also support the WBG's Global Skills Partnerships initiative to strengthen job matching and labor mobility in both origin and destination countries.

Italy remains supportive of the WBG's work on Pandemic Prevention, Preparedness and Response (PPPR), including at-risk financing and updates to the PPPR Playbook. We also strongly commend the WBG's continued leadership in favour of Ukraine's resilience, reform efforts, and reconstruction. Italy has already channeled 100 million euro to back IFC's Economic Resilience Action program.

Shifting the WBG's focus from financial commitments to development outcomes remains a top priority. Progress in implementing the WBG's new Scorecard, including efforts to better capture its contribution to job creation, is therefore essential. The quality of this indicator will depend on the robustness of the underlying economic analysis.

We see a need to improve the WBG's analytical capacity to credibly link projects to development results, combining estimation and modelling with rigorous ex-post impact evaluations.

Our Constituency strongly encourage the comprehensive reform of the Operations Procurement Framework introduced in 2025 to bolster quality, efficiency, and local development across the lending portfolio. We call for further initiatives to curb anti-competitive practices and build the procurement capacity of client countries.

A country's ability to graduate is our ultimate measure of success. We welcome the WBG's renewed efforts to accompany countries through the graduation process in line with the current policy, and look forward to faster progress in the systematic assessment of the remaining gaps to be addressed in forthcoming Country Partnership Frameworks.

We agree with the conclusion of the 2025 Shareholding Review Report that there is no support for a selective capital increase. Preserving the WBG's cooperative nature and strong financial foundations - including its AAA rating - remains essential. The Lima Principles provide an anchor for a fair and balanced shareholding framework that evolves with the global economy. We also value the practical steps taken to strengthen voice and representation, enabling more effective participation by the poorest and most vulnerable client countries. These steps provide a sound basis for further progress.