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Statement by the Hon. **NOEL AGUIRRE LEDEZMA**,  
Governor of the Bank for **BOLIVIA**,  
at the Joint Annual Discussion



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Governor of the Bank for Bolivia,  
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While 2010 is shaping up to be a better year for the economies of the developed countries, with some seeing “the light at the end of the tunnel,” the outlook could be somewhat more somber for the economies of the low-income countries, which will have to deal with scarce resources and higher interest rates. Once again, the poor will pay for the mistakes made by the “more developed” countries, and their efforts to improve growth rates and to reduce poverty, inequality, and exclusion will continue to be thwarted.

Consequently, the costs represented by the fiscal stimuli in the developed economies ought not to serve as an argument for reducing or postponing support for the low-income economies. Nor should the cost of the crisis be shifted onto the backs of those who did not bring it about.

Although the majority of the representatives of the more advanced economies are in agreement as to the need to increase capital and balance voting power in order to improve the governance of the Bretton Woods institutions, such assertions would appear to be more words than they are actions aimed at realizing such changes soon. Timely responses are extremely important, as we have learned in this crisis, and we hope that the rapidity and force with which they were forthcoming will be emulated when it comes to solving the problems of poverty and inequality that have yet to be addressed.

It bears recalling as well that crisis situations are not just short-term problems, but rather structural and systemic problems. It is conceivable that they can occur in cycles that become shorter each time, for which reason we must be prepared and, fundamentally, must construct a new development model that has more sustainable benefits for the general public. Joint actions are necessary, but we also take it as given that the actions we can take individually are important as well.

In Bolivia we shy away from continuing to repeat the errors of the past. Within the framework of a development model headed up by the State and a pluralistic organization of the economy, Bolivia has made profound changes in recent years that, in sum, include the nationalization of the oil and gas sector, improved income distribution, and enhanced social protection policies, without disregarding the preservation of macroeconomic stability in a context of democratic progress.

The numbers reflect this: in the past three years, per capita GDP has doubled, growth in 2008 was the highest in the past 17 years, and in 2009 our country will have one of the highest growth rates in Latin America. After more than 50 years of fiscal deficits, in the past three years we have recorded surpluses totaling over 10 percent of GDP. In the same period, we had a current account surplus amounting to 35 percent of GDP, and our international reserves were increased to 50 percent of GDP, the highest level in our economic history and probably one of the highest levels in the world.

We are well aware of the fact that economic growth by itself is not enough, and even less so if nature and labor of individuals are exploited. Our Government accords high priority to policies on income redistribution and access to basic services; this year we were declared to be a country free of illiteracy, and there was a significant broadening of healthcare services. Direct transfers served as an important mechanism for social protection even as the long-term measures were being consolidated.

Along these same lines, the exploitation of natural resources must preserve a balance between the generation of the resources needed for development with concern for Mother Nature, or as we say in Bolivia, “la Pachamama.” In the final analysis, when the natural environment is sick, the life of the individual becomes pointless. Accordingly, regulations have been introduced for the sustainable management of natural resources, and the people have been encouraged to participate in decision making.

The development policies of the low-income countries require the support of the multilateral organizations, which must adapt to these needs. To this end, to achieve more effective development, the international community should encourage the World Bank and the IMF to:

- Increase their capital with capital from countries and organizations that brought about this crisis period;
- Improve the democratic nature of their internal functioning, increasing the capacity of the developing countries to influence decision making;
- Adopt flexible, swift, effective, and timely procedures and mechanisms; and
- Accord priority to supporting the lower-income countries in addressing their development problems and decreasing the asymmetries that exist in the global economy.