

Fabio Panetta: Italy and the World Bank Group "Partnering for Africa's prosperity"

Welcome address by Mr Fabio Panetta, Governor of the Bank of Italy, at the 80th anniversary of the Bretton Woods Conference, jointly organised by the Bank of Italy, the Italian Ministry of Economy and Finance and the World Bank Group, Rome, 8 November 2024.

* * *

Good morning, ladies and gentlemen,

It is a pleasure to welcome you to this conference organized jointly by Banca d'Italia, the Italian Ministry of Economy and Finance and the World Bank Group.

This year marks the 80th anniversary of the Bretton Woods Conference, a landmark event that laid the foundation for modern global economic cooperation.

Since then, the World Bank has played a key role in promoting sustainable development, reducing poverty and driving infrastructure growth around the globe.

From post-war reconstruction in Europe to today's support for low-income countries, the World Bank remains a key player in the fight against extreme poverty and inequality.

Today, the international community faces new, complex challenges.

In recent years, an unprecedented sequence of shocks – from the pandemic to Russia's aggression against Ukraine to the energy crisis – has had a significant economic impact, exacerbating existing protectionist sentiments. Globalization, once seen as unstoppable, is now being challenged by geopolitical conflicts that threaten international trade and the stability of the world economy.

As global trade fragments, major countries are increasingly reluctant to rely on trading partners with which they lack stable political, economic or cultural ties.

This is fuelling growing fears of a world once again divided into economic, political and even military blocs, challenging the principles of international cooperation and multilateralism that have underpinned global economic progress and kept the peace between the great powers since the Second World War.

As we mark this anniversary, we reflect on the vision of the leaders who came together 80 years ago to create a more connected and prosperous world.

We reaffirm our commitment to the enduring principles of global cooperation and multilateralism that emerged from Bretton Woods, which today are more important than ever to keep the peace in an increasingly divided world.

In this spirit, it is essential that the global community come together again, setting differences aside in order to find shared solutions to the interconnected challenges that affect us all.

* * *

Italy is a long-standing partner of the World Bank Group. Our country joined the International Bank for Reconstruction and Development in 1947 and was one of the first countries to receive a loan to rebuild its economy after the Second World War.

Banca d'Italia has been involved from the very beginning. It was one of my predecessors, Donato Menichella, then Governor of Banca d'Italia, who conceived the special Southern Development Fund (Cassa per il Mezzogiorno), which proved to be a powerful instrument for attracting, coordinating and implementing aid in the largest intervention the World Bank had ever made in Europe.¹

The World Bank's assistance to Italy from the early 1950s to the mid-1960s had two objectives. First, to finance the aid programme centred on the Cassa per il Mezzogiorno. Second, to cover the additional dollar needs following the programme's adoption without depleting Italy's foreign exchange reserves.

Overall, the World Bank's support was instrumental in kick-starting post-war reconstruction and in narrowing the GDP per capita gap between the South and the Centre-North of Italy. The programme proved successful, and in the period 1951-65 Italy's real economic growth averaged 6 per cent per year, while GDP per capita in the South rose from 50 per cent to 60 per cent of that in the Centre-North.

In the decades that followed, Italy became a major donor. Its cumulative contribution to the paid-in capital of the World Bank Group amounts to about \$1 billion. Since 1960, when the fund for the low-income countries (International Development Association, IDA) was created, Italy has supported all 20 IDA Replenishments with more than \$12.4 billion.

The World Bank Group adds significant value through its financial leverage and the knowledge it brings to joint high-impact projects and programmes.

But Italy's contribution and support to the Group is far more than financial. Italy – and with it Banca d'Italia – actively contributes to the governance of the World Bank through its daily participation in the Board of Executive Directors.

The World Bank Rome Office is a key component of this collaboration. Banca d'Italia has proudly supported it over the years, most recently when we offered it a new, larger location. We expect the Rome Office to be a catalyst for fostering collaboration among the various entities within the World Bank Group, and to provide a space for closer engagement with external stakeholders, including partnerships with the Italian authorities.

We also expect that the new Rome Office will become a vibrant knowledge hub, bringing its expertise to key development operations in Africa.

Africa's development is critical to achieving the World Bank's own goals of poverty eradication and shared prosperity, but it is also essential to a stable global economy and to providing a future for the hundreds of millions of young people who join Africa's

workforce each year. Finally, it would also help alleviate the inevitable migratory pressures.

Italy's position – at the crossroads of the Mediterranean – makes it uniquely well-placed to play an important role in the development of the African continent. The recently launched 'Piano Mattei' reaffirms Italy's commitment to the common goal of fighting poverty, reducing inequalities and promoting sustainable growth, while addressing pressing global challenges such as climate change, pandemics and migration.

It demonstrates Italy's intention to promote high-impact operations in partnership with Africa.

Banca d'Italia is ready to work with the World Bank, putting its skills and expertise at the service of promoting development in emerging countries, especially in Africa.

* * *

Today's conference is an important occasion for developing comprehensive and effective engagement with African countries.

I would like to thank the organizers for putting together an impressive programme. I would also like to thank the keynote speakers, the panellists, the moderators and all of you for attending.

I look forward to hearing from President Banga, Governor Kalyalya and Governor Kganyago.

The thematic panels – on energy, jobs and digital infrastructure – will delve into some of the key aspects of any growth process and highlight the strategies needed to stimulate investment in these sectors.

If we are to build a more balanced, stable and prosperous global economy, then Africa's challenges cannot but also be the world's challenges.

While we will not resolve all the issues on the table today, I am confident that our discussions will help deepen our understanding of the complex matters at stake and identify viable ways forward.

Together, through open dialogue and cooperation, we can move closer to fostering a future that benefits not only Africa, but the global community as a whole.

¹ The loans granted by the World Bank, subdivided into eight (different) tranches from 1951 to 1965, amounted to about \$400 million. The idea of acting on the economy as a whole, and not on single projects – was established on the basis of the 'Big Push' theory, a brainchild of Paul Rosenstein-Rodan, who suggested the adoption of non-fragmented interventions to provide, within a reasonable timeframe, the big push onwards needed in order to kick-start the policies for the development of Southern Italy.