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)

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BANGKOK, THAILAND – OCTOBER 15, 2026

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Statement by

Antonio Guterres
Secretary General

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114th Meeting of the Development Committee

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"Overlapping shocks and crises are adding to these pressures. Disrupting production and supply chains. Driving up the cost of food and fertilizer."[1]

Antonio Guterres, UN Secretary General
October 2, 2026

In recent months, the ripple effects of the Middle East military escalation have been compounded by the impact of El Niño and financial volatility around the world. With surging prices, policy responses are pivoting in developing and emerging economies: away from blanket policy interventions aimed at price containment towards more targeted interventions focused on mitigating the effects of price pass-through.

This is the third time in six years that developing economies are forced to respond to global spillovers from wars or macroeconomic shocks; fiscal buffers are depleted and debt is high. 'Wait and see' policy stances should shift to action on oil reserves and liquidity to Central Banks, especially in low-income and middle-income economies on the frontlines of the crisis.

A Moment of Compounding Crises

Seven months into the Middle East escalation, developing economies are facing three pressures at once: oil prices above $100 per barrel; an El Niño that is on course to be the strongest on record, with impacts that will not ease until early 2027; and global borrowing costs at their highest level since 2023, with the 10-year US Treasury bill yield above 5 percent.

The first shock is about oil prices. Global oil prices spiked at the onset of the U.S.-Iran conflict in late February and have remained highly sensitive to developments since: the late-April ceasefire, the negotiations that followed, their eventual breakdown, and the broader push and pull between potential resolution and further escalation. Brent crude averaged $102 per barrel in the month of September, up 22 percent since July, when the ceasefire broke down. The last time oil prices were this high was during the 2022 energy and food price shock.

The second shock is climatic. El Niño is now very strong and still intensifying. Sea-surface temperatures in the central equatorial Pacific (the Niño-3.4 region) rose from 2.2-2.6°C above normal in late July and

[1] United Nations, 2026, " 'We Have the Knowledge, Technology and Capacity to Feed the World', Secretary-General Says, Urging Innovation to End Hunger" https://press.un.org/en/2026/sgsm23313.doc.htm

mid-August to 3.0°C above normal by mid-September, and the preliminary daily reading for 30 September stood at 3.2°C. The US National Oceanic and Atmospheric Administration (NOAA) puts the chance of a very strong event during the Northern Hemisphere autumn and winter above 90 percent and gives a 75 percent chance that the event exceeds the strength of every El Niño since 1950, as measured by its relative oceanic index. The event is expected to peak towards the end of the year and to persist to at least February 2027, with a likelihood that the World Meteorological Organization (WMO) puts at close to 100 percent.

The third shock is financial. The yield on the 10- and 30-year US Treasury bonds (a global risk-free benchmark) have now reached a multi-decade high –-a pattern observable across many Advanced Economies (AEs) - on account of persistent inflation and expectations of higher policy rates, large deficits and rising debt, and greater competition for long-term capital. On September 29th the 10-year Treasury yield reached 5.3 percent and the 30-year 5.6 percent last observed this high in the years 2002 and 2004, respectively.

Supporting Jobs, Growth and Resilience

The response to these three shocks, has been to contain fuel and food prices as much as possible –through a combination of subsidies, price caps, rationing and tax rebates. However, since September, there are signs that price containment is weakening. Responses to the crises have the overall effect of displacing long run development work –jeopardizing growth, job creation and private sector flows.

First, with international energy prices at over $100/barrel, global fossil fuel subsidies could surpass $1 trillion this year. As developing economies release subsidies, partial pass through of prices has been observed. Across 130 countries, retail gasoline and diesel prices are up by 26 and 38 percent on average since the conflict began, and only about one in ten countries have kept pump prices unchanged, - and between June and September the cumulative increase in prices widened in close to two-thirds of countries.

Second, the stakes of weakening containment are large. In a counterfactual where every country let the 2026 energy and food price shock pass fully through to households, UNDP estimates that 130 million more people would fall below the $6.85-a-day poverty line this year (80 to 200 million across low and high shock assumptions), 121 million more below $3.65-a-day poverty line and 66 million more below the extreme poverty line of $2.15-a-day - and almost all in developing countries.

Third, there is a high fiscal cost to any policy response. Fully compensating households for the shock, the cash equivalent of blanket price containment, would cost about 1.1 percent of developing-country GDP in aggregate. Compensating only households below the $6.85 line would protect the poor at about a quarter of that cost, 0.3 percent of GDP. Many vulnerable developing economies are struggling to find the resources needed to protect their populations from the adverse impacts of these latest shocks.

Fourth, bond market volatility is driving up the cost of borrowing. Years of external shocks continue to contribute to a deepening of the debt-development trade-off where countries are forced to spend money on emergency relief measures and a growing debt service burden, instead of the investments needed to make long-term progress on sustainable development. The creation of a Borrowers' Platform is meant to promote the voice of debtors in the debt architecture. We encourage participation in this important initiative.

Next Steps

The United Nations supports the Development Committee in its critical role fostering growth, jobs and resilience in the global economy. The challenge of resilience will continue to evolve:

- Since March, developing economies have been responding to surging fuel and food prices at great fiscal cost. The response is displacing a focus on longer term development objectives –including growth-enhancing reforms, job creation and attracting private sector flows.
- The moment for 'wait and see' policies has mostly passed. With the compounding effects of the Middle East military escalation, El Niño and volatile bond markets, responses on the ground will

determine how well poor and vulnerable populations are protected. Our estimate is that up to 130 million people have not fallen into poverty in 2026 because of policy choices. These policy choices are becoming increasingly difficult to sustain with diminished fiscal buffers and high levels of debt.

- We commend the World Bank Group and IMF board approval of a new Debt Sustainability framework for Low-Income Countries. This will move the conversation on debt sustainability forward.
- The United Nations development system will continue to monitor the triple crisis in dozens of developing economies –responding to spillover effects from wars and macroeconomic decisions. We are ready to step up our support to mitigate social and political unrest from these spillovers around the world.