Statement by

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and

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Chancellor of the Exchequer

United Kingdom
COVID-19 is the worst crisis to hit the world in generations. In countries across the globe economic growth is stalling, health systems are straining, and poverty and debt levels are rising. The virus threatens to wipe out decades of growth, and progress towards the UN’s Sustainable Development Goals (SDGs).

For the poorest and most vulnerable countries COVID-19 has compounded existing crises that threatened their prosperity and security. This year, the combined impacts of the coronavirus pandemic, conflict, locust swarms and climate change have left over 250 million people worldwide facing extreme hunger and possible famine. We have committed a new £119m aid package to tackle this new famine threat and our new Special Envoy for Famine Prevention and Humanitarian Affairs will ensure a coherent response to these challenges alongside global partners. Without further international attention, many more will die from hunger and disease.

The United Kingdom, as a force for good, is leading by example and urges the international community to come together to tackle these deadly threats including up to £790 million to support the global effort to combat coronavirus.

We are leading the way in the international search to find COVID-19 vaccines and have committed to equitable access for all to successful vaccines, treatments and tests, including through our support to the Access to COVID-19 Tools Accelerator initiative and the COVAX facility. We hosted the Global Vaccine Summit and raised £8.8 billion for vaccines.

But the scale of this crisis requires a truly international response. All members of the international community and multilateral institutions must play their part. The Prime Minister in his speech to the UN General Assembly outlined a five-point plan for pandemic preparedness. The United Kingdom is committed to using our diplomatic levers and aid expertise, and we will use our forthcoming Presidencies of the G7 Group of Nations and the 26th UN Climate Change Conference, COP26, to drive action.

The G20 Debt Service Suspension Initiative is just one example of what can be achieved when the international community comes together. The DSSI needs to be extended in 2021, and for some, debt relief will be required. Going forward, participation by all private and official creditors will be essential, and we
encourage the World Bank to continue supporting the G20 and Paris Club to implement the DSSI and strengthen the sovereign debt resolution architecture.

As the United Kingdom’s new Governor – and the first member of our new Foreign, Development and Commonwealth Office to hold this honor – alongside the Chancellor of the Exchequer as Alternate Governor, we expect the World Bank Group (WBG) to be at the forefront of the global response to the crisis.

We commend the WBG for their swift and comprehensive intervention. Reaching over 100 countries with emergency health support and delivering over $45bn of assistance in the first three months of the pandemic is a significant achievement. As we move forward into the next phase of the response, we call on the WBG’s actions to be guided by the following principles:

• Firstly, we expect all arms of the WBG to stretch as much as they can to provide additional support to countries to help them recover and rebuild from the COVID-19 crisis, coordinating with international partners and targeting resources to where they are needed the most. Over the course of the next 12 months the WBG will spend over $100bn. We would like to see greater evidence that support is targeted to where needs are greatest and is guided by the Bank’s poverty goals and the UN SDGs. For example, we recognize that Small Island States are facing multiple shocks which are compounded by their vulnerability to climate change and natural disasters. The WBG should continue to work actively alongside other organisations leading the response to the Covid19 crisis, including the World Health Organization, the UN Coordinating Agencies, the IMF and other international partners. The WBG should emphasise transparency and governance in funding packages, to promote and embed accountability for management of public finances.

• Secondly, we look to the WBG vital support to the private sector to mitigate the impact of capital outflows, lower commodity prices and loss of revenue in hard hit sectors like tourism. IFC and MIGA should use their financial capacity to provide liquidity and counter-cyclical support to the private sector and continue to play a leading role on the mobilization of private investment. We welcome the Bank’s commitment to provide up to $12bn to its client countries to ensure early and equitable access to COVID-19 vaccines. We expect the Bank to ensure its support is closely coordinated with the COVAX facility to allow all IDA and IBRD countries to benefit.

• Thirdly, we expect to see the WBG respond to the rising threats to global food security and risks of famine. The UN Office of Humanitarian Affairs has declared there are an unprecedented number of people around the world this year facing hunger without concerted international action. The WBG should provide increased financing and technical assistance to the countries most affected, as it did in 2017. The Bank’s support should focus on ensuring finance is delivered quickly and when needed, strengthening social safety nets, building more climate resilient food systems and improving the way that food markets function, especially in fragile contexts.

• Fourthly, we believe now is the time for the WBG to focus on using its response to COVID-19 to work with client countries to build a greener, more inclusive and resilient recovery. Countries need long term support to rebuild their public finances. We expect the WBG to help them to develop tax and expenditure policies that promote inclusive growth and alleviate poverty, and to improve the efficiency and transparency of public spending. These plans should include investments which both support economic recovery and help countries towards a lower carbon future. Now is the time to tackle distortive subsidies, reform inefficient and high carbon energy systems, grow our economies through investing and valuing our biodiversity, and prioritise measures on adaptation and nature-based solutions. The UK will work closely with the Bank in the run up to the COP26 and the
15th Convention on Biological Diversity. We also call on the World Bank, IFC and MIGA to set a clear timeframe aligning their investments with the Paris Agreement. The WBG should also support countries to invest in their health workforce, public health systems, and preparedness strategies for future health threats.

- Lastly, we expect the WBG to maintain a clear focus on the most vulnerable and excluded in society who have been disproportionately affected by COVID-19. Around the world, women and girls are seeing their rights and freedoms rolled back by this crisis. Ensuring that girls can continue to learn and return to school during and after this crisis must be a priority. WBG programmes should address these education challenges and be closely targeted to those who are the most at risk. Enhancing social safety nets will be key to support the millions of people around the world who risk having their life chances destroyed by the virus. Support for resilient digital payment systems will support this effort. WBG should help workers, particularly hard-hit female and informal workers, to adjust to new economic conditions, including through reskilling & upskilling.