Statement by

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Minister of Finance

on behalf of

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(VIRTUAL)

The international community is making great efforts fighting the COVID-19. We appreciate the rapid and effective response made by the World Bank Group (WBG). However, COVID-19 is still raging in many parts of the world and some countries are seeing a rebound of the virus and even a looming second wave. The world economy is facing a high degree of uncertainty, and countries are facing more complex development environment and challenges. As a multilateral development institution with important global influence, the WBG should keep adhering to its development mandate, strengthen coordinated international actions against COVID-19, plan for the post-COVID-19 era, and work in a more forward-looking and innovative way to actively promote the Twin Goals of ending extreme poverty and promoting shared prosperity. We would like to see the WBG playing an even greater role in the following areas:

I. Give full play to the WBG's comparative strengths and continue promoting international cooperation in fighting COVID-19

The WBG should continue taking advantage of its comparative strengths in multilateral coordination and mobilization of financial resources, and as a knowledge bank and a convening platform, to help developing countries respond to COVID-19 and realize economic recovery.

First, promote coordinated international actions. The WBG should strengthen its collaboration with other Multilateral Development Banks (MDBs) as well as related international organizations such as World Health Organization to provide more support to developing countries. Meanwhile, the WBG should play an active role in guiding international policy discussions, supporting multilateralism, opposing unilateralism and protectionism, safeguarding the rules-based multilateral trading system, facilitating an early recovery of global industrial and supply chains and creating a favorable external environment for economic growth of developing countries.

Second, increase efforts to mobilize financial resources. Facing huge financial needs, the WBG should innovatively explore all possible options to enhance its financial strength in order to provide new and additional financial support to its client countries. Building on its existing commitment to extend US$160 billion funding by June 2021, the WBG should further explore options to optimize its balance sheet and exploit its financial potentials, including by lowering its equity/loan ratio as appropriate.

Third, enhance COVID-19 knowledge sharing. The WBG should place more emphasis on playing its role as a knowledge platform, summarizing in a timely manner the good practices of various countries in addressing COVID-19 epidemic and promoting policy exchanges so as to increase the effectiveness of the global COVID-19 response.
II. Implement the G20 Debt Service Suspension Initiative (DSSI) to reduce the debt vulnerability of poor countries

Debt service suspension should follow the principles of collective action and fair burden-sharing. We look forward to the WBG playing an even more constructive role in the following areas as an important participant in the Initiative:

First, actively explore new ways to participate in the DSSI. The lack of participation of multilateral and private creditors is a major factor that prevents DSSI from achieving its full effect. In line with the G20 and Development Committee requests, the WBG should continue to further explore options for participating in the DSSI while ensuring its financial sustainability, including, among others, increasing the transfer of IBRD net income to IDA, setting up a dedicated debt service suspension fund and putting forward concrete design of the COVID-19 Liquidity Facility (CLF) as soon as possible. China opposes deferring the transfer of IBRD FY2020 net income to IDA.

Second, provide technical support for the implementation of the DSSI. At current stage, the WBG and the International Monetary Fund (IMF) should focus their job on the analysis of liquidity needs of DSSI beneficiary countries, so as to facilitate stakeholders to better assess the debt situation of concerned countries and use such analysis to inform their subsequent decision-making. To maintain market order and honor rule of law and spirit of contract, debt treatment should respect the willingness of creditor and debtor countries, while the WBG and the IMF should position their roles to provide technical support. Furthermore, as the largest multilateral creditor, the WBG should actively participate in the multilateral debt service suspension and debt relief process and take lead with concrete actions.

Third, deal with debt transparency in an objective and practical manner. Debt transparency is not a precondition for debt service suspension. The top priority now is to provide timely debt service suspension support to poor countries, while avoiding making excessive debt transparency requirements and increasing the burden of data reporting for those countries. Disclosure of debt data should abide by laws of involved countries and agreements between concerned parties, while refraining from imposing new rules and respecting commercial confidentiality. The WBG and other MDBs should also disclose their detailed data of financial supports to the poorest countries at institution and country level.

III. Continuously improve the governance structure and increase legitimacy and institutional capacity of the WBG

Faced with COVID-19 challenges, the WBG should improve its governance structure and at the same time increase its institutional capacity to lay a solid foundation for its long-term institutional development.

First, push forward the IBRD shareholding review. The WBG should adhere to the Lima principles and push forward continuous and progressive reforms to make the IBRD governance structure more balanced and effective, reflecting the changing international economic landscape and increasing the voice and representation of developing countries as a whole. In face of the COVID-19 crisis, the WBG should explore all options including capital increase, to strengthen its urgently-needed financial resources and lending capacity, so as to provide more new and additional financial support to client countries.

Second, push forward IFC shareholding review in a practical manner. Such a review can facilitate improvement of a corporate governance structure with more incentive compatibility, motivate shareholder countries and enhance the implementation of the IFC 3.0 strategy. The parties should explore all the possible benchmarks for the shareholding review to select those reflecting the changing international economic landscape and at the same time are in line with the institutional characteristics of IFC.

Third, actively yet prudently push forward IDA voting rights review. The IDA voting rights review should be carried out in coordination with the 2020 IBRD shareholding review and reflect the views
of all shareholders in a fair, balanced and inclusive manner. Maintaining the status quo should always be an option until agreement is reached on a new approach.

IV. Uphold the principle of serving all client countries and promote the post COVID-19 development agenda

While having brought about a public health crisis, COVID-19 has also expedited the development of new economic patterns including digital economy. The WBG should strengthen the analysis of development opportunities and challenges in post COVID-19 era and play an active role in leading the development agenda in the era.

First, help developing countries accelerate the development of digital economy and green economy. The WBG should energetically support its members in adopting disruptive new technologies, developing new types of infrastructure such as 5G networks and promoting the development of new types of business, new industries and new economic models in order to release the potential of digital economy, facilitate the implementation of green growth strategy, boost a post COVID-19 “green recovery” and lay the foundation for long-term, sustainable and strong growth. The relevant procurement policy of the WBG should be based on multilateral rules, striving to be an exemplar of openness, non-discrimination, and fair competition. In its procurement practices, the WBG should be impartial in selecting the suppliers from different countries, sticking to the principles of accessibility and affordability.

Second, help developing countries better integrate into global value chain. The WBG should make full use of such policy frameworks as Jobs and Economic Transformation, regional integration and digital economy strategy, and encourage IFC and MIGA to play a bigger role in mobilizing private funds to provide more support to developing countries.

Third, stick to the principle of serving all client countries and strengthen cooperation with middle-income countries. The WBG should provide high value-added solutions to middle-income countries in alignment with their development needs, increase the innovativeness and demonstration effect of loan projects and play a better role as a knowledge bank in supporting reforms and innovations of these countries. At the same time, the WBG should continue its support for regional cooperation, South-South cooperation as well as tripartite and multilateral cooperation to increase the momentum of poverty reduction and development.

This year marks the 40th anniversary of China-WBG cooperation. For the last four decades, China and the WBG have engaged in fruitful cooperation in loans, knowledge-sharing and other fields through a close development partnership and worked together to contribute to the important progress in poverty reduction and development around the world. This year is also extraordinary due to the outbreak and response of COVID-19 epidemic. China has made all-out efforts to control the virus, speedily restored life and economy to normalcy and realized steady economic rebound. The WBG has provided active support for our efforts. We have every confidence to achieve our goals within the set time frame, that is, to finish the building of a moderately prosperous society in all respects, lift out of poverty all rural residents living below the current poverty line, and meet ten years ahead of schedule the related poverty eradication targets set out in the UN 2030 Agenda for Sustainable Development.

Going forward, China will promote a new development pattern with domestic circulation as the mainstay and domestic and international circulations reinforcing each other. This will not only promote high-quality economic development of China, but also create new opportunities and dynamics for the global economy. China is ready to continue strengthening its cooperation with the WBG and consolidating and deepening our partnership. The two sides should follow the principles and programs as set in the Country Partnership Framework for FY 2020-2025, effectively push forward cooperation priorities and actively strengthen their cooperation in international development to promote global poverty reduction, development and prosperity. China will continue to participate in international cooperation in the fight against COVID-19 by sharing its related experience and technologies for diagnosis and treatment and
ensure stable global anti-epidemic supply chains. In particular, when China successfully completes the R&D of COVID-19 vaccines and they are available for use, these vaccines will be made a global public good, and they will be provided to other developing countries on a priority basis. China has officially joined COVAX, which is an important step China has taken to uphold the concept of a shared community of health for all and maintain global public health security. Meanwhile, China is willing to make further contributions to the Twin Goals of the WBG and the UN 2030 Sustainable Development Agenda through the Belt and Road Initiative, regional cooperation and South-South cooperation.