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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Statement by
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On behalf of the Group II African Countries
This written statement on behalf of the Africa Group II Constituency addresses the three topics appearing on the Development Committee’s agenda, namely: (1) World Bank Group and IMF Support for Debt Relief Under the Common Framework and Beyond; (2) COVID-19: World Bank Group Support for Fair and Affordable Access to Vaccines by Developing Countries; and (3) From COVID-19 Crisis Response to Resilient Recovery—Saving Lives and Livelihoods while Supporting Green, Resilient, Inclusive Development (GRID).

World Bank Group and IMF Support for Debt Relief Under the Common Framework and Beyond

We commend the staffs of the World Bank Group and the International Monetary Fund (IMF) on the significant progress made toward the adoption of a comprehensive strategy to address growing debt vulnerabilities in our countries. We believe, however, that it will take some time to implement this comprehensive strategy that is needed to resolve the unsustainable debt situations in countries eligible under the Debt Service Suspension Initiative (DSSI).

We therefore support an extension of the DSSI until end-2021—with or without an IMF upper credit tranche arrangement—so as to pave the way for the smooth and effective implementation of a more sustainable and comprehensive approach. The savings achieved under the DSSI are expected to continue to create fiscal space in our countries and these savings, coupled with financial support from the World Bank Group and IMF, have freed up funds that will contribute significantly to our efforts to address the health, economic, and social consequences of the COVID-19 pandemic.

In our view, this solution will provide the time needed to establish the G20 Common Framework for Debt Treatment as an effective tool that can replace the DSSI and provide deeper debt relief when needed. In the interim, we encourage countries facing moderate risk of debt distress to transition into suitable programs with the IMF in order to improve their fiscal management and thus their debt management capacity. We also hold the view that the G20 Common Framework, which was designed to help countries undertake a deeper restructuring of their debt, should be applied in all countries where high or moderate debt levels so warrant.

Furthermore, we believe that it is imperative that the World Bank Group and IMF work with countries to spur domestic resource mobilization and step up the fight against illicit financial flows. We remain confident that our countries will overcome the debt challenges we face if we seize the opportunity created by COVID-19 to build back better after the pandemic, with a view to firmly establishing the three key components of the solution to the debt problem: strong, sustainable growth; better domestic resource mobilization; and improved management of debt and debt policies.
COVID-19: World Bank Group Support for Fair and Affordable Access to Vaccines by Developing Countries

We welcome the significant strides made by the World Bank Group in implementing its COVID-19 crisis response program. The additional $12 billion in financing to help provide access to COVID-19 vaccines for low- and middle-income countries is a crucial step in the fight against the pandemic.

There is no doubt that the global COVID-19 vaccination campaign is an unprecedented undertaking that is challenging health systems in all countries. We therefore welcome the technical assistance and financing from the World Bank to help increase vaccine access and deployment in African countries, while strengthening health systems and contributing to economic recovery efforts that will refocus attention on the Sustainable Development Goals.

We note with great concern, however, that the global COVID-19 vaccine rollout has been highly unequal, as low-income countries have received a mere two percent of all vaccines deployed. Despite the extraordinarily rapid development of effective vaccines, global production capacity remains limited, and in light of the steps taken by advanced economies to secure most of the available vaccine doses, global demand for COVID-19 vaccines far outstrips global supply. If no action is taken to address this situation, Africa will fall behind in its quest to secure the 1.5 billion doses needed to vaccinate 60 percent of its population in order to achieve herd immunity.

As we all know, the pandemic has widened inequalities, and without rapid, fair, and affordable access to vaccines for developing countries, the gap will widen further. Estimates indicate that the unequal allocation of COVID-19 vaccines could cost the world economy up to $1.2 trillion per year in GDP. This situation will only prolong the global health and economic crisis, allowing the virus to continue to spread and mutate into new variants. This is therefore not just a moral imperative; it is also a public health necessity to ensure that all countries achieve sufficient coverage to end this pandemic.

We therefore call on the World Bank to strengthen its cooperation with the African Union and the Global Alliance for Vaccines and Immunization (GAVI), in the context of the COVAX initiative, to help African countries secure additional doses of vaccines at affordable prices and in a timely manner, in particular by seeking to shorten delivery times. Furthermore, we call on the World Bank Group to develop parallel instruments to accompany bilateral initiatives to provide vaccine access to African countries. We also recommend greater transparency in contracts, prices, and delivery schedules. This transparency should allow developing countries to identify and benefit from vaccine surpluses.

Moreover, we strongly encourage the World Bank Group to play a more strategic role in the global production of COVID vaccines, given supply constraints. In particular, we urge it to find ways and means to boost supply and to ensure that, to the extent possible, supply is channeled toward the poorest countries. To this end, we encourage IFC to take advantage of its Global Health Platform to mobilize private financing and develop local vaccine production capacity on the African continent. We therefore support investment in sustainable and mobile health infrastructure that will permit Africa, over the long term, to produce vaccines and therapies to combat the diseases that ravage the continent.

From COVID-19 Crisis Response to Resilient Recovery – Saving Lives and Livelihoods while Supporting Green, Resilient, and Inclusive Development (GRID)

We thank the World Bank staff for the quality of the document and note with satisfaction the scale of public and private financing to support clients as part of the COVID-19 crisis response. We firmly believe that these financial flows should be maintained and even further increased by shortening the IDA 19 cycle by one year and bringing forward IDA 20 replenishment, among other initiatives.

We welcome the orientation of the framework established to promote green, resilient, and inclusive development (GRID), which is fully aligned with the 2030 Agenda of the United Nations and reflects the
Sustainable Development Goals (SDGs). We view this discussion on building a resilient, inclusive, and green future as important and necessary, particularly at a time when countries must grapple with the immediate and devastating effects of COVID-19 while being mindful of medium- and long-term development priorities.

We do, of course, hold the view that development strategies must be incorporated into climate strategies. In fact, the Africa region, which contributes the least to global warming (roughly two to three percent of global CO2 emissions), also happens to be the region most heavily impacted by adverse climate events. The impact of climate change and natural resource degradation is clouding economic prospects and contributing to an increase in food insecurity, fragility, and inequality on the continent.

However, we recognize that long-term investment in clean, resilient, and sustainable infrastructure, as recommended by the GRID approach, calls for significant financing. For this reason, the capacity of IDA countries to bear the cost of such major investments at a time when they are still recovering from the economic blow dealt by the COVID-19 pandemic is a source of concern to us. The debt vulnerabilities faced by some countries constitute an exacerbating factor. The GRID approach will also require affordable financing, including grants, to absorb upfront costs so that IDA countries can take advantage of the larger economic benefits of the transformation over time.

In particular, it is our view that to benefit fully from the advantages offered by GRID, Africa will need the assistance of the advanced economies and the firm commitment of the main carbon footprint contributors. Given its leadership role and drawing on its experience with intergovernmental dialogue, the World Bank Group should encourage the major economies to begin to invest in sustainability and lay the groundwork for genuine commitment.

We note with satisfaction the emphasis placed in the document on a differentiated approach in IDA and IBRD countries. In fact, we think that this GRID approach must be adapted to the specific context of each country so as to guarantee a balanced integration of climate actions and immediate and long-term development priorities, including poverty reduction. In this regard, we call on the World Bank Group to ensure that implementation of the green agenda does not eclipse the other development priorities. We believe that the document should take into account factors related to its operationalization, in particular how GRID will be implemented in the countries and the implications with respect to existing commitments in Country Partnership Frameworks. We therefore recommend that the World Bank ensure identification of a practical, suitable, and realistic approach.

While we agree that the investments in clean energy have the potential to stimulate employment, the design and operationalization of infrastructure projects often take time. In the interim, job loss risks resulting from the decline in the competitiveness of carbon-intensive industries are real and likely to materialize. We therefore recommend that the World Bank Group ensure proper coordination of the assistance provided to countries so that a smooth energy transition can be made to low-carbon technologies and resilient infrastructure, which does not stifle the potential for short- and medium-term job creation gains or, in particular, the strategic commitments made under IDA 19 in the area of jobs and economic transformation (JET).