Statement by
H. E. Guy Parmelin
President of the Swiss Confederation and Head of the Federal Department for Economic, Education and Research
Switzerland

On behalf of Azerbaijan, Kazakhstan, the Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan and Uzbekistan
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We commend the World Bank Group (WBG) for the swift and comprehensive response to the COVID-19 crisis. One year into the pandemic, the crisis is far from over. Global poverty and inequality are rising and millions of jobs have been lost, livelihoods have been upended. In these challenging times, it is essential that while responding to the short term effects of the crisis the WBG remains steadfastly dedicated to and guided by long-term development and climate goals, as enshrined in the Twin Goals, the 2030 Agenda and the Paris Agreement. To maximize its impact, the WBG must remain selective and focus on its comparative advantage, while closely coordinating with other development banks, the IMF, UN agencies and other development partners.

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

We welcome the proposed framework to support green, resilient and inclusive development (GRID). Poverty, inequality and climate change are mutually interdependent, and neither can be overcome without the other. Development and climate strategies therefore need to be more firmly integrated. To become an integral part of all WBG operations in all client countries, the WBG should operationalize the GRID framework in its diagnostics, investments and strategies, and systematically link it to the Twin Goals, the Agenda 2030 and the Paris Agreement. We expect the WBG to continuously and critically review its approach and undertake all necessary measures to increase the WBG’s relevance, performance and development impact.

We expect the WBG Climate Change Action Plan (CCAP) 2021-25 to clarify how the GRID will be delivered and incentivized across the WBG and through dialogue with the client countries. We call on the WBG to scale up its support to countries in updating their Nationally Determined Contributions. We welcome the CCAP’s strong commitment to assist countries in their low-carbon energy transition and we call on the WBG to mobilize public and private resources to support just transition, consistent with the goals of the Paris Agreement and inter alia through the Cascade approach including upstream work by IFC. We look forward to more details in the CCAP on how the WBG will support the broader shift from fossil fuels towards renewables and address the issue of fossil fuel subsidies, with a focus on low and middle income countries. We welcome efforts to set target dates for Paris Alignment and call for the development of an ambitious methodology in close collaboration with the MDB working group, in particular regarding carbon intensive sectors.

We strongly encourage the WBG to focus on structural reforms aimed at creating an enabling environment for the private sector and trade in order to increase resilience to shocks, while preserving and creating jobs. Exclusion and long-standing systemic inequalities revealed and accentuated through COVID-19 have to be
addressed by assisting countries in strengthening social protection, public education and healthcare systems. We expect the WBG, in its role as a knowledge bank, to unlock innovation for GRID by applying innovative financial mechanisms and tapping into digital technologies for growth and human capital.

We recognize that the implementation of the GRID framework will require further financial support, and agree to advance the IDA20 replenishment. The IDA20 process should be informed by the needs and absorption capacities of IDA countries, and guided by selectivity as well as an optimized use of the WBG’s own resources.

**WBG and IMF Support for Debt Relief under the Common Framework and Beyond COVID-19**

We are deeply concerned about the high and rising debt and fiscal vulnerabilities in many developing countries, which have been further accentuated by the pandemic. We appreciate the IMF’s and the WB’s continuous efforts to enhance debt transparency and support to debt management capacities.

The Debt Service Suspension Initiative (DSSI) provides urgently needed fiscal space to some of the poorest countries. While the DSSI has been designed as a short-term solution, a more holistic, tailored and long-term solution is necessary to address the substantial rise of debt. The Common Framework (CF) is an important step in this direction, as it sets out key principles for effective and efficient debt treatments on a case-by-case basis. It will be critical to swiftly operationalize the CF in order to allow for early and deep debt restructuring in line with the principles of comparability of treatment and fair burden sharing, including with the private sector. A timely implementation of the CF may free up much-needed resources and catalyze further concessional financial support. Multilateral creditors should continue to be excluded from debt treatments, to avoid undermining their preferred creditor status and their capacity to provide new financing in line with their mandates.

The WB and the IMF play a central role in supporting the CF implementation, in particular regarding program design, debt sustainability assessment and definition of the envelope for the restructured debt. We ask for close collaboration to ensure appropriate, carefully designed program conditionality and adequate safety provisions to protect the poor and vulnerable. Their support is also crucial to enhance debt transparency and information sharing in debt treatments. Reliable debt data is needed to ensure effective restructuring and fair burden sharing. To reduce the risks of recurrent future debt crises, we expect the WB, together with all relevant partners, to further strengthen and systematize efforts aiming at sound and sustainable debt practices. Continued concerted efforts are needed to strengthen the global architecture for sovereign debt restructuring. In addition, capacity development in the areas of debt management and transparency remains critical, preferably through a programmatic approach. More focus should be placed on supporting revenue and expenditure reforms, including strengthening domestic resource mobilization, as well as productive public investment.

**WBG Support for Fair and Affordable Access to Vaccines by Developing Countries**

Swift immunization is essential to ending the pandemic and reopening economies. The unprecedented development and approval of several safe and effective vaccines is an extraordinary achievement. Ensuring rapid scale-up of production as well as efficient, equitable allocation and deployment of the vaccines will require increased cooperation at all levels.

We commend the WBG for rolling out rapid pandemic-related financial and advisory support in all regions under challenging circumstances, and for earmarking large sums for urgent health sector support and vaccine purchases. We welcome the close cooperation with WHO, the COVAX Facility and other MDBs, and expect the WBG to continue to working closely with partners in countries to ensure immunization campaigns are launched according to plan. The COVAX Facility offers governments a transparent framework for safe and quality-approved vaccine supply. We call on the WB to strongly advocate the benefits of procuring through the COVAX Facility when advising governments on vaccine options and pricing.
The WBG and country authorities must ensure that vaccines reach priority groups first and take strong measures to prevent diversion of doses. WBG financing must follow the strictest safeguard standards and have zero-tolerance for corruption. Exclusion and inequities in vaccine access, including for marginalized groups such as refugees and migrants, has to be avoided. Community engagement is equally crucial. Emerging lessons on issues such as vaccine production support, procurement, allocation, and deployment should be shared widely by the WBG.

In light of continued uncertainties about virus variants, testing, treatment and strengthening public health systems remain critical tools to understand and contain the pandemic, avoid health system overburdening and save lives. When rolling out vaccine operations, we call on the WBG to continue to provide financing and advice that enable a balanced and comprehensive pandemic response.