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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(VIRTUAL)

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Statement by
H.E. Kun Liu
Minister of Finance

on behalf of

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The international fight against COVID-19 has entered a new stage. Vaccines have brought about the dawn of victory over the pandemic. However, the situation around the world is still complex and severe, with numerous uncertainties and destabilizing factors. In particular, developing countries are noticeably lagging behind in vaccination and facing daunting challenges in building back after the pandemic. The World Bank Group (WBG) should continue to play a leading role in global anti-epidemic and development cooperation. Based on the needs of member countries, the WBG should enhance resource mobilization, accelerate vaccine deployment, and actively support green, resilient, sustainable and inclusive development in the post-pandemic era.

1. Strengthening international cooperation in the fight against COVID-19 pandemic and facilitating fair and equitable global distribution of vaccines

Inequitable distribution of vaccines seriously hinders a balanced recovery of global economy. China has been proactively fulfilling President Xi Jinping’s important commitment to making COVID-19 vaccines a global public good. China has announced to provide 10 million doses of vaccines as the first batch to COVAX, and has been providing vaccine aid to 80 countries and exporting vaccines to more than 40 countries. We call on the WBG to continue leveraging its comparative advantages to provide targeted support programs for client countries, strengthen collaboration with development partners and work for accelerated equitable vaccine access of developing countries.

First, support vaccine R&D and facilitate elimination of vaccine supply bottlenecks. The WBG should make full use of its financing and guarantee instruments to strengthen investment in global vaccine R&D. Meanwhile, the WBG should play its convening role as a multilateral institution to promote local production of vaccines in developing countries, to increase global vaccine production capacity and make vaccines a truly global public good.

Second, enhance international coordination to support developing countries’ rapid and equitable access to vaccines. At the international level, the WBG should take advantage of its funding and coordination strengths, to step up communication with World Health Organization (WHO), Global Alliance for Vaccines and Immunization (GAVI), COVAX and other mechanisms so as to create synergy to jointly realize equitable distribution, timely procurement and orderly deployment of vaccines. At the national level, the WBG should ensure fair allocation of vaccine facilities by considering country specifics, capabilities and needs in a holistic manner, to provide equal support to all.

Third, modify the eligibility criteria for vaccine procurement to improve efficiency. There is now a pronounced mismatch between vaccine supply and demand. Under such circumstances, it’s difficult to implement the WBG’s current vaccine procurement eligibility criteria which are beyond normal requirements. They not only limit developing countries’ access to vaccines and hence reduce the cost-effectiveness of vaccine procurement, but also hinder the Bank’s cooperation with other international
mechanisms. In this connection, we urge the WBG to fully respect the independent vaccine procurement choices of client countries and effectively improve the accessibility of vaccines in developing countries.

2. **Promoting green, resilient and inclusive development in a balanced manner guided by the Twin Goals**

China supports integrating the Green, Resilient, and Inclusive Development (GRID) agenda into the mid- and long-term strategy of the WBG, drawing on lessons learned in the fight against COVID-19, accelerating policy updates and instrument innovation, further enhancing the role of the WBG as a knowledge bank and supporting client countries in their efforts to achieve the Sustainable Development Goals of the United Nations.

*First, integrate green into growth agenda, addressing climate change and development needs in a balanced manner.* Climate change concerns long-term sustainable development of mankind. We welcome the WBG to update its Climate Change Action Plan (CCAP) and mobilize more climate financing so as to support client countries to respond to climate change on the fronts of both mitigation and adaptation, make ambitious Nationally Determined Contributions (NDCs) and promote the implementation of the Paris Agreement. At the same time, the WBG should formulate tailored green and low-carbon support programs for client countries, taking into considerations of their circumstances and actual needs, to realize economic growth while achieving environmental and social sustainability.

*Second, vigorously support the development of digital economy and promote Jobs and Economic Transformation (JET) comprehensively.* The WBG should actively support the application of advanced digital technologies such as 5G in developing countries, adhere to open, fair and non-discriminatory procurement policies, treat enterprises from all countries impartially, support the acceleration of digital infrastructure development, foster an enabling policy environment for digital development, promote new business formats, new industries and new development models, and try to narrow the "digital divide" between the North and the South. To this end, the WBG should continue to put the JET agenda as a priority to support client countries in realizing industrial transformation and upgrading, strengthening human capital development, accelerating integration into the global value chain and injecting new momentum into long-term sustainable and strong growth.

*Third, uphold the principle of serving all clients and provide support for both low-income and middle-income countries in a holistic and balanced way.* China supports advancing IDA20 replenishment, and calls on developed members to provide more concessional resources to low-income countries to help them cope with the crisis and realize post-pandemic recovery. At the same time, the WBG should continue to implement the consensus on the Capital Increase Package in 2018 to provide targeted and high-value-added solutions for middle-income countries. We encourage the WBG to play well its role as a knowledge bank through country strategies, new lending tools and analytical services, continuously enhance innovativeness, demonstration effects and value added of its operations, and provide comprehensive support to client countries to carry out a green, resilient and inclusive development strategy. The WBG should also continue its support for regional cooperation, South-South cooperation, and various forms of tripartite and multi-party cooperation to increase the momentum for poverty reduction and development.

3. **Actively playing a constructive role in supporting the implementation of the Debt Service Suspension Initiative and the Common Framework for Debt Treatment**

China has been faithfully implementing the G20 Debt Service Suspension Initiative (DSSI). We encourage commercial financial institutions to participate in the DSSI on comparable terms. China stands ready to work with the international community to advance the implementation of the Common Framework and provide the poorest countries with necessary support in addressing their debt vulnerability resulted from COVID-19 pandemic on a case-by-case basis. We urge the WBG, as a major multilateral creditor, to actively participate in the DSSI and the Common Framework and play a constructive role in debt service suspension and debt relief.
First, participate in the DSSI and subsequent debt treatment in accordance with the principles of joint action and fair burden-sharing. Lack of participation by multilateral and private creditors is an important factor limiting the benefits of the DSSI. As the largest multilateral official creditor, the WBG should actively participate in the DSSI and debt treatment in accordance with the requirements of G20 and Development Committee, while maintaining its own financial soundness. Considering that more than half of IDA countries are facing debt vulnerabilities, the WBG should take into account its participation in the DSSI and debt treatment in the forthcoming IDA20 replenishment and allocate part of replenishment resources for debt treatment.

Second, provide technical support for the implementation of the DSSI and the Common Framework in line with its mandates. The WBG and the IMF may conduct debt analysis on relevant countries and make recommendations in accordance with the consensus and requests of the G20 so as to provide reference to the G20 for its subsequent decision-making. Since the implementation of the Common Framework has just begun, all parties should adhere to the existing G20 consensus and provide support for eligible countries in debt distress. Addressing climate change and solving debt problems are issues of different natures and should not be linked together, otherwise debt treatment may be delayed.

Third, strengthen development orientation and improve debt sustainability in a holistic approach. The fundamental way to solve debt problems lies in development. It is hoped that the WBG will further tap its financial potential and provide more net positive inflows to client countries. At the same time, the WBG should continue to support borrowing countries in strengthening capacity building in public finance, investment and debt management, increasing domestic resource mobilization and improving fiscal sustainability.

4. Continuously improving the WBG’s governance to strengthen its legitimacy and institutional capabilities

Both IBRD and IFC Shareholding Reviews and IDA Voting Rights Review aim to improve the corporate governance of the WBG and should be carried out in a synchronized way.

First, continue the IBRD Shareholding Review. We should adhere to the Lima Principles and make IBRD governance structure more balanced and effective through continuous and gradual reforms to reflect changes of the international economic landscape. In the face of the COVID-19 crisis, we should consider exploring all feasible approaches, including capital increase, to enhance the lending capacity that the WBG urgently needs to provide more new and additional financial support to client countries.

Second, carry forward the IFC Shareholding Review in a pragmatic way. Such a review can facilitate improvement of the corporate governance with more incentive compatibility, motivate shareholder countries and enhance the implementation of the IFC 3.0 strategy. All possible benchmarks for the shareholding review should be explored to select those that reflect the changing international economic landscape and at the same time are in line with the institutional characteristics of the IFC.

Third, prudently carry forward IDA Voting Rights Review. The IDA Voting Rights Review should reflect the voices of all shareholders in a fair, balanced and inclusive manner, and relevant reform plans should be based on consensus. Maintaining the status quo should always be an option before an agreement is reached on a new approach.

China has realized major strategic success in COVID-19 prevention and control, a complete victory in the battle against extreme poverty and decisive achievements in building a moderately prosperous society in all respects. China has begun to implement the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, thus having embarked on a new journey of building a modern socialist country in an all-round way. China is thoroughly carrying out the new development concept of innovation, harmonization, green, openness and sharing, and fostering a new development pattern with domestic circulation as the mainstay and domestic and international
circulations reinforcing each other. This pattern will advance the Chinese economy towards a higher level of opening-up and higher-quality development and will also bring new opportunities and new impetus to global development. China is willing to continue strengthening its cooperation with the WBG in all aspects, implement consensuses, advance with the times to deepen the partnership, update the future cooperation priorities of the two sides in due course, increase innovativeness and value added of cooperation and deepen cooperation for international development in order to jointly promote the global endeavor of poverty reduction and development.