Statement by

H.E. Lütfi Elvan
Minister of Finance

Turkey

On behalf of Austria, Belarus, Belgium, Czech Republic, Hungary, Kosovo, Luxembourg, Slovakia, Slovenia and Turkey
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(VIRTUAL)

It has been already more than a year since the outbreak of the COVID-19 pandemic. The global economy has experienced the most turbulent year in decades, and uncertainty and unpredictability has become the new normal. Regardless of the income levels of the countries, COVID-19 brought disruptions not only to health systems but in all aspects of our everyday lives. In this regard, we would like to commend Management for a successful adjustment of the work arrangements to a digital workplace and ensuring business continuity. We would like to acknowledge the hard work, tremendous efforts, and dedication of staff to deliver on the daily operational agenda under these unprecedented and challenging circumstances. In particular, we are very grateful for the Bank’s field office staff from all around the world for their efforts in implementing significant reforms and projects, in line with the WBG’s twin goals. We also appreciate collaboration with the key stakeholders in pursuing the sustainable development agenda.

We appreciate the WBG for its robust support and prompt COVID-19 response over the last year, including the launch of the IBRD/IDA/IFC Fast Track Facility, the Global COVID-19 Multiphase Programmatic Approach (MPA), IFC’s Global Health Platform and MIGA’s COVID-19 Response Program. The WBG was the first Multilateral Development Bank (MDB) to launch such a timely and broad-based response. We commend Management for the agility in the WBG’s operational approach reflecting the uncertainties of a rapidly changing environment and countries’ needs. By developing this unique set of programs, and acting quickly and decisively, the WBG proved its leading role in the field of development cooperation and demonstrated its continuous support to its client countries to mitigate the impacts of the pandemic as well as strengthen their health care systems, preparedness and long-term resilience. We particularly appreciate the joint effort of all institutions to coordinate their activities in the spirit of “One WBG”.

The COVID-19 pandemic has significantly disrupted economic activity, increased unemployment, worsened inequality, stretched governments’ budgets, discounted public and private investments, and raised poverty and hunger in many countries. As a consequence, it is evident that the achievement of the 2030 Agenda and the Sustainable Development Goals (SDGs) is under threat. Nevertheless, we believe that the WBG COVID-19 response to support its client countries does contribute to achieving SDGs; therefore, there is a need to make a clear link and integrate these goals towards sustainable recovery at the national, regional and global levels. In this regard, we would like to commend Management for the timely program adjustments with the aim to support the short-term crisis needs while keeping the longer-term development goals in mind. We would also like to emphasize the importance of staying on track to support the Twin goals agenda of reducing extreme poverty and boosting shared prosperity. Despite the damage caused by the pandemic, the exceptional crisis response offers unique opportunities for accelerating reforms and transformation in many areas. We therefore call on the WBG to continue to develop its institutional skills
and knowledge, data system and tracking of results, while addressing all pre-existing global development challenges. We would like to stress the need for the WBG to update its long-running programs on policy reforms, and place renewed emphasis on adaptive social protection, tackling the drivers of economic migration, supporting refugees and host communities, providing continuous access to affordable water and sanitation, and supporting rural and community development. The WBG should address the medium and longer-term challenges of food and nutrition security (FNS) in a programmatic way while defining a new poverty line which reflects FNS in an accurate manner. Besides the financial operations, innovative advisory and knowledge products also play a crucial role for the organization to maintain its standard-setting global leadership role. We strongly encourage the WBG to closely and effectively cooperate and coordinate its activities with the IMF, the other MDBs and development partners to avoid duplications, promote regional cooperation and integration, maximize development impact, create synergies, and leverage its comparative advantages. We also believe that multilateral cooperation and joint response is key in tackling the drivers of fragility, conflict, and violence.

Covid-19: WBG Support for Fair and Affordable Access to Vaccine by Developing Countries

Last October, we commended Management for launching the Additional Financing of US$12 billion to the Global COVID-19 MPA to help provide affordable and fair access to vaccines for low and middle-income countries, and we are now pleased to see that the first batch of projects has been approved by the Board of Executive Directors. We believe that procuring and administering vaccines is critical to reduce mortality from COVID-19, open economies, and halt the decline in GDP, employment, and incomes. However, given the current limited supply of vaccines globally, we would like to emphasize the importance of clear criteria to inform the selection and sequencing of projects. This should be preceded by rigorous assessments of countries’ needs and readiness, with clear indications on how the WBG will help to bridge remaining gaps to ensure successful deployment of vaccines. We call for equitable distribution of vaccines not only between but also within countries and among the regions. Together with the WHO and humanitarian partner organizations, we emphasize the responsibility of national governments to provide equal access to all people in their territory including migrants, refugees, internally displaced and other vulnerable groups. In addition, we encourage the WBG to pay special attention to the most vulnerable clients such as FCV, IDA and Small Island States. It is important that the limited supply of vaccines currently available is fairly shared between developed and developing countries, and that developing countries can acquire safe and effective vaccines in a timely manner. In this context, in due course we would encourage the Bank to consider preparing a paper on the lessons learned in responding effectively to the pandemic, in particular by collecting best practices in developing comprehensive and targeted vaccination programs. This will be invaluable given that many countries are still seeking to expand vaccination programs and will likely need support in this area for times to come.

We would also like to stress the importance of strong country ownership of a public health informed response. Ensuring this goes hand in hand with Government’s accountability for developing national deployment and vaccination plans. To maximize efficiencies and accelerate countries’ preparedness for vaccination rollout, close coordination with other development partners is essential to ensure optimal alignment and complementarity in financing and technical support. In this regard, we expect close coordination of the WBG with other partners such as GAVI/COVAX, UNICEF, UN, WHO, and other MDBs as well as non-governmental organizations. We call on the WBG to further deepen these partnerships. Moreover, the WBG should proactively identify risk mitigation measures, engage with global manufacturers, apply high social, environmental, and fiduciary standards, and assist countries through knowledge sharing and facilitating access to specialized technical assistance.

Given the importance of the private sector for the economic and social recovery, we encourage IFC and MIGA to explore innovative ways of supporting countries in creating markets and building up relevant production capacities for future resilience, including vaccine manufacturing capacities in developing countries. In this regard, we welcome IFC’s effort to assist governments in leveraging private sector capacity for the warehousing and transportation of COVID-19 vaccines, as well as identifying potential logistics and technology service providers that offer innovative approaches and products to solve the
vaccine distribution challenge and that can benefit from IFC’s financing, sector experience, convening power and knowledge of emerging markets.

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

We agree with Management that climate change, poverty and inequality are defining issues of our time. Therefore, we are in favor of integrating development and climate strategies in WBG operations. Long-term strategies are needed to repair the structural damage caused by COVID-19 and accelerate climate change mitigation and adaptation efforts while restoring momentum on poverty reduction and shared prosperity. We are supportive of the proposed integrated approach to promote a strong and durable recovery and growth through green, resilient, and inclusive development. In this vein, we look forward to fruitful advanced IDA20 negotiations and welcome its proposed overarching theme “Building Back Better from the Crisis: Towards a Green, Resilient and Inclusive Future”.

It will be important to foster and harness the transformative power of digital technologies as a driving force of GRID. Overall, we believe that the proposed framework is a step in the right direction. However, developing a framework can only be a first step; it will only be impactful when put into practice. Going forward, we therefore encourage Management to outline clearly how it intends to operationalize the GRID approach with the objective of mainstreaming the GRID framework and climate actions across all WBG operations. We look forward to the new Climate Change Action Plan for 2021 – 2025 and welcome the WBG’s commitment to align all new operations with the objectives of the Paris Agreement by July 1, 2023. In this context, we request the WBG to take into consideration different national circumstances and respective capabilities of the countries in all new operations. We appreciate as a timely move the increase of the WBG’s climate finance target to 35% on average in FY21-25, with at least 50% of IBRD/IDA climate finance for adaptation. As regards to private financing, IFC and MIGA are well positioned to be frontline mobilizers of private capital in support of a sustainable, resilient, and inclusive recovery, especially in difficult markets. We also expect them to play prominent roles in promoting green finance.

World Bank Group and International Monetary Fund Support for Debt Relief Under the Common Framework and Beyond

Liquidity needs and debt vulnerability risks remain high in 2021-22 in low-income countries and their external financing needs are projected to remain elevated. Exceptionally uncertain economic prospects might lead to heightened debt vulnerabilities. In several cases it could also render debt unsustainable. Furthermore, some countries may face difficulties to meet debt service obligations without curtailing spending to mitigate the impact of the pandemic. We urge the WBG to continue providing large positive net flows to low-income countries and call for a strong collaboration with the IMF, ensuring each institution acting to the fullest potential of its mandate. We see the merit of extending the DSSI one last time until the end of 2021 to give countries liquidity support to offset the consequences of the pandemic and prepare the stage for a broad rollout of the G20 Common Framework. We confirm the crucial role of the World Bank Group and the IMF in supporting the implementation of this framework. We acknowledge the need of further encouragement at different fora of participation of private sector creditors on comparable terms and national policy banks in debt treatments. Given the role of the private sector pertaining to the debt issue, it is imperative that its participation is secured in whatever type of debt treatment operation that will be decided upon in the future as to ensure an equitable comparability of debt treatment between all creditors. The WBG in collaboration with IMF could further explore the use of mechanisms such as Collective Action Clauses and anti-vulture funds legislation to bring the private sector to the table. In addition, we would like to stress the need for longer-term reforms to bolster macro-fiscal resilience, support domestic resource mobilization, public debt management, debt transparency, good governance, and anti-corruption. We would like to emphasize our support to debt monitoring by the WBG and IMF, capacity-building in debt management, as well as fiscal policy support. In this vein, we call upon the World Bank Group and the IMF to develop a comprehensive strategy to assist all countries in reaching long-term sustainable financing. A
possible way forward could include taking a fresh look at setting up a sovereign debt restructuring mechanism which is currently lacking in the global debt treatment architecture.

Lastly, we would like to use this opportunity to congratulate Mr. Makhtar Diop for being appointed as IFC Managing Director and Executive Vice President. We wish him success in ensuring business continuity and with the implementation of the Upstream agenda which is not only fundamental in the implementation of the IFC 3.0 strategy but also a key element in the COVID response program’s restructuring and recovery phases. Let us reiterate the importance of private sector development and the role of IFC and MIGA in the post crisis recovery. We acknowledge that despite the unprecedented circumstances, IFC and MIGA have been able to deliver quick and effective crisis response programs. Going forward, we expect a strong project pipeline with high development impact and a strong green and digital imprint. We recommend focusing not only on the immediate needs arising from the ongoing pandemic but also on achieving the corporate scorecards and targets while maintaining financial sustainability.