Statement by

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104th Meeting of the Development Committee

October 15, 2021
Washington, DC

The COVID-19 pandemic has wiped out a decade of global progress in reducing inequality. Over 100 million people have been pushed into extreme poverty. Around 118 million more people face chronic hunger, requiring urgent sustainable food systems transformations.

The crisis has exacerbated many of the world’s structural imbalances, widening inequalities and hitting hardest the weakest. Inequalities of access to vaccines. Inequalities of access to the internet. And, thereby inequality in access to education.

Yet the past 18 months pandemic have also taught us, that no country or group of countries can tackle such a crisis alone. That is why we need an effective multilateralism. From the outset, the EU has welcomed the Bretton Woods Institutions’ leadership in crisis prevention, preparedness and response.

Together, the EU and its Member States are the largest partners of the Bretton Woods institutions. We have provided over EUR 29 billion to the World Bank alone over the past 5 years. The European Union also consistently argued for IMF’s lending capacity being commensurate to the scale of global challenges, including when it comes to Special Drawing Rights.

Right now, the most immediate priority is to end the pandemic. To date, the EU and its Member States as a Team Europe have committed more than EUR 46 billion to help partner countries. Team Europe has contributed over EUR 3 billion to support COVAX’s global vaccination efforts. By August 2021, 700 million doses of vaccines had been exported from the EU to more than 130 different countries in the world. Team Europe has committed to share at least 500 million doses by mid-2022, including at least 250 million by the end of the year.

In the longer-term development, the EU and its financing institutions are investing at least EUR 1 billion to ramp up vaccine production capacity in Africa. On all those strands – mitigation of immediate impact, vaccination, longer-term health preparedness – we see scope for greater cooperation with the Bretton Woods Institutions.

The pandemic has also shown that we need to invest more significantly in human development, not only in health but also in youth, through quality education that empowers. Education is the most powerful equaliser. Investing in education is investing in the future. The EU will increase its spending on education in the period up to 2027.

As the great existential challenge of our generation, the global environmental crisis demands collective action from us. The biodiversity COP15 and the climate COP26 will be moments of truth for the global community. We must work together to ensure that the recovery is sustainable.

We contribute. Under the EU’s new main external financing tool – the Neighbourhood Development and International Cooperation Instrument – 30% of the funding will be spent on climate related activities. The
Commission President recently announced additional EUR 4 billion, as well as a doubling of our external funding for biodiversity.

We need multilaterals to show the way. Thus, we welcome the World Bank’s recent Climate Action Plan 2021-25 and look forward to its robust implementation. That means Multilateral Development Banks fully aligning their operations with the Paris Agreement goals.

The Bank’s Green, Resilient and Inclusive Development (GRID) approach is a positive step to promote sustainable financing of the recovery. It is fully in line with the EU’s Global Recovery Initiative that aims at linking investment and debt relief to the achievement of the Sustainable Development Goals.

Sustainability goes beyond green. The EU strongly supports the G20’s major contribution to debt relief and additional liquidity for low-income countries through the Debt Service Suspension Initiative and the Common Framework for Debt Treatment.

We call for greater transparency by all development partners on existing debt stocks. We also welcome the recent agreement on a Special Drawing Rights allocation and support their voluntary re-allocation for the benefit of low-income countries.

The early IDA 20 replenishment, with an ambitious target, has the potential to deliver real change for the world’s poorest. But international public finance can only ever be a complement. We need to work more on domestic resource mobilisation and private capital mobilisation, because this is where the real transformative potential lies. Integrated national financing frameworks can provide a conceptual financing framework at country level, and we look forward to working with the World Bank and IMF on this.

Because these are the partnerships that deliver change. Better, fairer and sustainable tomorrow for the next generations of the world.