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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Firstly, we would like to thank Management and staff for the hard work, tremendous effort, and determination to stay on track to deliver on the Twin Goals while addressing the adverse impacts of the COVID-19 pandemic. Considering the challenging working conditions of the WBG’s staff and many client countries, we congratulate Management for the exceptional fiscal year and for achieving record-breaking results, including the FY21 lending commitments of almost US$67 billion, the highest ever.

We particularly value the ongoing powerful “One” WBG’s COVID-19 response reaching over the last 15 months more than US$150 billion to support client. This robust outreach presents the strongest crisis response in the WBG’s history. We particularly appreciate that all institutions, WB, IFC, and MIGA, are collaborating and expanding their COVID-19 response programs. We also find it highly important that the assistance is well-balanced among the client countries, from frontloading of IDA 19 for low-income countries to scaling up support to middle-income countries. By implementing such an extraordinary response, the WBG has once again demonstrated its leadership in development cooperation.

We appreciate the update on the Capital Package commitments across all four pillars of the Forward Look agenda ahead of the WBG/IMF Annual Meetings. We welcome putting the report into the broader perspective of the ongoing pandemic. Considering its negative impacts, uncertainties, and difficulties, we believe that Management remained committed to the Capital Package and appreciate that progress has been made on several fronts. Regarding IBRD’s and IFC’s financial sustainability and considering the need to support the WBG’s client countries to tackle the negative impacts of the COVID-19 and to manage future crises, we acknowledge the importance of timely capital subscription.

Importance to Accelerate Vaccine Access for Developing Countries

One of the preconditions to help everyone get back on a path towards normality or at least a ‘new normal’, boost economic recovery, and, most importantly, save lives, is to increase developing countries’ access to COVID-19 vaccines. Unfortunately, we are currently experiencing a shortage of vaccine supplies and stark inequities in vaccination rates between developed and developing countries. This vaccination divide not only threatens to delay the much-needed recovery in those developing countries, but it could also impact the global recovery through an increased risk of new, potentially more contagious, and vaccine-resistant mutations. Therefore, we encourage the WBG to continue to cooperate closely with other partners to scale up access to and delivery of vaccines, and urgently close vaccination gaps in developing countries. In this regard, we welcome the additional commitment of the US$5 billion vaccine program and the continuation of the WBG’s global leading role in coordinating these efforts, including as part of the WBG, WTO, WHO and IMF Task Force.
We would also like to thank IFC for launching the Global Health Platform to boost the production and supply of critical healthcare products in developing countries, and MIGA's effort to help investors and lenders respond to the crisis. We emphasize the importance of private sector projects in building back better and strengthen resilience.

Climate Change Action Plan and Green, Resilient, and Inclusive Development

Developing countries are the most impacted by climate change but also the least able to afford and address its consequences. Therefore, we welcome the announcement of the New Climate Change Action Plan (CCAP) for 2021-2025 which focuses on aligning climate and development.

The CCAP includes an ambitious target for the WBG to direct 35% of its financing to climate on average to support developing countries to reduce emissions, strengthen adaptation and resilience, and align financial flows with the goals of the Paris Agreement. We also welcome the ambitious target that at least 50% percent of IDA and IBRD climate finance will support adaptation. We find the CCAP of the highest importance and look forward to implementing it across all the WBG’s operations. It is an important and highly timely step forward. However, more qualitative, and quantitative indicators still need to be defined as the planet needs bold action for sustainability on all climate related issues from emission reduction to water management. We look forward to discussing an ambitious proposal by the Bank in a timely manner in the run-up of the upcoming COP26 in this respect.

We also fully support and welcome the WBG’s strategic focus on Green, Resilient, and Inclusive Development—or GRID. We believe that the WBG is well-positioned to help client countries with the challenges in the post-pandemic phase through its convening power, global reach, technical assistance, knowledge, innovative approaches, and increasingly through its ability to leverage public resources by mobilization of private capital. We also want to emphasize the strong need for inclusiveness and gender equality as part of these efforts. Now more than ever, it is crucial to pay special attention to the most vulnerable groups amongst other by scaling up universal social protection. Going forward, we would like to see a clear roadmap and action plan on how the GRID framework will be operationalized. In this vein, we would like to recall the importance to ensure that the WBG’s independent accountability mechanisms are robust and in line with international best practice.

We strongly support scaling-up GRID and climate financing, including by defining Private Capital Mobilization targets, through IFC, MIGA, IDA, and IBRD, including partnerships through co-financing with other multilateral development banks and bilateral partners and other consolidated financing mechanisms that facilitate efficient use of resources. Going forward, we expect IFC and MIGA to play even more prominent roles in promoting green finance as they are indispensable players to implement the Paris agenda.

Regarding carbon transition policy reforms, capacity-building, and support to address the social impacts of the transition, we would like to stress the importance of knowledge and advisory services to tailor WBG assistance to local circumstances and to facilitate the transition. The WBG’s knowledge agenda is essential in this context and presents a unique value-added in supporting ambitious policy reforms.

Role of the WBG in the future crisis

As the world still grapples with the recovery phase from the COVID crisis, a new set of global challenges has already arisen. Risks of political destabilization, refugee crises, natural disasters and economic shocks need to be urgently mitigated and addressed through well-tailored approaches, particularly in the most fragile regions.

We welcome the discussion on the role of the WBG in future crises – whatever their nature - since, as history and present circumstances proved, global economic cycles are volatile and there is a heightened possibility of more frequent and devastating shocks in the future. We believe that the WBG’s comparative
advantage lies in its unique knowledge-generating capacities, convening power, aptitude for high-quality multi-sector approaches, ability to mobilize and leverage public resources through private capital, and ability to be agile and flexible. We agree that the WBG should focus on prevention and preparedness to support client countries in managing future crises and boost their capacities through targeted and innovative advisory and financing services. Countries with stronger public institutions, more competitive private sectors, sound financial systems, and nimble governments do better, both in limiting the damage and recovering faster. In this regard, we would like to encourage the institution to give due attention to drivers of compound crises, such as natural disasters rising food and nutrition insecurity and disease outbreaks and help also address the root causes of forced displacement and migration.

The WBG also plays an important role in global and regional coordination given that international cooperation and partnerships are critical for strengthening crisis prevention efforts and addressing crisis-related challenges. We further urge the WBG, in collaboration with its partners, to pay special attention to domestic resource mobilization (DRM), debt transparency and debt management to help strengthen fiscal space in countries thus assisting them to better respond to crises when they strike. Regarding DRM, we consider the WBG has a key role to play in ensuring fair and equitable tax systems, in line with the shared prosperity agenda.

**Mobilization of Private Capital**

IFC and MIGA play crucial roles in the mobilization of private capital and support of a sustainable, resilient, and inclusive recovery, especially in difficult markets. We noted that the IFC mobilization target lags in FY21, primarily due to the COVID-19 pandemic. However, we would like to urge Management to maximize its efforts in creating attractive and bankable projects with high development impact and a strong green and digital imprint.

As we have entered the recovery phase of the COVID-19 crisis, we would like IFC to keep delivering on its strategic commitment, applying the lessons learned from the pandemic response and increasing its presence in IDA and fragile and conflict-affected countries.

Since the private sector plays a key role for a quick and resilient recovery, we would like to emphasize the importance of pushing forward the implementation of IFC’s 3.0 strategy. We would also like to see more results from Upstream project development activities, market creation efforts and close cooperation with development partners and private investors in the upcoming years since Upstream is a key initiative to achieve the capital package commitments and one of the most important pillars in the implementation of the IFC 3.0 strategy.

Moreover, given the importance of private capital, we encourage Management to intensify its efforts on mobilizing private finance through the WB, and IFC, and to deploy MIGA guarantees to help create an enabling environment for private sector projects.

We welcome MIGA’s approach in delivering the WBG gender strategy, including through the innovations that the institution is putting forward, but we’re calling for a swift implementation and concrete gender targets.

We would also like to take this opportunity to express our concerns about the findings of the external investigation into data irregularities in the Doing Business 2018 and 2020 reports, which led to the discontinuation of the Doing Business Report. Full transparency and the highest standards of integrity need to underpin an institution such as the WBG. We urge management to take concerted steps to create an adequate internal working environment, including by promoting a speak-up culture. We also stress the importance of further cooperation with the Fund to maintain trust and preserve the credibility of the international financing system.
And lastly, we would like to thank Management and staff for their support and help in reaching the IDA Voting Rights compromise and wish for a successful early IDA 20 Replenishment to support the most vulnerable and address the urgent financing needs arising from the ongoing pandemic.