Statement by

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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The World Bank Group (WBG) has provided a strong response to address the impact of the COVID-19 pandemic. Our Constituency thanks World Bank Management and Staff for their continued dedication and hard work accomplished under difficult circumstances over the last months. We reiterate our full support for the WBG’s approach to scale up support for green, resilient, and inclusive development (GRID). To get back on track towards achieving the Twin Goals and the Sustainable Development Goals (SDGs), it is essential to reach sustainable growth that puts strong emphasis on green competitiveness and a low carbon transition, while forcefully tackling rising inequalities and reaching the most vulnerable populations. We expect the WBG to continuously and critically review its work and undertake all necessary measures to further improve its performance.

Towards the operationalization of the GRID framework

We expect the Bank to provide clarity on how it will operationalize the GRID framework. To this end, a coherent and evidence-based methodology to prioritize operations that maximize dividends across GRID dimensions should be developed, including strategic choices of instruments tailored to country needs. GRID should also be streamlined into strategic documents and monitoring frameworks to foster a more robust outcome orientation at program and portfolio level.

We are firmly convinced that a more systematic approach to partnerships – spanning across financing, knowledge, and capacity building – will further increase the impact of WBG interventions. The WBG should systematically make use of joint coordination platforms with development partners and, where appropriate, civil society organizations and the private sector, to reach a shared and better understanding of development challenges and opportunities, identify comparative advantages and agree on a division of labor, and harmonize approaches in view of efficiency gains. We particularly invite the WBG and the IMF to closely coordinate their actions, while keeping in mind their different but complementary mandates.

We call on the WBG to raise the ambition of its knowledge agenda and advisory services, a cornerstone to an effective GRID implementation. Its cross-sectoral expertise is the foundation to support clients’ policy reforms and investments that yield the broadest economic, social, and environmental returns. The integrity of data and the impartiality of analysis are paramount for the credibility of the WBG. All necessary measures have to be taken to ensure good governance and an environment for highest-quality independent development research.

We appreciate the WBG for its continued commitment to be Bank for all clients, focusing on building back better and assisting countries in just transition to achieve a more resilient and inclusive future. The WBG plays a leadership role in addressing the global climate crisis in a resilient and inclusive manner. We welcome the WBG’s Climate Change Action Plan (CCAP), and its strong commitment to assist countries in their net-zero transitions. We notably expect the WBG to steadily support the energy transition from
fossil fuels to renewable energy solutions, while considering and appropriately addressing distributional effects. Green job creation and the development of new industries must be facilitated. We welcome the focus on agriculture, food and land under the CCAP, and call on the WBG to advance the transformation towards sustainable and inclusive food systems. Adapting to the increasingly severe effects of the climate crisis is essential in particular in low-income countries, and we welcome the WBG’s commitment to allocate half of its climate investments to adaptation.

We expect to receive regular updates on progress made along the implementation of the GRID framework.

**On GRID financing**

We urge the WBG to keep the momentum on its “cascade” approach by supporting innovative private sector solutions and speeding up private sector mobilization. We invite the WBG to further support innovative approaches, early-stage risk taking and new product development, especially in the area of digitalization, in order to address post-pandemic development challenges.

We share the importance of speedy delivery of WBG’s projects to ensure a strong and timely crisis response. At the same time, staff incentives, capacities and the organizational culture have to ensure high quality of operations in line with context- and sector-specific mobilization targets.

We fully support the ambition to scale up support on domestic resource mobilization for GRID. Building better tax systems remains a major challenge as the COVID-19 crisis has dramatically worsened public finances. We remain deeply concerned about the high and rising debt and fiscal vulnerabilities in many countries. Through the sound implementation of IDA’s Sustainable Development Finance Policy and support of international initiatives such as the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI), we invite the WBG, in close coordination with the IMF and other partners, to continue to tackle preexisting vulnerabilities to prevent another debt crisis. The respective efforts to address fiscal and debt distress in low-income countries, while supporting GRID, need to be further emphasized.

**Crisis response, prevention and preparedness**

The COVID-19 crisis, the climate crisis, and elevated financial vulnerabilities provide a stark reminder of the importance of tackling underinvestment in crisis prevention and preparedness. Such investments, including in crisis monitoring, global partnerships and response capacities, are key to protect development gains from future hazards and keep the Twin Goals and the SDGs within reach. We support the notion of anchoring the WBG’s crisis approach in an integrated GRID framework. This implies notably adopting a strong inclusion lens to assess and address disproportional vulnerability to crises of certain groups, including women, informal workers, migrants and the forcibly displaced.

The COVID-19 pandemic has demonstrated the critical importance of global partnerships. We commend the WBG’s engagements with MDBs, WHO, GAVI, COVAX and other organizations. We encourage the Bank to distill lessons from these partnerships to further refine and strive for innovative approaches with its partners, to scale-up early financing, including through innovative new financial mechanisms with the private sector. Forecast-based financing mechanisms, for example, may enable to swifter early action at global and national level when crises strike. We fully support the deployment of new technologies and platforms for knowledge generation and dissemination.

We consider it as essential that through its COVID-19 health response, the WBG continues to put a strong focus on strengthening public health systems, maximizing the double dividends under the GRID framework. At the same time, while the international debate and support focus on access to vaccines, we invite the WBG to consider, where appropriate, targeted investments in diagnostics and therapeutics as important pillars of a comprehensive approach to pandemic management of the current and future health crises.
With regard to mitigating the effects of the climate crisis and other natural hazards, and considering the WBG’s global, regional and national outreach, we ask the Bank to further strengthen its leading role in the area of disaster risk management, building on the strong experience of the Global Facility for Disaster Reduction and Recovery (GFDRR). Natural disasters increase in number and in scale, namely in our constituency countries, and hurt the poor and most vulnerable first. It becomes increasingly important to support client countries in their ability to predict, assess, and reduce exposure to hazards and address disaster risks with comprehensive, whole-of-society approaches.

Finally, and considering that recent risk reviews revealed significant environmental and social risks in COVID-19 projects, we expect Management to ensure that all projects meet the environmental, social and governance standards as well as the fiduciary requirements of the WBG.

**International Development Association (IDA)**

We welcome the conclusion of the IDA voting rights review in view of the IDA20 replenishment. The advanced IDA20 is an important step to respond to the elevated financing needs and support IDA countries’ GRID recovery efforts. Additional efforts to strengthen outcome orientation and quality of operations will be needed to meet the elevated needs of IDA countries, while giving due consideration to their absorption capacities and debt levels. Maintaining reform momentum, performance orientation and well-targeted, impactful support to the most vulnerable in IDA countries will remain key.