



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)

**ONE HUNDRED AND FOURTH MEETING
WASHINGTON, DC – OCTOBER 15, 2021**

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Statement by

**H.E Gerd Müller
Federal Minister for Economic Cooperation
and Development**

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The polyandemic triggered by COVID-19 has pushed back our achievement of sustainability and development goals by years. The global debt crisis has dramatically worsened. Apart from the impact on people's health, there has been serious disruption of food supplies, global supply chains, economic development and social interaction.

The task for the World Bank now is to ensure a better recovery from the crisis. To do that it must provide answers in the midst of the huge global challenges we are facing right now:

- climate change with its droughts, tropical storms and floods;
- the rapid loss of biodiversity, the deforestation of the rainforests;
- a dearth of investment in food security and in rural electrification; and
- unsustainable consumption patterns that are endangering the environmental, economic and social stability of our planet.

The Bank has taken some important first steps towards addressing these challenges. The IDA members have agreed to an early replenishment as a response to the polyandemic. The World Bank has more funds than ever before. These resources need to be deployed in such a way that the investments serve to help the goal of building back better whilst effectively warding off future crises. At the Spring Meetings, with that in mind, we endorsed a convincing strategy for green, resilient and inclusive development (GRID).

However, the most important message of these annual meetings must be that we will not be content with just words: GRID is being put into practice, and we are making progress on the ground. I would like to make 10 points in this regard:

- 1) The acute health crisis has not yet been overcome. Access to COVID-19 vaccines continues to be a matter of life or death, especially for the poorest of the poor. That is why the financial assistance from the World Bank for the procurement and distribution of vaccines and its cooperation with the vaccine initiatives ACT-A and COVAX are so important. This cooperation needs to be expanded in order to secure the role of COVAX as a central procurement mechanism now and in the future.
- 2) The Bank must furthermore supply answers for the global challenges that lie ahead of us and work specifically - and not only based on demand - to protect and provide global public goods. Health, and protecting the climate, nature and water reserves are public goods on which all of humanity depends. Preparing for crises – natural disasters, health emergencies and economic crises – which is an aspect that we want to strengthen, especially as part of an ambitious IDA20 replenishment, must also become a focus of the Bank's activities.

- 3) Investments in a country's energy supply should be embedded in a climate strategy, in order to achieve the Paris climate goals. When strengthening national health care systems, we must keep in mind measures for preventing regional or global pandemics. So far, the necessary incentives for such investments are still lacking. In the case of creating the Global Public Goods Window, we have already mandated the Bank to develop and pilot corresponding models. We therefore expect the Bank to present concrete proposals for expanding and further developing this approach.
- 4) With GRID the World Bank recognizes that the development agenda and the climate agenda are inextricably linked. It also reaffirms this link in its Climate Change Action Plan. However, this will not be a real action plan until its targets are systematically measurable and are underpinned with results.

In order to move forward the transition to global climate neutrality, Germany expects the World Bank to offer its customer countries even more support for implementing their nationally determined contributions. Development policy operations must contribute much more to this than has been the case in the past. In addition, Germany expects the climate co-benefits of development policy operations to be increased to at least 30%.

Furthermore, we expect the World Bank to make sizeable contributions over the next few months and years towards significantly strengthening the global architecture for climate risk financing and insurance, thus honoring the announcement made by President Malpass at the UN Climate Action Summit in 2019.

- 5) A fair transition to a carbon-neutral global economy is one of the central goals of the GRID agenda. However, the only way that this goal can be reached is if the World Bank Group also works strategically with global partners, like the International Monetary Fund, the multilateral and regional development banks, and the United Nations. The social costs of environmental transformation in particular must be cushioned through policies and financial support, and by programs for social protection and additional incentives for private investment.
- 6) "Leave no one behind" – this requires us to commit to keep an eye on everyone, especially those people most affected and disadvantaged by global crises and the inequalities that result from them.
- 7) We need new sector strategies and action plans building on GRID that take a holistic approach towards shared prosperity, inclusion and crisis preparedness. Finally, we expect the Bank to report annually to the Governors on the progress made towards achieving the GRID goals.
- 8) For many countries, the COVID-19 pandemic has dramatically exacerbated their debt burden yet again. These countries need support for overcoming the pandemic, but what they need above all is assistance overall in order to get back to a new, viable development trajectory. This starts with the loans from the Bank: as a development bank, we also have a responsibility to make sure firstly that loans are invested in such a way that sufficient revenues can be expected, and secondly that clients have adequate structures which are solid enough to ensure that the money will be spent properly and that orderly repayments can be made. Together with the World Bank, we must further expand international debt relief initiatives. That includes the G20 Common Framework for Debt Treatments. We must create more predictability and fair burden sharing – also with the private sector and all loan beneficiaries.
- 9) In many countries, however, the debt burden was already high before the pandemic. It is therefore important that the capacities of public financial management systems are strengthened in order to increase countries' own revenues.

The World Bank's strategy for mobilizing domestic resources can broaden the tax base and increase tax fairness. Fiscal sustainability and adherence to global tax standards can reduce the debt burden, assist in restoring these countries to economic health and simultaneously release funding capacity for sustainable investment. The Bank should require its clients to make even more specific commitments to do this.

When it comes to mobilizing the private sector, we expect the Bank to play a significantly stronger role as an institutional catalyst.

- 10) We will support the World Bank in being a figurehead for good governance. Transparency and accountability are not negotiable. Accountability mechanisms should therefore be continuously strengthened.