Statement by

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The last two years have brought unconceivable challenges to all people throughout the world. The crisis in Ukraine which has been escalating since 2014 and the breakout of COVID-19 in 2020 continue collecting a toll of human lives, breaking supply chains, devastating industries and economies, as well as ruining human, economic and political ties between nations. These developments are deeply concerning especially for those who believe in the good that institutions like the World Bank Group are bringing to the world.

The situation in Ukraine is a terrible tragedy which has been unfolding for nearly a decade. For eight years the Russian speaking population of Donbass has been neglected and denied basic human rights.

Current crisis is also a consequence of unwillingness of a group of nations to hear and understand valid security concerns expressed by one nation. A meaningful dialogue was replaced by abuses, economic containment measures and threats of further sanctions.

Lack of communications as well as of accurate assessment of likely consequences of containment measures applied to a G20 member economy have brought us to a position where, as President Malpass has said in his recent speech in Warsaw “even people who are physically distant from this conflict are feeling its impacts”.

The developments triggered by these crises are a demonstration of fragility and vulnerability of our shared world. They are also an illustration of our interconnectedness and interdependence. Global trade and value chains, international finance and transportation, food and energy security, tourism, and other sectors are all affected.

Russia is a major exporter of energy, agriculture commodities, fertilizers and many other vital goods. Over 50 countries depend on Russian food exports, especially in the Middle East and Africa. Sanctions have impaired our ability to supply these important goods to the global market, creating a vicious circle of falling living standards in both the developing and developed worlds.

This is all happening as climate change is impacting global food supply. Further plans to put Russia in long-term isolation will only worsen this situation especially for economies that will be most affected by global warming.

Additionally, the sanctions have started to erode the trust in the international financial system, which has served well for many years.

Economic sanctions and isolation will bring nations to a divide. These division lines are already starting to take shape making it more difficult to address the global challenges that require a common approach. The international community should unite efforts to mitigate effects of impending food and energy crises, especially on the most vulnerable countries.

We agree with the concern voiced in the Development Committee papers about increasing fragility on the global scale and its toll. Conflicts from the Horn of Africa to Syria and Ukraine pose many risks to people
and economies. We share the view that ‘no one should be left behind’. We have been supporting WBG’s assistance to fragile countries including Afghanistan, Yemen, Ukraine, and others, aimed at preventing humanitarian disasters.

However, we find it inconsistent that despite $1bn being reserved in the IDA for Syria in the last three cycles, the institution has not been able to find a way to offer help to internally displaced Syrians on their basic needs or vaccines through UN institutions.

We thank the WBG and IMF Management for their profound analysis and support to member states on debt sustainability. Rising levels of debt and debt servicing costs are getting alarming. Among other things, monetary policies of advanced economies have created conditions that led to major debt accumulation by LICs, which with the rising interest rates can now lead to significant destabilization of the capital markets.

We take note of Management’s recommendations aimed at strengthening the G20 Common Framework. However, debt resolution can only be effectively achieved through negotiations between creditors and debtors in specialized fora like the G20 or bilaterally. Fiscal consolidation and balanced macroeconomic policies are needed to tackle the debt issue, including broadening the tax base. From our experience, digitalization can be a significant factor of fiscal policy sustainability.

On digitalization, we fully agree with and support the points made by the WBG. They make a solid case for the importance of the digital agenda in all the Bank’s client countries. Yet developing digital infrastructure is faced with many challenges. Some clients still experience massive underinvestment in energy, without which a digital economy is not technically feasible. We appreciate that digital safeguards are mentioned in the paper as a key driver of digital development, and we support the focus on cybersecurity and data privacy. It is indeed important that while promoting digital agenda the Bank does not leave the clients exposed to new risks.

This year Russia commemorates 30 years since joining the WBG institutions. Throughout these decades Russia has been a trustworthy and reliable partner to the Bank - transitioning from a large borrower in the 1990s to becoming a donor in the last 10-15 years.

Russia began contributing to IDA the same year it joined the Group, while still undergoing a major economic transition. It has gradually weaned off from large loans from the IBRD by the early 2000s, opening the space for other borrowers in need. We have not contracted any new loans in the past 8 years. In the meantime, in addition to the IDA we have been financing a number of trust funds that work in various regions and sectors from energy to health, education, gender issues and digital agenda.

We are deeply disappointed by the decision of the WBG Management in March 2022 to discontinue all programs in Russia. None of these programs focused on Russia’s own development or borrowing. They were meant to contribute to solving global issues, including climate change, knowledge sharing and regional development. These programs would have provided assistance to the most vulnerable nations by a country that has made its transition from a borrower to a donor nation.

One unique feature of the WBG institutions, to which in times like these they owe much of their success, is their non-political mandate under the Articles of Agreement. They were conceived as a forum, where countries in spite of difference of opinions can work together on the most difficult and pressing issues of global development. It is the role that we hope the Group will continue to uphold in any present or future crises.

Finally, we call on the WBG Management to help ensure that in difficult times such as these the institutions continue to adhere to their Core Values and the highest standards of business conduct. We ask the Management to send a strong message to all staff that no mistreatment or discrimination based on nationality or language will be tolerated by the organizations.