Statement by

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Global income inequality has widened as a result of the ongoing COVID-19 pandemic, reversing the progress achieved since the early 2020s. Addressing the economic and financial risks from the crisis and reversing inequalities require a proactive implementation of government policies, with a focus on financial instability and rising sovereign debt. The wide-ranging impact of the COVID-19 crisis has evidenced the need for a comprehensive strategy to achieve a sustainable and inclusive development path. This strategy requires actions to address both internal and external inequalities, including the continued access to health and vaccination services, fiscal to support for the most vulnerable population groups. The strategy also requires measures to secure access to education, digital services and infrastructure. By extension, targeted global community support is required to address debt overhangs and ensure a balanced global trade and investment climate, to foster sustained productivity growth in EMDEs.

On behalf of the OPEC Fund for International Development, I would like to take this opportunity to acknowledge the efforts undertaken by the World Bank and International Monetary Fund (IMF) over the past two years, to support our partner countries in these uncertain times. We welcome the initiative of the 105th Development Committee Meeting to debate on the critical issue of Digitalization and Development in COVID-19 times as well as the imperative need of considering Debt as an enabler to address Development and Macroeconomic Stability. This meeting takes place when the world economy is steering towards a gradual recovery while being confronted with supply chain risks in critical commodities. The recovery is uneven as many low-income countries struggle with the pandemic’s repercussions and the impact on the Sustainable Development Goals.

The COVID-19 pandemic has disrupted education systems, constrained access to social infrastructure, and deterred human capital development. The SDG goal of reducing extreme poverty to below 3 percent by 2030 emerges as challenging. It is estimated that with the global economic downturn, some 255 million jobs have been lost, also affecting the 1.6 billion people working in the informal economy (SDG 8), lacking both social security (SDG 1) or health coverage (SDG 3). “The resulting increase in global poverty (SDG 1) is unprecedented. It has caused an increase in hunger (SDG 2), child labor (SDG 16), and gender inequality (SDG 5). And while the decrease in human activity has been a moment of respite for threatened...
plant and animal species (SDGs 14 and 15) and for climate change (SDG 13), it has been too short-lived to have a positive impact on ecosystems”\(^1\).

The ability of digital technologies to contribute to economic and social resilience while also exposing the growing digital divide and its grave implications for social inclusion, have been evidenced since the onset of the pandemic. In a recent report to the G-20, the OECD underlined how access to digital technologies supports an “inclusive and sustainable growth by spurring innovation, generating efficiencies and improving services”. The COVID-19 crisis intensified the need to expand the digitalization of processes in both services and manufacturing in most countries. As governments were compelled to impose social distancing and other regulations, the COVID-19 pandemic exacerbated the reliance of countries on digital solutions to avert the risks posed by the generalized lock-downs to the economy.

As evidenced in an article published by UNIDO\(^2\), “the pandemic has emphasized the importance of digital inclusion for economic resilience during crises, since many educational and work-related activities could only be performed remotely. In 2019, shortly before the outbreak of the pandemic, 58 per cent of EU population possessed at least basic digital skills (European Commission, 2020). The situation in less developed countries is complicated, however, by the lack of access to digital devices, often due to high acquisition costs, and poor digital infrastructure”. According to IFC estimates, before the pandemic, around 3.5 billion people were unconnected to the mobile internet, of whom 90 percent were in emerging markets and developing economies.

We noted that, in order to address debt-related risks to growth and stability, the WBG and the IMF will support the provision of long-term finance for governments, debt and non-debt financing for firms. We also welcome the New International Financial Institutions’ (IFI) policies to support sound financing and debt resolution which is essential, when supplemented with technical assistance on resolving private debt. Furthermore, we consider that a sustainable resolution of public debt, in the framework of the implementation of the G20 Common Framework (CF), should be expanded to help the most vulnerable countries.

We wish to reiterate our solidarity with all developing countries, particularly in the prevailing circumstances; the OPEC Fund aims at collaborating and contributing to the WBG efforts, in addressing the mitigation of the current and longer-term crisis. The impact of COVID-19, climate change and other crises are global, and require effective coordinated responses, while addressing specific country circumstances and priorities. We wish to reiterate that the OPEC Fund stands ready to continue participating in coordinated global efforts, mobilize the required resources, to fight the impact of the pandemic, and progress towards a sustainable recovery. OPEC Fund will also continue assisting both public and private sectors through our dynamic and agile response to the increased financing requirements of our fellow Emerging Markets and Developing Countries (EDMCs).

We stand ready to use our dedicated financial resources, leveraging with our strategic partnerships, to support our partner countries in this critical juncture of the development agenda, mitigating the economic, social and health effects of the pandemic. We also support strengthened cooperation to facilitate the development of COVID-19 vaccines, and ensure their “affordable, fair and equitable access”.

In closing, we wish to reiterate that the OPEC Fund stands ready to support the investments of partner countries in order to enhance their preparedness and response capacity to global, social, and environmental hazards. In this respect, we consider that international cooperation is a fundamental enabler, to achieve the sustainable development goals and overcome future challenges.

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1 The consequences of the COVID-19 pandemic on the 17 SDGs (FOCUS 2030, October 2021)