Statement by

Rt. Hon. Liz Truss
Secretary of State for the Foreign, Commonwealth and Development Affairs and Minister for Women and Equalities

and

Rt. Hon. Rishi Sunak
Chancellor of the Exchequer

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105th Meeting of the Development Committee
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Washington, DC

1. The Development Committee meets at a pivotal moment as Russia’s illegal, unprovoked and brutal invasion of Ukraine continues. We offer our full solidarity to the people of Ukraine and condemn in the strongest possible terms the catastrophic aggression of the Russian Federation.

2. The UK welcomes the World Bank Group’s (WBG) leadership in standing with Ukraine and in stopping operations in Russia and Belarus. Ukraine requires co-ordinated, fast disbursing support to meet its immediate financing needs. We strongly endorse the WBG’s commitment to anchor and manage financial support for the Government and call on all partners to use the Bank as a main conduit for support, as requested by the Government of Ukraine. We recognise the commitments already made by the WBG and other partners to provide financial support. But we urge a rapid scaling up given the size of immediate needs.

3. UK support stands now at over £1 billion. The UK has offered approximately £730 million ($950 million) in financial guarantees so the World Bank can lend more without taking resources away from the rest of the world. Alongside this, the UK is providing £394 million in grant aid, including £74 million ($100 million) to the Multi Donor Trust Fund, which will help ensure continued provision of vital humanitarian assistance and basic services for Ukrainians.

4. Ukraine is an important trading partner for Africa and others. The poorest people of the world are now also bearing the huge cost from this war, on top of the impacts from COVID and the climate crisis. By destroying Ukrainian cities and infrastructure, Russia has crippled Ukraine’s production and exports, exacerbating a growing food crisis. On top of this, Russia’s export restrictions of its own wheat and fertiliser are causing food prices to rise further, hitting the most vulnerable countries and people. The UK, G7 and our allies deplore these senseless actions, and have committed to focus sanctions on Putin’s regime and war effort. Stopping this inexcusable and unnecessary war is the best way to restart trade and to help the poorest countries. We call on the Bank and the international community to help Ukraine restart vital agricultural production and exports.

5. Economic support for Ukraine and the region must not just be about the immediate needs. The international community must step-up to help Ukraine realign its economy away from Russia and towards freedom-loving democracies. This is why the UK is liberalising tariffs on all imports from Ukraine and will provide customs easements. We also call on the international community to step up investment and trade in the Western Balkans, supporting the economic pivot away from Russia.

6. We must provide reliable and high-quality finance to partner countries, including the poorest, ensuring they have an alternative to the strings-attached financing from malign actors. The UK has re-
launched British International Investment, the UK’s Development Finance Institution, to help drive high-quality investment into partner countries, including from UK capital markets. We strongly encourage the WBG’s IFC to lead a strong counter-cyclical approach and work closely with Development Finance Institutions (DFIs) to provide support to systemically important firms, keep trade flowing, and foster economic recovery.

7. The UK further calls on the World Bank, IMF and international community to commit to an ambitious package of additional support for Ukraine, its neighbours and developing countries:

- We welcome the focus at the Spring Meetings on planning for the reconstruction of Ukraine. The World Bank and the international community must learn the lessons from past reconstruction, create opportunities for Ukrainian businesses and rebuild the economy in ways benefitting the Ukrainian people.

- We call on the WBG, IMF and international community to increase support to Ukraine’s neighbours. They have shown generous solidarity with the people of Ukraine, hosting over four million Ukrainian refugees, and face significant fiscal pressures themselves.

- We endorse the focus at these Spring Meetings on supporting the poorest countries facing compounding crises from the pandemic, climate change, and now Russia’s war on Ukraine. The WBG, the IMF and international community must build on the lessons from the pandemic by acting early and in a coordinated manner to prevent food insecurity and economic scarring. We urge the WBG to develop a new package of food and agriculture support, learning from the 2008 and 2012 food crises. We call on all countries to remove unnecessary and damaging food export bans, which only hurt the poorest.

- We welcome the record $93 billion IDA20 replenishment in December 2021. The decision to bring forward the replenishment by a year puts the Bank in a strong position to frontload support to developing countries affected by Russia’s war. The Bank should develop a clear IDA20 package for supporting the poorest and most vulnerable countries. We also welcome proposals to provide $1 billion in exceptional IDA19 support to Ukraine and to increase Moldova’s access to the Crisis Response Window by $100 million.

- We welcome the reforms made to the IMF’s policies for the poorest countries during the pandemic. These include the strengthening of the IMF’s Poverty Reduction and Growth Trust and the new Fragile and Conflict-affected States strategy. We call on others to scale up urgently the financing that the IMF needs. To help vulnerable countries, urgent progress is needed to meet the G20 ambition of $100 billion in new funding through voluntary SDR channelling or other financing. We welcome the establishment of the IMF Resilience and Sustainability Trust and the ongoing work of Multilateral Development Banks (MDBs) to develop further SDR channelling options. The UK will direct 4 billion of the UK’s SDRs for the benefit of poorer countries.

- We are deeply concerned that over 60% of low-income countries are in or at high-risk of debt distress. The promised debt restructuring through the Common Framework has not delivered as fast as hoped. We urge all creditors to work effectively to implement the Common Framework process. Delivering debt treatments for those countries that have put in requests is essential to ending economic distress.

8. Beyond these immediate issues, we support ambitious action to tackle the effects of fragility and conflict, the continuing pandemic, the digital divide and the climate crisis. These actions include:

- Maintaining global leadership on climate change and delivering the outcomes of the Glasgow Climate Pact. The WBG must follow through on the ambitious commitments in the Climate Change Action Plan (CCAP) to build back better. The WBG, working with the IMF, must help meet countries’
demands for easier access to fast disbursing climate finance, use the roll out of Country Climate and Development Reports (CCDRs) to target finance and policy support, and demonstrate Paris alignment across all operations. We strongly support IDA20 commitments to help countries deliver disaster risk financing strategies and call on the IMF to make similar ambitious commitments, including to help countries plan contingent financing and use contingent debt. We expect concerted efforts to further scale up private capital mobilization, including as part of new Country Platforms, new Just Energy Transition Partnerships in key countries, and new initiatives to support the global doubling of adaptation finance. We expect to see an ambitious delivery plan for the MDB commitments on nature made at COP26, and urge the development of a new Forest Action Plan.

- **Developing a more systematic approach to fragility, conflict and violence (FCV).** Tragically, multiple conflicts and crises in Afghanistan, Ethiopia, Mali, Yemen and many other countries are undermining development gains. We call on the Bank to build on the lessons from the recent Afghanistan Approach Paper, as a model for the Bank staying engaged in challenging contexts. The WBG needs to meet basic human needs and preserve core public institutions wherever possible. The WBG should increase its focus on prevention, by better anticipating crises and designing programmes that are able to adapt to deteriorating situations.

- **Continuing to support the health recovery from the pandemic.** COVID highlighted gaps in global and country level health systems and preparedness. The WBG’s large-scale dedicated financing for vaccines has significantly helped increase vaccine coverage. There is, however, uneven and inequitable access. The WBG must prioritise vaccine rollout, especially to the most vulnerable, working through the Vaccine Delivery Partnerships, and scale up its work on health systems strengthening and pandemic preparedness through IDA and IBRD.

- **Ensuring an inclusive recovery by focusing on transforming the lives of women and girls.** There are still 130 million girls out of school, with the pandemic putting 10 million at risk of early marriage. We welcome the IDA20 commitment to recover learning losses for girls and urge the Bank to scale up work to help prevent sexual violence, especially in the most fragile contexts.

- **Bridging the digital divide.** We share the concerns that the digital divide, exacerbated by the pandemic, risks leaving many people behind. The WBG should present ambitious steps on bridging the divide and addressing gender inequalities, including by equipping vulnerable groups with the online safety and cyber-hygiene skills needed to prevent harm and manage risks. The WBG must support partners to develop their cybersecurity capabilities to mitigate the growing threats.

- **Supporting Small States:** Many small island developing states (SIDS) find finance too difficult to access and spend due to burdensome rules and complex processes. Many face a cliff edge when graduating from ODA eligibility, remain vulnerable to climate and economic shocks and lack other sources of finance to ensure resilience. The whole international system must align with the Glasgow Climate Pact and respond to vulnerability in how they provide finance for these countries on the frontline of climate change. We encourage others to learn from the World Bank’s use of multiple criteria for vulnerable states and call on the Bank to ensure the criteria are used equitably for those most at risk.