Statement by

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On behalf of Azerbaijan, Kazakhstan, the Kyrgyz Republic, Poland, Serbia, Switzerland, Tajikistan, Turkmenistan and Uzbekistan
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Over the past years, the World Bank Group (WBG) has proven time and again its ability to support its clients in the face of extreme disruptions in a decisive and comprehensive manner. We welcome the WBG’s swift action to support Ukraine and its citizens in response to the Russian Federation’s aggression against Ukraine. We are deeply concerned by the rising humanitarian and economic crisis as a result of the war. The rise in food and commodity prices, trade and supply chain disruptions, surging inflation and debt levels are putting huge pressure on economies, with a disproportionate burden on the poorest, and making it harder for governments to meet the Sustainable Development Goals and pave the way for a just transition to a low-carbon and climate-resilient future. The recent World Bank Economic Update for Europe and Central Asia shows for example, how countries of this region suffer considerable economic damages because of the war. An effective and well-coordinated multilateral cooperation will be critical to address the multiple consequences of this war as well as its spillover effects at the regional and global levels. We call on the WBG to provide substantial and targeted financial, policy, and technical support to Ukraine, to countries hosting refugees and to all countries affected by this conflict. We also expect the WBG to mobilize the resources needed, and assist clients across all income levels with advice in designing and implementing effective policies and investments to address key developing challenges, while working to achieve its long-term objectives as defined by the Twin Goals, the 2030 Agenda, and the Paris Agreement.

Making Debt Work for Development and Macroeconomic Stability

Addressing the record-high sovereign and private debt levels will be key against the backdrop of the multiple development challenges the world is facing. The policy response to cushion the pandemic's economic and social impact has accentuated pre-existing debt vulnerabilities in developing countries. The recent interest rate hikes, the Debt Service Suspension Initiative (DSSI) repayments, and the impact of the war in Ukraine place a further strain on already weakened economies. We ask the WBG and the IMF to take on their leadership role in order to support countries in addressing their debt vulnerabilities in a timely, well-structured and tailored manner, with a particular emphasis on policy reforms.

We strongly support the Common Framework and concur on the need to improve its efficiency. We support greater clarity on the processes and mechanisms, including on binding timelines and further outreach to debtors. We encourage efforts on creditor outreach as equity between creditors is key to secure broad participation in debt restructuring. Systematic coordination, notably with the Paris Club, is essential given the greater fragmentation of and diversity in the creditor landscape as well as the rising complexity in debt instruments. Multilateral creditors must continue to be excluded from debt treatments in order not to undermine their preferred creditor status and their future capacity to provide financing in line with their mandates. We support an expansion of the Common Framework to countries that were not eligible to the DSSI and present an unsustainable debt, and we are open to the introduction of a debt service standstill for countries requesting a Common Framework treatment, provided the comparability of treatment can be
ensured. Further enhancing debt transparency is crucial. More comprehensive and reliable debt data is necessary for effective debt relief as well as for sound policy- and decision-making.

**Digitalization and Development**

Digitalization is a powerful accelerator for reaching the goals of the 2030 Agenda. At the same time, it does not come without risks. We therefore welcome the WBG’s conceptual framework to support the prioritization of policies as well as the management of those risks. Tapping the potential of digitalization requires a tailor-made approach that addresses all policy areas of the framework on par, based on country-specific needs assessments. While digital infrastructure is a foundational priority to close the digital divide, digital literacy and skills are equally critical. Sound digital governance, institutions and regulatory frameworks need to ensure cybersecurity, data privacy and the protection of individual rights. A holistic approach entails strengthening the linkages between digitalization and other development challenges, including climate change as well as closing the digital gender gap and connecting previously underserved groups. Understanding the potential impact of digitalization on labor markets is key to identify opportunities and challenges related to expected labor market transitions and address the resulting concerns in the population early on.

In expanding digital infrastructure and services, we ask the WBG to promote a competitive market structure and strike the right balance between private and public sector roles and investment. Regional and global cooperation will remain critical to address common policy challenges, including the improvement of standards and harmonized approaches. We expect the WBG to support its clients in participating in the development of international standards, allowing them to fully embrace the potential of the digital economy.

**Fragility, Conflict, and Violence (FCV)**

Growing fragility, political turmoil and conflict across the world and, most recently, the war in Ukraine, have dramatically affected the lives of millions of people. We welcome the WBG’s efforts to enhance its engagement in fragile and conflict-affected situations and its focus on prevention. We support its holistic approach anchored in systematic partnerships and coordination with development, humanitarian and peacebuilding actors. The WBG’s efforts to refine its financing tools, diagnostics and programs, and step up investments in conflict prevention and peacebuilding, guided by the objectives of addressing drivers of fragility and strengthening the social contract, are critical. We welcome and support the continuous reflection on the suitability of the WBG’s toolkit to deliver on the WBG FCV Strategy.

Staying engaged requires agility and the right modalities to maintain adequate engagement across all types of situations. While we consider staff safety as paramount, we also see the presence in client countries as fundamental to support people and authorities in their recovery, through assistance tailored to local development needs. We encourage the WBG to review the suitability of its toolkit in order to implement the FCV Strategy in middle-income countries. An inclusive and sustainable private sector can play a key role to strengthening resilience, calling for continued strong One-WBG engagement in fragile contexts.

**Looking ahead**

We ask the WBG to keep a firm eye on its Green, Resilient and Inclusive Development approach in order to get back on track towards achieving the Twin Goals, the 2030 Agenda, and the Paris Agreement. We call on the WBG to stay engaged in situations of fragility, conflict and violence, live up to its leadership role in providing global public goods and addressing the global climate crisis and support its clients in shaping and implementing their low carbon transition. We expect the Bank to review the performance of its toolkit in order to implement the FCV Strategy in middle-income countries. An inclusive and sustainable private sector can play a key role to strengthening resilience, calling for continued strong One-WBG engagement in fragile contexts.