



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)



DC/S/2022-0069
October 14, 2022

**STATEMENT BY
MS. AZUCENA ARBELECHE, DC CHAIR**

Attached for information for the Members of the Development Committee is a Statement, which reflects the views of the majority of Committee Members, from Ms. Azucena Arbeleche, DC Chair following the Committee's one hundred and sixth meeting held on October 14, 2022.

Chair's Statement: 106th Meeting of the Development Committee

Ms. Azucena Arbeleche, Minister of Economy and Finance,

Oriental Republic of Uruguay

- 1. The Development Committee recalls that on March 2, the United Nations General Assembly by a majority of 141 countries adopted the resolution ES-11/1 "Aggression against Ukraine"¹ that "deplores in the strongest terms the aggression by the Russian Federation against Ukraine in violation of Article 2 (4) of the Charter" and "demands that the Russian Federation immediately cease its use of force against Ukraine". Thirty-five countries abstained from the vote; five countries voted against the resolution; some countries expressed no position.*
- 2. The Development Committee recognizes that since our last meeting in April, Russia's war against Ukraine has continued with massive humanitarian consequences and detrimental repercussions for the global economy through direct and indirect channels. The Development Committee acknowledges that on October 12, the United Nations General Assembly by a majority of 143 countries adopted the resolution ES-11/L.5 "Territorial integrity of Ukraine: defending the principles of the Charter of the United Nations" that expresses its strong support for "the de-escalation of the current situation and a peaceful resolution of the conflict through political dialogue, negotiation, mediation and other peaceful means"².*
- 3. The Development Committee reiterates its call for greater international cooperation and strengthened multilateralism to prevent fragmentation and safeguard global economic integration.*
- 4. The global economy continues to be negatively affected by multiple ongoing crises. Russia's war against Ukraine has exacerbated the challenges from these crises. The lingering effects of the COVID-19 pandemic and related public health and education crises, rising debt, climate change and biodiversity loss, food insecurity, energy-access deficits, fragility, conflict and resulting migration, supply-chain and trade disruptions have steepened the slowdown in global growth, and caused reversals in poverty reduction and a rise in inequality. Persistent high global inflation could further tighten financial conditions, increase borrowing costs, and lead to financial stress. In the context of tight fiscal space, there is a need to improve the efficiency and targeting of existing financial resources, and address inefficient and distortive subsidies, while protecting the most vulnerable. Moreover, the recent spike in prices is likely to worsen energy and food insecurity and malnutrition. Intensified multilateral cooperation is essential to address these challenges.*
- 5. We ask the World Bank Group (WBG) and the International Monetary Fund (IMF) to continue to work with policymakers on an ambitious policy response and financing programs that boost inclusive and sustainable economic growth, create jobs, and expand social protection, while strengthening macroeconomic and financial stability, domestic resource mobilization, and cooperation in combating tax avoidance and evasion, and the quality of spending; curbing corruption, illicit financial flows, and profit-shifting; reducing debt vulnerabilities; promoting trade; and mobilizing larger volumes of private capital. A renewed focus on protecting and improving the well-being of poor households and the most vulnerable is needed, in line with the*

¹ Quote from [UN Resolution ES-11/1](#).

² Quote from [UN Resolution ES-11/L.5](#).

goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, while also contributing to the achievement of the SDGs.

6. We commend the WBG's global crisis response package, which sets out the framework for an operational response to the multiple overlapping crises, including up to \$170 billion through June 2023 to address food insecurity; large learning and job losses; climate mitigation and adaptation; and other long-term development challenges. These operations must be underpinned by a green, resilient, and inclusive development approach. We welcome the WBG's flexibility in responding with speed and scale across all countries and regions and ask the Bank to ensure enhanced supervision and strengthened field presence in order to manage the environmental, social, and fiduciary risks. We are encouraged by the WBG's commitment to gender equality through its operational and technical support to clients. We look forward to further progress on this front and to an updated Gender Strategy. We stress the importance of continuing to invest in adequate, efficient, and equitable education, health, and social protection systems. We support the role of the WBG in promoting a vibrant private sector that drives job creation and economic transformation—both of which are key to an inclusive and sustained recovery and development. Based on the WBG's principles of serving all clients, we ask management for an agenda to address these development challenges for MICs.
7. We welcome the approval of the Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness, and Response (PPR), and the \$1.4 billion in contributions pledged to the fund so far. Supported by the G20 countries, as well as other donors, and in partnership with the WHO, the FIF will allocate financing where investments are most urgently needed to bolster pandemic PPR and fill key capacity gaps. We ask the WBG to continue strengthening coordinated, inclusive, and expert-based action with multilateral partners for a One-Health approach. This and other global health initiatives are essential to building the core capacities needed to prevent and contain future pandemics, while also strengthening public health systems and moving towards universal health coverage.
8. We are deeply concerned by the recent interlinked shocks to food and energy markets, exacerbated by Russia's war in Ukraine. We congratulate the WBG for its rapid and ongoing response, and call on the institution to continue to work with client countries to protect vulnerable people, especially women, by: i) scaling up social safety nets to meet food, nutrition, and energy needs; ii) improving the production capacities and consumption efficiency of food and energy value chains through diversification, phasing out inefficient subsidies and policies, and avoiding waste and overconsumption; iii) promoting trade flows in the food, agricultural, and energy sectors, trade finance, and regional integration; and iv) stepping up investments to support agricultural technology and improve the resilience of food and energy systems. We welcome the WBG's commitment to deliver \$30 billion for food security, including efforts to encourage sustainable food and fertilizer production, address storage and loss reduction, facilitate trade, and support vulnerable households and producers. We welcome the IMF's new Food Shock Window, which will help countries deal with emergency balance-of-payments pressures adversely impacting food security. We also welcome the coordinated action on food security and nutrition among the FAO, IFAD, IMF, WBG, WFP, and WTO, and other multilateral initiatives to respond to the crisis and protect the most vulnerable, especially in situations of fragility, conflict, and violence (FCV).
9. We stress that climate change and biodiversity loss will further hinder development objectives. Therefore, addressing climate, biodiversity, and sustainable development is more critical than ever

for all countries. Integrated climate action will require larger and more coordinated financing from all sources, consistent and integrated strategies, and a conducive enabling environment. Transitions to a low-greenhouse gas emission, climate-resilient economy will require significant annual investments in the short- to medium-term in all client countries, including FCV, and small states, which face immense challenges in financing. We recognize the WBG's role as the largest multilateral provider of climate financing in developing countries. We commend its record delivery of over \$30 billion in climate finance in the past fiscal year, in addition to \$1.9 billion in WBG-managed external resources. We encourage the WBG to continue to implement the Climate Change Action Plan. We strongly welcome the WBG's pioneering work to deliver Country Climate and Development Reports (CCDRs) as diagnostic tools, which will help countries identify the various impactful actions to deliver on the climate agenda, the development agenda, and their Nationally Determined Contributions. We call on the WBG and other MDBs to play a significant role in aligning with the Paris Agreement. We ask the WBG, in collaboration with others, to support: i) the development of countries' long-term strategies for investing in climate action; ii) the preparation, screening, and structuring of reforms and projects for bankable, climate-resilient investments that mobilize private capital and foster a business environment aligned with low-carbon and resilient development; iii) increased concessional and blended finance for adaptation and mitigation; and iv) bold investment in high-quality, sustainable infrastructure that enables a just energy transition. We look forward to the discussion and goals that emerge from COP27 and COP15. We recall and reaffirm the commitment made by developed countries to the goal of mobilizing jointly \$100 billion per year by 2020 and annually through 2025 to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation and stress the importance of meeting that goal fully as soon as possible.

10. We are deeply concerned about the global learning crisis, which has been exacerbated by the COVID-19 pandemic. The large learning losses among poorer and younger students are expected to lower future earnings, weaken productivity, increase poverty, and deepen inequality, with adolescent girls often facing greater risks. We commend the WBG's work to prioritize and invest in learning and skills to safeguard human capital, education systems, and future productivity. We ask the WBG to close data gaps and continue its focus on foundational skills for all children and on teacher and curriculum quality. We also encourage the WBG to invest in youth through secondary and vocational education, and entrepreneurial training and skills—in particular for girls and marginalized groups. Digital technology should be leveraged to deliver quality education, enhance skills, and share knowledge to prepare for future crises.
11. We look forward to the successful implementation of IDA20, which will deliver a record \$93 billion package to IDA clients, thanks to the generosity of partners and IDA's strong financial model. The financing will support efforts to help LICs and eligible MICs, particularly in FCV settings, respond to the multiple crises and build a greener, and more resilient and inclusive future. We welcome the important steps the WBG has undertaken through the IDA20 commitment to develop and implement a methodology for tracking nature-positive investments.
12. We encourage the WBG and the IMF to work closely with policymakers to address rising public and private debt vulnerabilities by providing tailored policy advice to LICs and MICs to strengthen fiscal policy, public investment programs, and public and private debt management frameworks. We recognize WBG and IMF collaboration, within their respective mandates, together with the Paris Club, to support the implementation of the Common Framework for eligible countries in need of debt restructuring. We reaffirm the importance of joint efforts by all actors, including private

creditors, to continue working to enhance debt management and transparency. We welcome the WBG's ongoing work to improve data accuracy through enhanced reporting.

13. We ask WBG Management to engage with the Board of Executive Directors in a systematic dialogue to enhance our shared vision for the WBG, including strategic priorities, strengths and gaps, incentives, operational approach, and financial capacity to bolster and scale the response to global challenges and move toward achieving the Twin Goals and the SDGs in all client countries.
14. In this context, we ask WBG Management to identify gaps in the Bank Group's current institutional and operational framework and deliver a work program by the end of the year, for consideration by the Executive Board. This work program should be aimed at strengthening the WBG's role and capacity to continue to be responsive to the evolving needs of all client countries. This should include designing pertinent financial reforms to responsibly make the most efficient use of the WBG's balance sheets and generate new resources and contribute to strengthening coordination and collaboration across the broader international financial architecture, as well as incentivizing country demand, and addressing any operational obstacles to the WBG's effective response. Beyond deploying its own finance, the WBG also has an important role to play in mobilizing private sector finance and continuing to mobilize substantial concessional resources for IDA towards meeting the substantially increased challenges of LICs, especially the FCV and in Africa, generating and sharing knowledge and data, and promoting policy reforms, including for domestic resource mobilization.
15. WBG Management should report on the status of this dialogue by the Spring Meetings 2023.
16. We request that WBG Management explore the recommendations of the Independent Review of MDB Capital Adequacy Frameworks (CAF), commissioned by the G20, to make the most efficient use of the Group's balance sheets to increase lending capacity, while preserving long-term financial sustainability, robust credit ratings (i.e. AAA ratings), and preferred creditor status. We ask that Management accelerate its engagement with the Board of Executive Directors and follow up before the end of the year with a roadmap for systematically assessing and discussing each of the recommendations presented in the CAF report, including regarding their applicability to the WBG institutions. We expect Management to develop an implementation plan for consideration by the shareholders in good time before the Spring Meetings 2023, and to follow up with implementation of the agreed-upon priority actions in 2023.