



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)

**ONE HUNDRED AND SIXTH MEETING
WASHINGTON, DC – OCTOBER 14, 2022**

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October 14, 2022

Statement by

**Honourable Datuk Seri Asri Hamidon
Treasury Secretary General**

Malaysia

**Representing the Constituency of Brunei Darussalam, Fiji, Indonesia, Lao
PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and
Vietnam**

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Global Economy Outlook

The global economic outlook continues to be adversely impacted by multiple compounding crises, despite the COVID-19 pandemic starting to abate. Downside risks to growth prospects have risen, and concerns about the possibility of a global recession persist. High inflation, depreciating exchange rates, a spike in food and energy prices, rising debt, and supply chain disruptions, together with the longer-term climate challenge, pose a grave crisis for the global community. In light of these challenges and limited space for monetary and fiscal policy, policymakers in low- and middle-income countries, especially those in Small States, face very difficult trade-offs between helping societies weather the immediate storms and investing for future growth.

In this context, we commend the WBG for its Global Crisis Response Package of \$170 billion through June 2023, to support developing countries as they navigate these multiple crises. We recognize the work of the WBG and IMF to help policy makers develop a strong policy response and provide adequately sized financing programs which focus on reducing poverty, strengthening domestic institutions, and promoting inclusive economic growth.

Beyond policy advisory and own-account financing, we expect the Bank and Fund to play a leadership role in two areas, namely private capital mobilization (PCM) and the global public goods (GPGs) agenda. In regard to PCM, the Bank and Fund must go beyond their balance sheets, by leveraging on its convening power to bring the private sector and other development partners together to provide financing, knowledge and technological solutions that are critically needed by MICs and LICs. Besides PCM, we also urge the Bank to look fundamentally at how to expand its own balance sheet and business model in light of the findings of the recent Capital Adequacy Review. In regard to GPGs, we welcome the establishment of the Financial Intermediary Fund (FIF) for Pandemic, Prevention, Preparedness and Response (PPR) to prevent future pandemics, and we hope to see similar leadership and innovation by the Bank and Fund in the other challenges the world faces.

Let me now turn to the two issues on our agenda, the Food and Energy Crisis and the Question of Climate Financing. We welcome the thorough papers prepared on these important topics.

The Food and Energy Crisis – Weathering the Storm

The ongoing food and energy crisis are a real threat to our goals to end extreme poverty and improve shared prosperity. The Bank and Fund must act swiftly and boldly to preserve and rebuild secure and affordable access to food and electricity, intervening both to keep supply chains open and to boost production upstream. In this regard, we welcome the Bank's US\$30 billion response to the ongoing food crisis, IFC's US\$6 billion Global Food Security Platform, and the Fund's new food shock window. On energy, we take

note of the US\$700 million committed to projects related to energy security and ask the Bank to do more in this regard.

On both food and energy, it is critical that the financing response address not only ‘Affordability’ and ‘Access’, but also long-term ‘Sustainability’. Even as we move quickly to avert a widespread hunger and energy crisis, we urge the Bank and Fund to pay attention to the longer-term drivers of food and energy insecurity, particularly in regions which continue to have concentrated poverty, such as Latin America and Asia Pacific. The Bank and Fund must retain a strategic view, ensuring that their financing targets the underlying causes of food and energy insecurity in all regions, laying the foundation for green, resilient, and sustainable production and trade.

Achieving Climate and Development Goals – The Financing Question

On climate financing, as the paper points out, there remains a very huge climate finance gap. Public and MDB finance is not going to be enough. There need to be innovative financing solutions to crowd in private finance. In this regard, carbon markets and blended finance are critical.

The World Bank Group must play a global leadership role, convening players to achieve consensus around key definitions, harmonize policy across borders, and promote interoperable global and regional policy frameworks. This goes beyond country-by-country initiatives, which are necessary but not sufficient, to also take on a global and regional role. For instance, we would like to see the Bank working with regional groupings such as ASEAN to support the development of a regional green taxonomy to enable private and blended climate finance; and with other MDBs to develop an internationally agreed definition of what constitutes transition finance. As the global leader in climate finance, the World Bank Group cannot afford to be absent from these conversations, and in fact, it must be in the lead. The early retirement of coal assets is a good example. A just energy transition in developing countries will take much more time if financing is not deployed to retire existing fossil fuel assets. This is a form of transition finance and recognizing it as such has the potential to unlock billions of dollars through carbon markets and climate finance ODA flows. We also call on advanced economies to meet their US\$100 billion climate finance commitment.

In closing, on behalf of the Constituency, let me express my sincere appreciation to the Bank and Fund’s Staff for their tireless effort, continued commitment and unique role to play, during this critical and challenging time.