



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



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1. The Development Committee met today, October 15, 2021.
2. The global economy is experiencing an uneven recovery, with uncertainty about the path of the pandemic. Low-income countries (LICs) and middle-income countries (MICs) continue to see high COVID-19 caseloads, risks of new variants, vaccine supply bottlenecks, and obstacles to vaccination. Their economies remain below pre-pandemic GDP levels and are falling further behind. Volatile commodity prices, supply chain disruptions, inflationary pressures, and constraints on fiscal space have further complicated policy options.
3. We commend the World Bank Group (WBG) for its largest crisis response in history. Through fiscal year 2021, the WBG committed \$157 billion to protect the poor and vulnerable, expand social protection, support businesses, and preserve and create jobs, while helping over 100 countries on emergency health response and strengthening health systems. The pandemic has reversed progress on the twin goals of ending extreme poverty and achieving shared prosperity in a sustainable manner, as well as on the SDGs. An estimated 100 million more people have fallen into extreme poverty, about 80% of them in MICs. Millions of jobs have been lost, while informality, underemployment, and food insecurity have increased. Children, especially girls, have lost schooling and educational gaps are widening, with long-term risks for human capital. Women's economic and social situation has worsened, underscoring the importance of promoting gender equality through recovery. The pandemic has also heightened vulnerabilities in LICs, MICs, and in situations of fragility, conflict, and violence (FCV).
4. Vaccines are critical to saving lives and restarting economies, and we commend the WBG for financing their purchase and distribution through COVAX, the Africa Vaccine Acquisition Trust (AVAT), and directly from manufacturers, with engagements in 55 countries to date. Yet challenges remain in ensuring timely and equitable access. We encourage the WBG, IMF, WHO, and WTO task force to leverage global partnerships; scale up production; rapidly disburse financing to facilitate deployment and delivery of COVID-19 vaccines; and finance critical testing, diagnostics, and treatment. We also support the task force's work to promote and report on country readiness and actions to address bottlenecks. We recognize IFC's role in boosting vaccine production and supporting medical equipment manufacturers in developing countries, including through its Global Health Platform. We also commend MIGA for increasing private sector investments. We ask the WBG to continue exploring innovative solutions that can mobilize private financing to developing countries.
5. The pandemic demonstrates the importance of investing in crisis prevention, preparedness, and response. All countries face risks, including pandemics, natural disasters, and climate-related events. Countries need stronger policies, mechanisms, institutions, and resources to bolster resilience. Working with development partners, the WBG is uniquely positioned to help in key areas: including, strengthening fiscal frameworks to better implement countercyclical policies, fostering human capital, developing quality and volume of infrastructure, increasing access to energy, building robust health and social protection systems, and enabling digital infrastructure, which are essential to reinforcing country resilience. We call on the WBG to continue providing flexible, rapid financing for the most vulnerable, including in small states and FCV situations. The WBG can also harness knowledge and lessons learned, while addressing and monitoring such risks as food shortages, malnutrition, cybersecurity threats, and increased due diligence on supply chain disruptions. We call on the WBG to remain engaged in strengthening crisis prevention, preparedness, and response, and to play a role in global health architecture.
6. The WBG should continue supporting a green, resilient, and inclusive recovery, in line with longer-term objectives for sustainable development. Climate change, biodiversity loss, and environmental degradation have compounded the pandemic's effects on poverty reduction, inequality, human capital, migration, gender equality, FCV, and food security, with small states, LICs, and MICs all showing acute vulnerabilities. With resources scarce, the WBG, along with other IFIs, should advise on essential reforms, help enhance equitable domestic resource mobilization and the quality of public spending, combat illicit financial flows, foster an enabling environment for private and public investments, and work to strengthen institutions. We affirm the importance of WBG support for job creation and economic transformation as part of a broad agenda for green, resilient, and inclusive development. We support further mechanisms to increase the WBG's climate finance, including from private sources. We ask the WBG and the IMF to deepen their diagnosis of the needs in LICs and MICs on a case-by-case basis, along with policy support and innovative financing instruments to rebuild better. We ask the WBG to assess its support to MICs, which have been hit hard by the pandemic.

7. We welcome the WBG Climate Change Action Plan (CCAP), including results measurement and reporting, as well as strong support for Nationally Determined Contributions (NDCs) and National Biodiversity Strategies and Action Plans. We ask the WBG to roll out its new Country Climate and Development Reports (CCDRs) in client countries; these will strengthen the link between climate issues, development, and poverty reduction and identify gaps and actions needed. Guided by countries' NDCs, we expect the WBG, in cooperation with other MDBs, to play a leading role in aligning with the Paris Agreement, with specific timelines, deliverables and financing mechanisms. Throughout its climate work, the WBG should give equal importance to financing for adaptation and mitigation. We are encouraged by the WBG's commitment to increase its climate financing, in line with national objectives, to an average of 35% over the next five years. We urge the WBG to increase its impact even further by mobilizing more climate finance from the private sector and domestic resources. We ask the WBG to build on the CCAP to help protect natural capital and biodiversity. We urge it to help countries make a just transition to a low-carbon economy, adapted to each country's mix of energy needs, capacities, and assets. We support the important role of the WBG and IMF in preparing for the upcoming biodiversity COP15 and climate COP26 meetings. We ask the WBG to continue working on options and mechanisms to increase private sector financing mobilization.
8. We commit to concluding an ambitious IDA20 replenishment in December and are encouraged by the negotiations. IDA countries will face exceptionally high financing needs during the next IDA cycle. We call on the solidarity of all partners to ensure that the policy and financial package supports the post-pandemic recovery.
9. We encourage the WBG and the IMF to continue coordinating efforts to strengthen debt transparency and debt management capacity, including a process to strengthen the quality and consistency of debt data and improve debt disclosure, while helping many LICs and MICs achieve debt and fiscal sustainability. As the DSSI comes to an end, we welcome WBG and IMF support, in line with their respective mandates, for implementing the G20 Common Framework, together with the Paris Club. We recall the ongoing work of the MDBs, as stated in the Common Framework, in light of debt vulnerabilities.
10. We are encouraged by approval of the IMF's new general SDR allocation, equivalent to about \$650 billion, which will address long-term needs to supplement reserves, build confidence, and foster resilience and stability in the global economy. This will particularly help vulnerable countries cope with the COVID-19 crisis. We ask the IMF and the WBG to collaborate, within their mandates and comparative advantage, to help countries make the best use of their SDRs, support and coordinate voluntary SDR channeling efforts, and magnify the benefits for vulnerable countries.
11. We strongly support the WBG's commitment to the highest standards of transparency and accountability in the operations it funds. This includes the rigorous application of the Environmental and Social Framework and Performance Standards, which expand protections for people and the environment in WBG financed projects, and we welcome the WBG's ongoing efforts to strengthen due diligence. We also welcome the implementation of recent reforms to the accountability mechanisms of the WBG.
12. We also strongly support the WBG's commitment to the highest levels of transparency and accountability in its operations and research. We expect the WBG to take additional steps to assure the integrity and credibility of data and knowledge products and to foster a culture of respect, inclusiveness, and non-discrimination, so that staff are free from retaliation and feel comfortable reporting wrongdoing. We call for stronger whistleblower protection and a zero-tolerance policy for abuse and misconduct. We applaud staff for their ongoing commitment to the WBG's mission amid challenging circumstances.
13. We thank WBG staff for their exceptional efforts to increase support to client countries during the global crisis. We remain committed to enhancing the performance and the culture of the institutions to deliver their best, through continued promotion of diversity, equity, inclusion, gender equality, and a zero-tolerance to racism.
14. We also thank the WBG Executive Directors for their work on the Reviews of IDA Voting Rights and of IBRD and IFC Shareholding. We welcome the consensus around the final report on the IDA Voting Rights review. We accept its recommendation on the proposed new framework and call for its implementation in the upcoming IDA20 replenishment. We also acknowledge the concluding report on the 2020 Shareholding Review and accept its recommendations, including the timeline of technical work to prepare the next review. We look forward to the next five-yearly Shareholding Review, which will take place in 2025 in line with the Lima shareholding principles.
15. We thank Ms. Mia Amor Mottley, Prime Minister and Minister of Finance of Barbados, for her guidance and leadership as Chair of the Committee during the past year. We welcome Ms. Azucena Arbeleche, Minister of Economy and Finance of Uruguay, as Chair of the Development Committee for the November 2021–October 2022 period.
16. The next meeting of the Development Committee is scheduled for April 22, 2022, in Washington, DC.