



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 THIRD MEETING
WASHINGTON, DC – APRIL 9, 2021
(VIRTUAL)

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April 9, 2021

Statement by

H.E. Sigrid Kaag
Minister for Foreign Trade and Development Cooperation

Kingdom of the Netherlands

**Representing the Constituency of Armenia, Bosnia and Herzegovina,
Bulgaria, Croatia, Cyprus, Georgia, Israel, Moldova, Montenegro, the
Netherlands, North Macedonia, Romania and Ukraine**

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The Global Economic Prospects 2021 report describes in detail the major impact of the COVID-19 and climate crises on many countries. It is estimated that around 100 million people will fall back into extreme poverty, more than 100 million jobs have been lost, and millions of children have been deprived of schooling. COVID-19 has set back progress on the Sustainable Development Goals (SDGs) dramatically. Multilateral efforts will be key in meeting the challenges faced by affected countries in the coming years. Our constituency welcomes this year's Spring Meetings' focus on vaccines, debt and recovery. Such an emphasis is crucial, in order to achieve a resilient, inclusive and sustainable recovery in line with the SDGs, the Paris Climate Agreement, and the principle of 'Leave No One Behind'. In this context, we would like to thank the Bank and its dedicated staff for the support provided to our constituency countries in their hour of need. We count on your continued support as we face the pandemic and its severe economic consequences.

To be successful the Bank should work with country-based recovery strategies and adjust country programmes in response to the COVID-19 pandemic, tailoring the Bank's interventions to each client's needs. Analyses of poverty, inclusion and the gender-differentiated impact of COVID-19 should inform this approach. As fragility, conflict, and violence (FCV) have worsened in many regions, significant efforts must be made to address FCV drivers so that those populations do not fall further behind as the global recovery proceeds. It is indispensable to the effectiveness, efficiency and sustainability of the Bank's response to work in partnership with the UN, other multilateral development banks and development partners. The Integrated National Financing Frameworks for the SDGs provide a logical framework for this. Transformative interventions require the full alignment of instruments and programmes with global, long-term agendas, while involving all players, including local organisations.

[COVID-19: World Bank Group support for fair and affordable access to vaccines for developing countries]

The COVID-19 crisis has underlined that investing in health is a key precondition for economic growth. We need resilient health systems that can respond to future pandemics, while continuing to provide regular care for all, including the most marginalised. We should also ensure that people have equal access to vaccines, not forgetting people on the move such as migrants, refugees and internally displaced persons (IDPs). We should support host countries in promoting access for migrants, refugees and IDPs to both national healthcare systems and social safety nets.

While allocating funds to vaccination programmes, we must not lose sight of long-term goals such as ensuring that well-functioning health systems can prevent future outbreaks from leading to major health crises: providing continuous support to strengthen health systems is the best preparation for the next

pandemic. We need to find a balance between investing in COVID-19 vaccines on the one hand, and investing in primary healthcare on the other. Our constituency calls upon the Bank to further explore innovative financing to reinforce health systems. COVID-19 may also lead to a mental health crisis: millions of people face economic turmoil, physical isolation and distress about their physical health and that of their loved ones. Mental health and psychosocial support should be at the heart of the COVID-19 response, so as to strengthen resilience and support recovery. We will have to address a historic underinvestment in mental health in national health systems.

We welcome the quick and effective start made by the World Bank in rolling out vaccine projects in several countries. At the same time, we should ensure we maintain the pace, as in many countries – particularly in low- and middle-income countries – cases are rising and the need for assistance and vaccines remains high. Vaccine programmes financed by the WBG should be complementary to COVAX. Cooperation with COVAX will stimulate transparent management and provide a sound basis for further decision-making on the distribution of vaccines.

[World Bank Group and IMF Work on Debt Vulnerabilities Under the Common Framework and Beyond]

Our constituency appreciates the Bank and IMF's work on debt vulnerabilities. We consider the DSSI a temporary instrument and have supported a final six-month extension, in order to move to a more structural approach. Equal burden sharing between public and private creditors is key for tackling liquidity and solvency problems in low-income countries and emerging economies.

Our constituency is closely following the Bank and Fund's analytical work on how potential debt relief can be coherent with green, inclusive and resilient development/recovery. Increased debt vulnerabilities and the limited fiscal space of client countries can pose a risk to the achievement of the SDGs and the goals of the Paris climate agreement. We highly value the Bank's leadership in this field and encourage the Bank and the IMF to continue providing options for concrete action.

Our constituency therefore welcomes the focus in the debt note on the importance of continued access to concessional resources to finance priorities for green, resilient and inclusive development. The Bank should also incentivise countries to move towards transparent, sustainable financing, as promoted by the Sustainable Development Finance Policy (SDFP) and the conditions it sets in terms of financing based on the progress made by countries.

In order to prevent the next crisis, a strategic discussion is needed on the Bank's contribution to tackling current debt challenges in client countries, underpinned by insight into the root causes of the current and previous debt crises. This contribution should be coherent with the Bank's ambition to support client countries towards green, resilient and inclusive development.

[From COVID-19 Crisis Response to Resilient Recovery – Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development]

Our constituency warmly welcomes the Bank's integrated approach to green, resilient and inclusive development (GRID) to address cascading crises. We fully endorse the Bank's underlying analysis that a business-as-usual recovery package would not address the complex challenges confronting the world: economic crisis, climate change, inequality and fragility. We see an important role for the Bank in leading the way towards low-carbon, resilient, inclusive development pathways in the long term, and green and inclusive recovery in the short term.

Our constituency looks forward to an ambitious Climate Change Action Paper, which should set clear goals towards climate neutrality in 2050, and we look forward to further discussions on this subject.

Our constituency urges the Bank to focus on the poorest and most vulnerable parts of the population, especially in fragile states and conflict areas, and with a special focus on supporting women and girls. At

the same time, we encourage the Bank to keep serving all its clients, as COVID-19 affects everyone – in our constituency as elsewhere. We very much appreciate the Bank’s timely support to our countries. As our needs evolve, the Bank will remain an important partner. We would like to see the Bank operationalise its ambitions in a selectivity framework for its operations and align recovery packages with the SDGs and climate targets. Solutions to the debt crisis promoted by the Bank should be coherent with its climate investments.

GRID should ensure that the Bank’s operations deliver on the SDGs while putting the world on track towards net climate neutrality in 2050 in accordance with science-based transition scenarios. No country should be left behind in terms of access to technology and access to finance. Human capital, education and research are also part of the solution in designing long-term investments for a climate-neutral economy.

Finally, our constituency welcomes an accelerated IDA20 replenishment that continues the strong IDA19 framework while operationalising the GRID approach and enhancing SDG-outcome orientation at country level. The International Development Association plays a vital role in providing sustainable development financing to low-income countries. We wish to highlight the need for enhanced support to empower people to escape complex, multidimensional lock-ins in marginal and fragile livelihoods. The COVID-19 pandemic has underlined the importance of human capital and we would like to see human capital development, including the strengthening of education and health systems, as one of IDA20’s pillars. These unprecedented times warrant the use of all means that can be made available to support the sustainable recovery of IDA-countries. We therefore call on IDA to optimize the use of its balance sheet to mobilise more funding - while ensuring long-term financial sustainability.