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Report to the Board of Governors of the International Monetary Fund by Hon. Kenneth Ofori-Atta,
Chair of the Joint Ministerial Committee of the Boards of Governors on the Transfer of Real Resources
to Developing Countries (Development Committee).



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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Washington DC, October 16, 2020

1. The Development Committee met virtually today, October 16, 2020.
2. The COVID-19 pandemic continues to devastate countries, overwhelming health systems, disrupting productivity, threatening food security, multiplying job losses, and reducing incomes, particularly for the most vulnerable. We commend and support the frontline workers who are fighting the pandemic and keeping economic activity and critical services open. The global crisis requires a comprehensive, robust global response from the development community. We therefore call on the World Bank Group (WBG) and the International Monetary Fund (IMF) to continue working with member countries, the public and private sectors, local and bilateral development partners, and international organizations, including the UN. The WBG should further the response while keeping a firm focus on the twin goals of ending extreme poverty and fostering shared prosperity in a sustainable manner, as well as on the IDA19 and capital commitments, while supporting progress toward the SDGs.
3. The pandemic has resulted in the largest global economic contraction of the last eight decades: it is impacting developing, emerging and developed economies; increasing the global poverty rate; exacerbating inequalities; and damaging long-term economic growth prospects. The associated lockdowns, restrictions and continued uncertainty have caused investments, trade, and remittance flows to plummet; eroded jobs and human capital; kept children out of school; and pressured food and medical supply chains. The humanitarian crisis can further exacerbate fragility, conflict, and violence as well as intensify risks, including in small island states. The economic crisis is threatening the lives and livelihoods of vulnerable populations, including women-led households, youth and the elderly, refugees and displaced people. It is also widening gender gaps and jeopardizing hard-won development gains and prospects for girls and children overall.
4. We commend the WBG for the speed and scale of its COVID-19 response across countries. The WBG has been at the forefront of multilateral efforts centering on relief, restructuring, and a resilient recovery. We welcome the focus on health, social, and economic responses, as well as policies, institutions, and investments that will be critical to resilient, inclusive, and sustainable recovery.
5. The WBG is supporting countries' efforts to strengthen health systems and should continue to do so. We stress the importance of an effective COVID-19 vaccine and welcome the US\$12 billion in financing recently approved for IDA and IBRD countries to support vaccine purchase and deployment. We encourage the WBG to assist with affordable and equitable access to tests, treatments, and vaccines for developing countries. As the COVID-19 crisis continues to present wide-ranging health, economic, and social challenges over a prolonged period, we encourage intensified action to build robust health systems with universal coverage, thus increasing preparedness and resilience against future pandemics. In this context, digital technologies can secure vital medical consultations, maintain educational services, and allow businesses to survive. We thus welcome WBG operations that are expanding digital connectivity while safeguarding security and data privacy, broadening the reach of digital financial services and supporting digital transformation. These efforts help firms adapt to the crisis, be more competitive, maintain employment, and continue the delivery of critical services, including in education, health, social protection, and access to finance.
6. In the restructuring and recovery stages of the COVID-19 response, the WBG and IMF will need to help countries rebuild better, focusing on promoting the building blocks for an inclusive and sustainable recovery, ensuring affordable energy access and energy security, and addressing the challenges to economic and environmental vulnerabilities, including climate change. We look forward to the upcoming Climate Change Action Plan. To accelerate a resilient recovery centered on jobs and economic transformation, we ask the WBG to provide the knowledge, policy advice, and financial support to help countries strengthen social safety nets and facilitate the movement of capital and labor toward sectors that will be productive and sustainable in the post-pandemic context, while also providing the innovation needed to open up trade finance for SMEs and confront the challenges of informality. We urge the WBG to support the mobilization and crowding in of private capital and finance, with innovative products from IFC and MIGA, maintaining and building on the IFC 3.0 strategy to create markets and promote investments and quality infrastructure for a broad-

based recovery and long-term development. Moreover, we stress the importance of increasing domestic resource mobilization in a manner that promotes fairness, equity, and inclusive growth, including by phasing out fuel subsidies and other distortive subsidies and taxes where feasible. We also note the importance of an immediate response in public health, food security, and education; and we call on all countries to support the availability of medical and food supplies that developing countries depend on to avoid the risk of a wider health crisis, famine and hunger. We strongly welcome the work underway to address the risks to gender equality and impacts on biodiversity that are exacerbated by COVID-19. We underscore that the WBG plays a critical role in key global challenges, and it is only by rebuilding stronger and better that the twin goals and SDGs can be achieved.

7. We commend the WBG for its exceptional delivery in the final quarter of fiscal year 2020, with US\$45 billion in commitments consisting of US\$32 billion from IBRD/IDA, US\$11 billion from IFC, and US\$2 billion from MIGA, including via their fast-track facilities, for operations in more than 100 countries. We welcome the second phase of IFC's response, which will include the restructuring and recapitalizing of viable companies and financial institutions as well as support to health care value chains in emerging and developing economies. We also welcome the planned scaling up to US\$35 billion of IDA19 resources in fiscal year 2021 to help countries address their long-term development needs. The WBG should continue its efforts to deliver a bold and decisive response of up to US\$160 billion by June 2021. Considering the severity and likely long-term effects of the crisis, we encourage discussions on the WBG financial capacity beyond fiscal year 2021, to ensure that the WBG remains adequately capitalized to fulfill its mandate. In addition, we commend the IMF for its rapid and effective crisis response, which has provided some US\$100 billion in assistance to over 80 countries during the pandemic, primarily through emergency financing facilities. We call on the IMF to continue to deploy all available tools and resources to help members achieve a durable exit from the crisis while building more resilient and inclusive economies.
8. We support the extension of the Debt Service Suspension Initiative (DSSI) by six months and to examine, by the time of the 2021 WBG and IMF Spring Meetings, if the economic and financial situation requires to extend further the DSSI by another six months, with targeted complements to the April 2020 DSSI Term Sheet. All official bilateral creditors should implement this initiative fully and in a transparent manner. We strongly encourage private creditors to participate on comparable terms when requested by eligible countries. Thanks to the efforts of official bilateral creditors, the DSSI is creating much needed fiscal space and supporting the financing programs of the WBG and IMF for the poorest countries. While protecting their current ratings and low cost of funding, we encourage MDBs to go further in their collective efforts in supporting the DSSI, including through providing net positive flows to DSSI-eligible countries during the suspension period, including the extension period. We encourage the WBG to explore additional proposals for COVID-19 emergency financing for IDA countries in its discussions with IDA deputies. We ask the WBG and IMF to continue supporting DSSI implementation, including by providing further details on the net new resources they are providing to each eligible country. We ask the WBG and the IMF to continue their work to strengthen quality and consistency of debt data and improve debt disclosure. Amid high public debt levels, shrinking economies, and rising fiscal pressures, we recognize that debt treatments beyond the DSSI may be required on a case-by-case basis. In this context, we welcome the G20's agreement in principle on a "Common Framework for Debt Treatments beyond the DSSI", which is also agreed by the Paris Club. We look forward to the endorsement of the Common Framework by members, subject to their domestic approval procedures.
9. We encourage the WBG and IMF to continue to review the debt challenges of low-income countries and propose actions to address their fiscal and debt stress on a case-by-case basis. We also continue to encourage the WBG and IMF to review the debt challenges of middle-income countries and to explore customized solutions to their fiscal and debt stress on a case-by-case basis, including by providing additional resources in these challenging times, in line with the capital package commitments.
10. We welcome the 2020 Shareholding Review Report to Governors and thank Board members for their progress to date. We look forward to the completion of the review based on the guidance provided at this meeting. We also thank the Board for their work on the ongoing review of IDA voting rights and look forward to its completion by the next Annual Meetings in 2021.
11. We thank Mr. Ken-Ofori-Atta, Minister of Finance of Ghana, for his guidance and leadership as Chair of the Committee during the past two years, and Ms. Yvonne Tsikata for her invaluable service to the Development Committee over the past four years. We welcome Ms. Mia Amor Mottley, Prime Minister and Minister of Finance of Barbados, and Ms.

Azucena Arbeleche, Minister of Economy and Finance of Uruguay, who have been selected as sequential Chairs for the periods of November 2020 to October 2021, and November 2021 to October 2022, respectively. We also welcome Ms. Diarietou Gaye as Executive Secretary to the Development Committee.

12. The next meeting of the Development Committee is scheduled for April 10, 2021, in Washington, DC.