Statement by

H.E. Mohamed Benchaaboun
Minister of Economy and Finance
of the Kingdom of Morocco

On behalf of the Constituency of Afghanistan, Algeria, Ghana, the Islamic Republic of Iran, the Kingdom of Morocco, Pakistan, and Tunisia
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(VIRTUAL)

We are meeting today in a difficult context in which the world faces an unprecedented humanitarian and economic challenge created by the COVID-19 pandemic. In addition to its major health impact, this pandemic could have a devastating effect on our economies in terms of growth and employment as well as the economic and social well-being of our people.

Against this backdrop, we are pleased with the 2020 Spring Meetings discussion topics on the agenda for the Development Committee meeting and commend the World Bank experts on the relevance of these topics and the quality of the documents prepared. We are also grateful for the Progress Report on Mainstreaming Disaster Risk Management in World Bank Group Operations, which was provided to us as a background document.

I/ Fast-track Facility for COVID-19 Response

The COVID-19 pandemic will likely reverse the progress made in the areas of health and development in recent decades and delay achievement of the twin goals of the World Bank Group. In this regard, we commend the World Bank Group for working tirelessly to provide a rapid response to the COVID-19 pandemic through emergency financing, advisory services, and technical assistance aimed at strengthening health systems and counteracting the social and economic impact of the pandemic.

In this regard, we welcome the launch of the $14 billion facility for COVID-19 to meet the needs of the health sector ($6 billion from the World Bank) and address the impact on the private sector ($8 billion from IFC). We call for the rapid deployment of these funds to the countries and regions experiencing the effects of the COVID-19 pandemic. It is of critical importance to underscore the need for an urgent response and rapid disbursement of funds to all who require assistance during these difficult times.

It is our view that IFC, through its financing in the form of short- and long-term loans, as well as its equity- and risk-sharing instruments, will provide rapid and flexible solutions that will allow the private sector to fully play its role by helping countries support employment and economic growth.
The economic impact of COVID-19, particularly on poor countries, will be devastating, owing to global value chain disruptions, the decline in economic activity, the impact on the tourism and aviation sectors, and lower levels of remittances and foreign direct investment. This situation has also been exacerbated in a number of our countries by a sharp drop in oil prices. For this reason, we think that emphasis must be placed on assistance to countries to strengthen safety nets in order to reduce the burden borne by the poor and most vulnerable.

Our governments should, first and foremost, strive to strengthen health systems and mitigate the negative economic and social effects of the pandemic. Moreover, we consider it imperative that we not underestimate the impact of the coronavirus on public finance. In this regard, we call on the World Bank and IMF to continue their engagement with our countries.

We are confident that the World Bank Group’s Strategic Preparedness and Response Program will help speed up the emergency efforts of countries to prevent, detect, and respond to the public health threat posed by the COVID-19 pandemic. Use of the Multiphase Programmatic Approach is appropriate under exceptional circumstances. Similarly, we are heartened by the initiatives to restructure current IBRD and IDA financing, which will likely improve the response to this pandemic.

We are pleased to note that the World Bank is working closely with UN agencies and the WHO to purchase medical supplies owing to supply chain disruptions around the world that are affecting the availability of the essential medical supplies needed to respond to COVID-19.

We would like to stress the importance of greater cooperation, collaboration, and coordination with health partners at the national level, as this will facilitate improved and more rapid responses while reducing the duplication of effort and preserving scarce resources. Moreover, coordination across countries is also necessary given that the spread of this pandemic does not respect borders and the spillover risks are high. We urge the World Bank to work with regional institutions to implement regional solutions.

We support the World Bank Group’s initiative to allocate between $150 and $160 billion in rapid and flexible financing over the next 15 months to help countries cope with the economic impact of the crisis while providing safety nets. This assistance will help restore confidence and build institutional capacity to cope with these disruptions. The current situation in no way prevents us from undertaking and strengthening structural reforms in the medium and long term.

II/ The COVID-19 Debt Initiative: International Call for Action in Support of IDA Countries

We agree that all IDA countries were already in a difficult debt situation that will be exacerbated by the COVID-19 pandemic. With that in mind, we support the initiative proposed to help IDA countries mitigate the impact of COVID-19 through highly concessional financing and the suspension of debt recovery from all IDA countries without charging penalty interest or imposing late fees. We call on the World Bank and IMF to ask lenders, borrowing countries, and civil society organizations to work with IDA countries during this temporary suspension period to assess their debt sustainability.

Furthermore, we must remain vigilant with respect to the heightened risk of debt distress by low- and middle-income countries by maintaining accommodative financial market conditions as well as the sustainability of their debt.