

Excellencies and colleagues,

Thank you very much for the invitation to speak to this panel on behalf of the IMF. I will focus my comments on economic policies and financing.

The outlook for the global economy is becoming brighter because millions of people are benefitting from vaccinations. Yet the crisis continues to cast a shadow over most of the 32 Land Locked Developing Countries. Economic fortunes are diverging dangerously. A small number of advanced and emerging market economies are powering ahead. While many weaker and poorer countries are falling behind in this multi-speed recovery.

So, there is the risk of further economic scarring from job losses, learning losses, bankruptcies, and extreme poverty.

What can be done? At the IMF we believe that policymakers must take actions now by giving everyone what Kristalina Georgieva likes to call “a fair shot”—not just into people's arms, but also in people's lives, and in vulnerable economies.

In this context, I'll highlight three priorities:

First, a fair shot at the vaccine. This means ramping up vaccine production and distribution and avoiding export controls. It means wealthier countries fully funding the COVAX facility and ensuring that surplus vaccines are transferred to poorer countries. This year and next, vaccine policy is economic policy.

Second, we want all countries to receive a fair shot at recovery. It is important to support vulnerable households and viable firms for as long as the crisis continues. This requires targeted fiscal measures and maintaining favorable financial conditions.

Once the health crisis is over, governments should gradually scale back support programs and scale up targeted hiring subsidies and retraining. This is particularly important for low-skilled workers, youth, and women, who have been severely impacted by the crisis.

Viable small businesses also need more help through equity injections and better restructuring procedures, and once the recovery is firmly underway, governments need to ground financial policy in credible medium-term frameworks.

Third, a fair shot at the future. The focus here should be on scaling up public investment in green projects and digital infrastructure, and in people's health and education, to ensure that everyone can benefit from the historic transformation to greener, smarter, more inclusive economies.

To unlock this potential, countries will need sufficient public revenues, and they will also need to ensure that spending is efficient. In many cases, this will mean more progressive taxation and an agreement on questions like minimum taxation for companies and international tax rights.

Our research shows that low-income countries have to deploy some \$450 billion over the next five years. As part of this comprehensive effort, many LLDCs will need more domestic revenue mobilization – and the IMF can provide capacity development on this - but also more external concessional financing and grants, and more help to deal with high levels of debt. The further extension of the Debt Service Suspension Initiative just announced by the G-20 and the new Common Framework for orderly debt restructuring will help. The IMF will do its part.

The IMF continues to step up financial support to its members in an unprecedented way. We have supported 86 countries with over \$110 billion using a variety of instruments. Among the 32 LLDCs, **23 countries** have received emergency or program financing of **\$5.5bn** in response to the pandemic, and **12** of the poorest LLDCs have received debt relief on their obligations to the IMF. Major recipients include Afghanistan, Uganda, Ethiopia, Uzbekistan, Kyrgyzstan, Bolivia and Paraguay.

As discussed at the Spring Meetings last week, we will be proposing a new SDR allocation of \$650 billion. The LLDC group would receive **about \$11.4bn**. This will help address the long-term global need for reserve assets and provide a substantial liquidity boost to members, especially the most vulnerable.

What this crisis has shown us is just how important it is to work together. Now we must build on this sense of common responsibility to foster a fair recovery and a resilient post-pandemic world.

Thank you.