INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

# Forty-Fourth Meeting
October 14, 2021

**IMFC Statement by Janet Yellen**
**Secretary of the Treasury**

**United States**

Secretary Yellen IMFC-DC Statement
October 2021

The COVID-19 pandemic again overshadows the Annual Meetings of the International Monetary Fund and World Bank, continuing to exact its human and economic toll on our communities. I share the grief of those who have lost family and friends. New COVID variants heighten risks and threaten to exacerbate the already divergent economic recovery underway. We indeed face tough global challenges ahead, and the best way forward is working together.

The U.S. economy has surpassed its pre-pandemic level bolstered by substantial fiscal and monetary policy support and early vaccination efforts. The American Rescue Plan, passed earlier this year, continues to provide support for families and businesses struggling with the impact of the pandemic. Major economies have a tremendous opportunity to utilize their fiscal space to continue to support their economies through the uncertainty of the pandemic. We also have an opportunity to foster a greener, more inclusive, more resilient recovery. To this end, the Biden Administration is now advancing a broad agenda to make significant investments in our infrastructure, human capital, clean energy, housing, and healthcare to strengthen our economy and address longstanding structural challenges.

We must intensify our efforts to increase the pace of vaccinations and the deployment of life-saving therapeutics to truly halt this pandemic. The United States is playing its part in addressing the immediate health impact of the pandemic by sharing over 180 million vaccine doses and committing to provide over 1.1 billion doses by the end of 2022. The Biden Administration has also been supportive of efforts to strengthen global pandemic preparedness. We support the establishment of a Global Health and Finance Board to create a regular forum for health and finance policymakers to coordinate actions in monitoring and responding to future health threats that pose a significant global risk. In addition, we support the establishment of a Financial Intermediary Fund, or FIF, housed at the World Bank, to provide dedicated financing for investments to prevent, detect, and prepare for future health threats, and catalyze disease surveillance and improved health system capacities. A FIF could also have flexibility to provide direct support to a variety of implementing partners, which may not be eligible for financing through existing mechanisms.

In addition to over $250 billion in financial support, the World Bank and the IMF partnered with key multilateral organizations to establish the Multilateral Leaders Task Force on COVID-19 (MLTF) to provide key data and address bottlenecks in global vaccine availability and delivery. The MLTF has a strong role to play in stepping up our collective pandemic response, including by helping countries get ready to take delivery of increasing amounts of vaccines in the months ahead and are prepared to get shots in arms.

As the crisis continues, the leadership, coordination, and innovation of the World Bank and the IMF will be vital for a successful and durable recovery. After the International Development Association (IDA) stepped up its financing and frontloaded resources over the past year, the United States, other donors, and Management advanced the IDA-20 replenishment by one year. In IDA-20, I encourage World Bank leadership to support IDA countries in enhancing investments to address crisis and pandemic preparedness, increasing debt vulnerabilities, and inclusion for all, including women, girls, and LGBTQIA+ people. At a time when shareholders face significant competing demands, reforms associated with the 2018 Capital Package allowed the International Bank for Reconstruction and Development (IBRD) and International Finance Corporation (IFC) to stretch their financial capacity, underscoring their value. It is critical that the World Bank continue to manage its resources prudently, judiciously allocating resources to those countries that need it the most while implementing its graduation policy.

The IMF has already taken steps to build on the emergency support it provided to members since the beginning of the pandemic, with the new SDR allocation providing additional liquidity for countries to bolster reserves and fight the ongoing crisis. The IMF should work diligently to advise members on how best to use their new SDR resources responsibly and transparently. To amplify the benefits of the SDR allocation for low-income and other vulnerable countries, economies with the ability to do so should channel some of their SDRs to those countries that need them most through both the Poverty Reduction and Growth Trust (PRGT) and a new Resilience and Sustainability Trust (RST) at the IMF.

The RST will be an important step to support vulnerable countries undergoing structural transformations that will strengthen public health systems and create more sustainable, low-emission and climate resilient economies. To make the RST effective, the IMF will need to work closely with the World Bank to leverage the Bank's subject matter expertise when designing health and climate policy conditionality. IMF Governors should take this moment to voice our strong support for establishing the RST at the IMF and call on the IMF and World Bank to work hand in hand on making the RST an effective tool to support sustainable, medium-term growth.

Going forward, both the World Bank and the IMF will need to strengthen policies and practices to help address debt vulnerabilities. Additional IMF lending through vehicles like the PRGT and the RST will require robust debt sustainability analyses to underpin the necessary adjustments countries will have to make. The World Bank should also pursue further innovations to improve and increase creditor transparency and work with clients to publish better debt data as part of its implementation of the Sustainable Development Finance Policy.

The international community will also need to reaffirm its existing commitments to support debt sustainability in poor and vulnerable countries. Over the past year and a half, the United States has coordinated with other G20 members to develop and implement the Debt Sustainability Suspension Initiative (DSSI), to help the poorest countries respond to the pandemic, and the Common Framework to reduce debt vulnerabilities. Swift action in responding to Common Framework requests is necessary to help low-income countries restore debt sustainability. To that end, I call on all official bilateral creditors to participate constructively in debt restructuring processes, including by providing timely financing assurances.

Climate is an existential threat and one that requires a global response commensurate with the size of the challenge. This is an important year for climate as countries gather next month in Glasgow to raise our collective global ambition. In the lead up to COP-26, the Biden Administration is redoubling our pledge to provide international climate finance and encouraging strong action on climate through the international system. I commend the IMF for its efforts to incorporate climate into its engagement with countries, including potential lending through the RST and integration of climate resilience and adaptation into its surveillance assessments. The World Bank, as well as other Multilateral Development Banks (MDBs) need to be at the forefront of high-impact operations that have a significant effect on reducing country emissions, protecting critical ecosystems, and building resilience against the impacts of climate change. We welcome the recently revised Climate Change Action Plan (CCAP) and the World Bank Group's increased climate finance targets and look forward to additional progress. In particular the World Bank Group should demonstrate leadership through minimizing support for fossil fuel investments while increasing energy access, and fully and urgently aligning its activities with the goals of the Paris Agreement. As a top priority for accelerating the transition to net zero, the World Bank Group should focus on further ways to mobilize private capital for climate-aligned and sustainable investment, and assist developing countries in creating an enabling environment for climate-friendly finance. For this reason, I call on the World Bank Group to craft a plan to double its mobilized private climate finance by 2025. I ask the other MDBs to do the same.

As we continue to work together on tackling climate change through diversifying global energy supply, we will need to address the problem of forced labor in the solar supply chain. This is why the United States has taken strong action to prevent the import of products that depend upon forced labor. This involves working with the World Bank and the other MDBs to keep forced labor out of MDB-funded projects, strengthening procurement practices social safeguard policies, and enhancing traceability and verification regimes.

Finally, addressing the significant challenges facing the global economy requires collective action through multilateral approaches, and the United States is fully committed to the multilateral system. Results of the investigations into Doing Business irregularities could reduce confidence in the international financial institutions if there is not strong action to boost accountability, protect data integrity, and prevent misconduct. It is also important that international financial institutions consider ways to enhance internal systems for whistleblowing and whistleblower protections. The United States will monitor developments closely and evaluate any new facts and findings should they become available.

I look forward to the opportunity to use these Annual Meetings to advance discussions and initiatives in pursuit of a stronger, sustainable, and more inclusive global economy.