



**ANNUAL
MEETINGS**
2021 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No 3

October 14, 2021

Statement by the Hon. **EDWARD SCICLUNA**,
Governor of the Fund for **MALTA**

**Statement by the Hon. Edward Scicluna,
Governor of the Fund for Malta**

It is an honour for me to once again participate in the 2021 Annual Meetings of the International Monetary Fund (IMF) and the World Bank Group (WBG). I would like to take this opportunity to thank all those involved for their excellent organisational arrangements despite the ongoing logistical difficulties.

The past year has proven to be one replete with challenges. Notwithstanding the more positive message of the Fund's most recent World Economic Outlook, promises of future economic growth and recovery remain fragile and must constantly be weighed against the significant degree of lingering uncertainty.

Against the backdrop of the COVID-19 pandemic that continues to dominate the international scene, on behalf of Malta I would like to express my gratitude to the IMF and WBG for their incessant efforts in mitigating the worst effects of the crisis through various lending instruments and contributions. In particular, the general SDR allocation of US\$650 billion that took place in August generated substantial additional reserves for emerging market and low-income countries, which can in turn be further bolstered by the voluntary channelling of SDRs by nations with strong external positions. In this regard, we call upon other member states to consider signing voluntary SDR trading arrangements as a means of sharing the burden more widely, while also expressing support for the Fund's efforts in exploring channelling options through either the Poverty Reduction and Growth Trust or other avenues. Without these initiatives, the already dire situation in vulnerable countries – as indicated by the first registered increase in a quarter-of-a-century in the number of people living in extreme poverty – would undoubtedly be even grimmer.

In order to continue alleviating the burden on debtor countries, we urge a swift and effective implementation of the G20-Paris Club Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative (DSSI), which will allow for the orderly debt treatment for DSSI-eligible countries. The extension of the G20-Paris Club DSSI to end-2021 is positive, as is the Fund and Bank's debt relief initiative for Sudan earlier this year, to which Malta provided its support.

The considerable outlay of resources since the start of 2020 has necessitated a complex balancing act on the part of the Fund, meeting the unprecedented financing needs of its member countries while preserving the adequacy of its resources. Ensuring that the Fund remains a quota-based institution and maintains its fundamental position at the heart of the Global Financial Safety Net is of high priority. In this regard, Malta remains committed to revisiting the adequacy of quotas and Fund governance reforms under the 16th Review of Quotas.

Nearly two years on from the initial outbreak of the pandemic and a year since I last had the honour of addressing the IMF-WBG Annual Meetings, the issues surrounding the pandemic have changed, albeit retaining a strong sense of urgency. No clearer demonstration of this can be observed than in the situation vis-à-vis COVID-19 vaccines. Twelve months ago, vaccines were still going through the development process and their approval and manufacture ranked at the very top of the list of global priorities. Approaching the end of 2021, substantial stocks of vaccines have been produced through an unparalleled series of research and collaboration efforts – an admirable achievement by all those involved. With this obstacle overcome, the next great challenge in defeating the pandemic lies in overcoming the inequalities of distribution between advanced

economies – the majority of whose populations have been fully vaccinated – and low-income economies, in which the vast majority of individuals remain without access to vaccines. If such discrepancies in rollout persist, the already considerable and dangerous divide between the two economic groupings can only grow further, culminating in a two-track pandemic scenario to the detriment of all.

In contrast, a concerted effort to ensure an adequate supply of vaccines around the globe would represent a concrete step towards meeting critical humanitarian needs: saving millions of lives; cutting hospitalisation rates and arresting the slide into extreme poverty of many. An adequate distribution of vaccines would also reduce the likelihood of the emergence of new and deadly variants and the swifter re-integration of emerging market and developing countries into global supply chains. In essence, the commencement of a broad-based recovery and a return to any sort of normality is impossible without vaccine equity.

In view of the urgency of this issue, I applaud the ambitious plan proposed by the Fund and endorsed by the World Bank, the World Health Organisation and the World Trade Organisation to vaccinate at least 40% and 60% of the population of every country by end-2021 and mid-2022 respectively. This will represent a considerable challenge and accordingly we encourage countries with large shares of their population already vaccinated to contribute to the best of their ability, whether through vaccinations, testing and tracing or any other means available. As one of the most highly vaccinated countries in the world, I am pleased to state that Malta has already been able to donate a share of vaccinations and test kits.

While the main issues surrounding COVID-19 have changed over time, the same cannot be said of the other great issue confronting us during this era: climate change. The year 2021 witnessed record levels of natural disasters in terms of both frequency and severity, starkly demonstrating that no country or region can consider itself immune to the effects of climate change. In August, the report published by the Intergovernmental Panel on Climate Change chillingly indicated that the world is currently teetering on the brink of irreversible catastrophe. As things stand, the world's nations will fail to reach the goals adopted six years ago in Paris.

Despite the severity of climate projections, a window of opportunity in which to act remains open. The upcoming UN Climate Change Conference (COP26) represents a watershed moment for world leaders to commit to a long-term, green and sustainable future, committing to undertaking real, widespread and immediate policy action to ward off the worst effects of climate change. Salient areas requiring firm action centre on steep reductions in greenhouse gas emissions, the implementation of far-reaching and comprehensive environmental policies and the channelling of unparalleled resources into building green and sustainable infrastructure. Above all, such initiatives – if they are to have the necessary scope of effect and rapidity of execution – must be a truly multilateral endeavour, stemming from cooperation between national authorities, international financial institutions, the private sector and all other relevant actors to supply the required expertise, financing and resolve.

With the urgency of combatting climate change becoming much clearer than ever before, Malta commends the World Bank's Climate Change Action Plan 2021-2025 and expresses support for its intended goals, especially the scaling up of climate finance and mobilisation of private capital. We are also pleased to note that, in spite of the effects of the pandemic, the Bank remains the

largest multilateral provider of climate finance for developing countries and has continued to post record levels of investment in this area. Malta also welcomes the proposal by the Fund to increase its engagement on climate via the inclusion of climate components in Financial Sector Assessment Programmes and Article IV consultations.

On this note, we greet the Fund Staff's conclusions from the recent Article IV mission to Malta and commit to acting on the suggestions made to promote recovery from the economic effects of the pandemic.

I will conclude by reiterating Malta's strong support for both the Fund and the Bank as these two institutions continue to undertake their respective mandates in a difficult and uncertain global environment.