ANNUAL MEETINGS
2023 | Marrakech مراكش
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND

Governor's Statement No. 9

October 13, 2023

Statement by the Hon. **MAGDALENA RZECZKOWSKA,**
Governor of the Fund for the **REPUBLIC OF POLAND**

Statement by the Hon. Magdalena Rzeczkowska,
Governor of the Fund for the Republic of Poland

Allow me to begin by thanking the authorities of the Kingdom of Morocco for hosting the 2023 Annual Meetings which unfortunately follow most devastating earthquake of September 9. We applaud your unwavering resilience and determination in dealing with the consequences of this tragedy and would like to express our deepest solidarity with the Moroccan people.

In these turbulent times, when the world is facing numerous economic, financial, social, and environmental challenges, our discussions at the Annual Meetings in Marrakesh aim at reviving growth and bring the world back on the road towards achieving 2030 Agenda for Sustainable Development. Therefore, in order to achieve its goals, we should not forget about various challenges that weigh on the outlook, which is increasingly risky and uncertain while global economic recovery is slow. Today's risks and challenges are significantly interconnected: rising poverty and hunger, fragility and conflicts, fragmentation and disruptions of the global economy, pandemic preparedness, high inflation, food crisis, financial market volatility, weak global growth outlook, increasing debt distress, climate change, risks related to expansion of artificial intelligence and – at the same time – digital exclusion and so forth. Therefore, we should try to design and apply coherent, evidence-based policy responses that take into account the problems faced by countries of all income levels and at all stages of development.

I would like to highlight our perspective on several core areas, which, in our opinion, require collaborative and decisive efforts. First of all, we believe that the IMF and the World Bank must use their powers to keep the path towards stimulating sustainable growth and to maintaining global stability, within their scope of responsibilities. We value their respective roles in fostering sustainable and inclusive development, promoting global financial and macroeconomic stability, raising living standards of the member states, sharing knowledge, supporting reforms by providing technical and financial assistance, providing surveillance, and lending. In this regard we welcome the recent Joint Statement of the IMF and the World Bank committing to enhancing their cooperation.

Furthermore, we would like to thank both Bretton Woods institutions for their valuable contribution in helping member states to overcome structural headwinds and multiple challenges. While the world was on the way to recovery from the COVID-19 pandemic, Russia's unprovoked military invasion of Ukraine caused a devastating effect on the global economy and led to another immense human suffering and tragic loss of life. The effects were clearly visible in surge in commodity prices, fiscal and monetary problems, severe food insecurity, destruction of infrastructure and nature. In this context, I would also like to express our gratitude to both institutions and their member countries for supporting Ukraine and its neighbours. The World Bank and the Fund have significantly helped Ukraine to sustain essential public services. The Bank mobilized USD 37.5 billion in emergency financing, while the Fund granted a 48-month Extended Fund Facility (EFF) program for Ukraine in the amount of USD 15.6 billion. We welcome the successful completion of its first review. We would also like to encourage both the Bank and the Fund to continue standing by Ukraine and provide further assistance, as well as take active part in the future, post-war reconstruction.

Assistance to Ukraine is also provided through bilateral activities, with Poland making a significant contribution from the very first day. Since 24th of February 2022, approximately 15 million Ukrainians have crossed the Polish-Ukrainian border. We have provided refugees with access to social benefits and public services, including health care and education, the labour market, etc.

In the field of multilateral international cooperation, we should focus on the intensifying harmonization and cooperation between MDBs, which should operate and be considered as one coherent system to better address global challenges and prevent crises. In this context, we welcome all efforts made so far within the World Bank Group Evolution process and we invite the Bank to further implement concrete solutions enabling MDBs to harmonise procedures and diagnostic tools, share information as well as costs and risks of development interventions, and thereby provide coherent response to country needs and co-finance projects.

One of the main global challenges is climate change and its side effects, such as spikes in food and energy prices. The devastating impact of climate change is visible on all continents and, unfortunately, is constantly growing. This issue has been neglected for years and we now need to step up our efforts, especially at international level, because climate change knows no borders and poses an existential threat to all of global society. We welcome the Bank's activities in this area, including through the implementation of its Climate Action Plan and further supporting WBG members while taking into account their specific circumstances.

We believe that one solution is to develop green bond markets and include private sector financing. It is worth mentioning that Poland was the first country to issue green treasury bonds, now we intend to use this success to accelerate issuance in the municipal and corporate sectors. Furthermore, Poland has initiated work on the Roadmap for Sustainable Finance Development with an intention of becoming the regional sustainable finance hub for Central Eastern Europe within the next 5 years. We believe that sustainable development and green transition must be accelerated to address long-standing structural problems and minimize future costs.

The unprecedented rise in public debt continues to generate significant risks for global financial stability and growth. The IMF is uniquely placed to address this issue through its analytical work and policy advice. As a part of bilateral surveillance as well as within financial and nonfinancial programs, the Fund may assist countries in reshaping their fiscal frameworks and design structural reforms that would result in durable reduction of public debt. Aside from contribution to macroeconomic stability, we also appreciate the IMF's critical role in global efforts to facilitate debt restructuring process. Given a slow progress within G20 Common Framework for Debt Treatments there is an urgent need to intensify work on improving its efficiency. That said, we believe that the Global Sovereign Debt Roundtable presents a good opportunity to address the current shortcomings in debt restructuring processes, both within the Common Framework and beyond.

In view of the recent developments and rising challenges we need to maintain strong international institutions. Poland has always supported the strengthening of the IMF's unique role at the centre of Global Financial Safety Nets by using its authority and mandate, the full range of its lending toolkit and other instruments aimed at maintaining global financial and macroeconomic stability. In this context, we take note of the Fund's efforts to further strengthen the GFSN by ensuring that the IMF's precautionary facilities remain effective in providing insurance against external risks. We believe that the Fund's support, including through recently endorsed review of the precautionary instruments should help member states enhance resilience and macroeconomic stability.

Currently, time is of the essence given the December 2023 deadline for concluding the 16th General Review of Quotas (GRQ). To this end, we support a quota increase commensurate to the size of the Bilateral Borrowing Agreements that expire end-2024, which would result in at least maintaining the Fund's current resource envelope. We support an equiproportional increase in quotas, which seems the most pragmatic way forward to achieve a timely agreement of the Review. At the same time, we continue to support a limited realignment, based on a broad and fair burden sharing. In our opinion the current formula is working well and delivers on the set realignment objectives.

As the world in the year 2023 is still facing an unprecedented series of global multi-crises, achieving new ambitious MDBs goals constitutes our joint responsibility. The magnitude of these crises requires the MDB's bold, non-standard and resolute actions, undertaken in a wider context of the reforms pertaining to global development architecture. The MDBs, including the World Bank Group, are currently deeply engaged in the processes of revision of their fundamentals, such as mission, operating model and financing. These processes, although managed individually, due to the specificities of each individual MDB, should jointly contribute to the establishment of a coherent, adequate and relevant global system. In this context, we welcome the unprecedented efforts of the World Bank Group carried out within the framework of the WBG Evolution. We are open to look for new sources of financing development. More focus should be given to attract private capital to finance development needs. This, in turn, requires enhanced upstreaming: private capital requires proper business environment, transparent regulations and public institutions in place.

The WBG needs to be able to react quickly and efficiently, which requires new tools and policies to be implemented. Furthermore, deepening partnerships between development actors, governments, academia, civil society and the private sector – based on a shared understanding of development challenges, a prospective division of labor and a harmonized framework of action – are key to maximize the development outcomes.

We highly value the fact that the Bank remains open to assist all its clients. We are confident that WBG will further contribute to fighting poverty, ensuring shared prosperity and providing global public goods. We support the idea of the WBG engaging with subnational entities, in particular large municipalities. There is demand both for financing and expert advice, especially in managing large infrastructural projects. Subnational engagement needs to be developed and offered universally.

Given the growing calls from many countries for increasing MDBs' lending capacity, we take the position that the right sequencing is required, it means first implement the Capital Adequacy Framework recommendations and update the vision, mission, and operating model to create better banks, and then, as a second step alternatively discuss a possible capital increase within MDBs, World Bank included.

In conclusion I would like to thank Managing Director Kristalina Georgieva and President Ajay Banga as well as the Bank and the Fund staff for their hard work and dedication, especially during the challenging last few months, and I look forward to the further fruitful cooperation towards creation a more prosperous, sustainable, and inclusive world for all.