

Remarks by Secretary of the Treasury Janet L. Yellen at High Level Panel at Summit for a New Global Financing Pact

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As Prepared for Delivery

Thank you, President Macron. And good morning, everyone. It is great to be with you today to discuss the important question of how we align our efforts to reduce poverty with our efforts to combat climate change and other global challenges.

It is clear from this Summit that we all share the goal of securing a more prosperous, healthy, and livable planet. It is also clear that there is political will and commitment to multilateralism to translate intentions into action.

Indeed, I am pleased to share this stage with colleagues from around the world, including Premier Li Qiang. As I said in a speech earlier in the year, as the world's two largest economies, we also have a responsibility to work together on global issues. It is something the world expects of us.

Last fall, we launched an initiative to evolve the multilateral development banks – or MDBs – to better address global challenges like climate change, pandemics, fragility and conflict. During this process, we have sometimes heard concerns about a tradeoff between addressing these challenges and accelerating investments in health, education or poverty alleviation.

Indeed, some wonder how the MDBs can do more of one without doing less of the other – given their limited resources and capacity.

But I strongly believe that is a false choice. The MDBs must do both – and do both well. That's because countries cannot make sustained progress on poverty eradication and the sustainable development goals if they do not invest in building resilience to these global shocks. If one thing is certain in our world, it is that these shocks will come.

Indeed, global challenges are increasing in scope and complexity. They disproportionately affect the poorest and most vulnerable, and they are intimately intertwined with national challenges.

These are not hypothetical concerns. We see the consequences playing out in very real ways for people around the world:

Climate change is dampening agricultural yields and driving food insecurity in many parts of the world. I saw this on full display when I visited three African countries earlier this year.

Indeed, the smallholder farmers I visited in Zambia described the toll that extreme weather events and floods are taking on their livelihoods. They made no distinction between these global challenges and national challenges.

In addition, threats to global health disrupt entire societies and economies, with the pandemic leading to the first global increase in extreme poverty in decades.

And, conflict not only causes immense human suffering, but also stunts economic growth and contributes to the significant displacement of people across regions.

These problems are not contained within national borders nor can they be solved by countries acting alone.

These are fundamentally global problems that are seriously hampering the ability of countries to grow, generate jobs, and reduce extreme poverty.

That is why it is imperative that we evolve the MDBs to respond to global challenges with sufficient speed and scale. Doing any less is a disservice to the rest of the development agenda.

The World Bank is in the midst of accelerating progress on the evolution agenda. President Banga has spoken at length about this effort.

We already have tangible, concrete results – thanks to our MDB evolution initiative

The World Bank has updated its mission to account for the fact that addressing global challenges is critical to achieving the Twin Goals of eradicating extreme poverty and boosting shared prosperity.

In addition, the World Bank is integrating global challenges into its diagnostic work, country engagement, and corporate scorecard, which will help engrain work to address these challenges into the institution's DNA.

And, the Bank is responsibly stretching its balance sheet and pursuing innovative measures to unlock up to \$50 billion in additional lending capacity over the next ten years.

As part of our agenda, we believe that MDBs could, as a system, unlock \$200 billion in new lending capacity over the same timeframe through balance sheet measures that are either already under implementation or being deliberated.

We began the evolution initiative at the World Bank. But we have always recognized that maximizing its impact requires an evolution across the MDB system, and even beyond to cover the funds.

The MDBs are vital multilateral tools to help us face the demands of our changing world. Yet they would be even more effective if they were to work better together as a system, each operating with its relative strengths and expertise, and in concert with others and also in better partnership with the private sector, philanthropies and civil society.

We have the necessary ingredients to make real progress – political leadership, creativity, innovative financing mechanisms, and the openness and courage to learn from the past as well as to forge new solutions for the future. With strong collective action across all shareholders, management, and other critical partners like the African Union, we can help meet the aspirations of people around the world.

Thank you.