Statement by

H.E. Svenja Schulze
Federal Minister for Economic Cooperation and Development

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1. With its **new vision and mission**, the World Bank Group has set itself on course to become a true transformation bank. Together, we have adjusted the Bank's development paradigm in line with the needs of our times, focusing it on sustainable, just and resilient prosperity. Reducing poverty, hunger and inequality and protecting important global public goods such as climate, biodiversity, pandemic preparedness, and peace and security are two sides of the same coin. Since the 2023 Annual Meetings in Marrakech, the World Bank has made significant progress on its efforts to firmly establish the new vision and mission in its operations. I want to thank the Bank's management under Ajay Banga for their outstanding work. It is impressive to see how broad and deep the reform efforts undertaken to date have been. They will shape the Bank's work over the coming years. The World Bank has never been better able to provide support worldwide to a socially just, environmentally sustainable and ambitious transformation.

2. The World Bank Group is also doing valuable work with regard to helping **Ukraine deal with the impact of Russia's war of aggression**. Russia is engaged in an inhuman, totally unjustified effort to destroy a sovereign state. The negative impact of the war can be felt, above all, in Ukraine, but also worldwide. I welcome the fact that the World Bank is responding to this criminal war of aggression and that it will also be making a significant contribution at the upcoming Ukraine Recovery Conference, which Germany will host in Berlin together with Ukraine. In this way, the World Bank Group is helping to cushion the global impact of Russia's war of aggression, for instance with regard to access to food and affordable energy.

3. Simultaneously, we are witnessing a humanitarian disaster in the Middle East. Israel has the right to defend itself from the abominable acts of terror committed by Hamas. However, too many innocent civilians have already paid a cruel price for the acts of Hamas. Aid must urgently reach those who have lost everything. We cannot sit back and allow hunger and disease to continue to take their toll. In the longer term, the World Bank is an important partner for reconstruction in Gaza and for achieving the vision of Palestinian Prime Minister-designate Mustafa for economic development in the Palestinian territories. I am working to ensure that people in the region are given the prospect of a better future. I continue to firmly believe that this will only be feasible in two states for two nations.

4. Through the new **World Bank Group Scorecard**, the Group has adopted an ambitious set of goals. The Scorecard defines the course and pace of the process of turning the Bank into a transformation bank. In the negotiations for the Scorecard, we managed to measure progress on meeting global challenges with externalities and make that progress visible – both on ending poverty and on creating a livable planet. I expressly welcome that the new Scorecard gives a prominent role, through a separate indicator, to the reduction of inequality. The World Bank Group has also decided – quite rightly, in my view – to give a central role to biodiversity conservation in its new set of goals. Now it is vital to further finetune the Scorecard and actively put it into operation. I call on the World Bank to link the Scorecard goals with incentives for staff in order to align the Bank's operations even more closely with the effort to achieve the SDGs and meet global challenges with externalities.

5. I regard the **Framework for Financial Incentives** with the **Global Solutions Accelerator Platform** as a central element of the evolution, and a milestone for the World Bank. For the first time, it enables the Bank to provide systematic incentives for addressing global challenges with externalities. No
matter whether we look at climate change, biodiversity loss or pandemics, the major challenges of our times do not stop at national borders. They pose a threat to the wellbeing and prosperity of us all. However, it is the poorest countries that are often most affected, even though they have contributed least to human-induced climate change. In my view, the framework is a key step toward targeted support for projects that have major transboundary benefits for all of humankind.

I have successfully worked to ensure that Germany made a commitment at an early point that it will contribute 305 million euros in hybrid capital. This amount alone will enable the Bank to leverage an additional 2.4 billion euros in investments over a period of ten years. I greatly welcome the sizable commitments from other G7 and European countries to the newly created financing instruments. Together, we will thus deliver on our promise to make the Bank bigger after it has become better.

The Global Solutions Accelerator Platform does not mean that the Bank is giving up its country-based model. Countries will continue to be able to request the investments which they consider most useful for their national development. However, I am convinced that we will only succeed in the fight against hunger, poverty and inequality if we also take determined action against climate change, biodiversity loss and pandemics and if we work for peace and security.

6. Another vital factor for implementing the vision of the World Bank Group will be a strategically and financially ambitious IDA replenishment. I will be working for that. The IDA replenishment is extremely important for all of us. It is not just about supplying IDA with funds but also about directing its focus to ensure that it is able to meet the complexities of current global challenges. In particular, we want to see a focus on the interdependencies between fighting poverty and hunger, working for peace and security, protecting the climate, nature and biodiversity, and reducing social inequality. We are negotiating IDA21 against the backdrop of high levels of global debt and difficult budget situations in many traditional donor countries. I therefore propose that IDA funding be focused on the needs of the poorest countries and on maximum development impact in order to foster a social-ecological transformation. And it will be vital to get the private sector on board, too.

7. Increased mobilization of private capital and private sector development are crucial for sustainable, inclusive development. Mobilizing private resources to complement public funding is also essential for climate action if we want to ensure that our climate goals remain within reach. As the World Bank Group's evolution continues over the coming months, it will be vital, among other things, to adopt a holistic view of private sector development. Related efforts always need to give attention to the creation of a conducive environment and to decent work. We are therefore working with the World Bank and our partners to strengthen the implementation of the G20 Compact with Africa initiative, and we welcome further contributions. When it comes to implementing the One World Bank Group approach, the Bank's management has my full support. This approach needs to be implemented systematically so that the World Bank Group's collective expertise and instruments can be used to create maximum impact. I look forward with interest to the recommendations of the Private Sector Investment Lab. The recommendations should be concrete, feasible and scalable. Including and strengthening the local private sector is vital. Thought should also be given to cooperation with other players such as the regional development banks. This also applies to the further development of Country Private Sector Diagnostics, which had been announced in Marrakech. This could serve as a basis for all multilateral development banks to adopt a common approach.

8. One outcome of the reform should be improved partnerships between the World Bank Group and players that can make important contributions to sustainable development. This includes, apart from private sector players, particularly the regional development banks and the United Nations. At Marrakech, I already called for better cooperation between the multilateral development banks as a system. This means improving coordination, sharing and harmonizing strategies and analyses, recognizing each other's standards and procedures, and creating shared country platforms. It is vital to make full use of the entire potential without watering down the mandates and comparative strengths of the respective organizations.
The reform of the World Bank Group does not end with the Spring Meeting. It is important that we all maintain the momentum and ambition beyond the Spring Meeting. The multiple crises which the world is facing mean that we cannot afford to take any breaks. We all will benefit from a reformed Bank – lenders and borrowers alike. The reformed Bank is an important element of a more efficient and effective development and finance architecture – and that is a goal I am working for. We need a new era of sustainability and new alliances with the private sector, global political decision-makers, and society. New solutions need to be developed so that we will get back on track to implement the Sustainable Development Goals by 2030 and keep our climate goals within reach. That is why I joined forces with UNDP, the Free and Hanseatic City of Hamburg and the Michael Otto Foundation to establish the Hamburg Sustainability Conference, to which I would like to invite you. I want to use the conference to accelerate the achievement of the SDGs and develop results-oriented solutions.