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on the
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Statement by

H.E. Sjoerd Sjoerdsma
Minister for Foreign Trade and Development Cooperation

of the Kingdom of the Netherlands

Representing the constituency of Armenia, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Moldova, Montenegro, the Netherlands, North Macedonia, Romania and Ukraine

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114th Meeting of the Development Committee

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The global economy is being reshaped in fundamental ways. The international system on which decades of growth and development have rested is becoming less predictable. Geopolitical rivalry is increasingly shaping trade and investment, a new environment of higher tariffs is changing global trade patterns, conflicts are disrupting critical trade and energy routes, and rapid technological change is transforming economies and labor markets. Recent disruptions in global energy markets have again demonstrated how quickly strategic dependencies can become economic vulnerabilities.

These developments reinforce the importance of strong multilateral institutions and a rules-based international economic system. For smaller and developing economies in particular, predictable rules, open markets and effective international institutions provide stability in an increasingly fragmented global economy. The World Bank Group has a vital role to play through its combination of long-term and affordable finance, knowledge, country engagement and capacity to mobilize investment.

At the same time, a slower but no less profound transformation is taking place. Around 1.2 billion young people will reach working age in emerging markets and developing economies between 2025 and 2035. Creating productive employment for this generation is one of the defining development challenges of our time. Success would create an extraordinary engine for prosperity; failure would put increasing pressure on economies, societies and political systems.

We therefore strongly welcome the focus of these Annual Meetings on Mobilizing Private Capital, Creating Jobs. At a time when development needs are growing while public development budgets are under pressure, we must both use scarce public resources where they have the greatest impact and mobilize substantially more private investment. The measure of success, however, cannot simply be how much capital is mobilized. It must be whether that financing is additional and contributes to productive investment, better jobs, and stronger more resilient economies.

Creating Jobs and Mobilizing Private Capital

Creating productive jobs at scale must be at the heart of the World Bank Group's development agenda. Investments in health, education, water and other essential services are indispensable. Sustaining these investments ultimately requires productive economies that generate incomes, businesses and public revenues. Economic and social infrastructure are therefore mutually reinforcing. We strongly support the Bank's jobs agenda and its focus on the foundations that allow firms to invest, become more productive and create employment.

We should also be clear about where those jobs will come from. Manufacturing, exports and large productive firms remain important sources of investment, technology and growth. Yet for much of the developing world, the majority of workers will continue to find employment in smaller firms and local

services. A successful jobs strategy must connect large-scale investment to the wider economy: by strengthening local suppliers, improving access to finance and technology, developing relevant skills, and increasing the productivity of smaller enterprises. Mobilizing capital at scale will only deliver development if it ultimately translates into better and more productive jobs.

Private capital will be indispensable, but mobilization is a means to development impact, not an end in itself. At a time when development needs are growing and public development budgets are under increasing pressure, the objective should be to expand the total pool of financing available for development. Bank involvement should therefore be judged by whether it enables genuinely additional investment and measurable development impact, rather than by the volume of private capital mobilized alone.

This also requires transparency and discipline in how results are reported. We should preserve clear and comparable definitions, building on the OECD methodology for measuring private finance mobilized, so that broader concepts such as capital "enabled" or "catalyzed" do not blur what has actually been mobilized.

This requires moving beyond a model that relies predominantly on transaction-by-transaction public de-risking. Guarantees, including those provided by MIGA, will remain important, particularly in markets where risks cannot otherwise be carried by private investors. Yet a model in which scarce public resources are required to subsidize or guarantee each individual investment cannot deliver the scale that is needed. The longer-term objective must be to make markets themselves more investable: by strengthening local capital markets, expanding local-currency financing and risk-management instruments, improving regulatory frameworks and project pipelines, and developing standardized and portfolio-based approaches that allow risks to be diversified.

Better data are central to this effort. The opening of the Global Emerging Markets Risk Database has been an important step toward greater transparency on the actual risks of investing in emerging markets. The next step should be regular publication of sufficiently granular, up-to-date performance data, ideally on a quarterly basis. This would allow the development of credible benchmarks against which investors can assess and compare risk and returns, and help emerging-market investments develop into a recognizable asset class for institutional investors. This can begin in markets where sufficient data and market depth already exist and progressively extend toward more difficult markets.

The World Bank Group is uniquely placed to drive this transformation. A stronger 'One WBG' approach should bring together IBRD and IDA country engagement, IFC investment and MIGA risk mitigation from the outset, and ensure that staff has the right incentives to consider private participation early in project and market development. Private mobilization should reinforce the Bank's own capacity to finance countries and sectors where its additionality is greatest. Scarce public and concessional resources should be preserved for investments and reforms for which there is no adequate private substitute, most notably in low-income countries and fragile contexts.

Making Scarce Public Finance Count

High debt burdens are increasingly constraining the ability of developing countries to invest in their future. Rising interest payments reduce the fiscal space available for productive investment, infrastructure, health and education. Renewed access to capital markets is welcome, but financing at very high cost should not be mistaken for restored debt sustainability. We therefore support the efforts by the World Bank and International Monetary Fund to support countries with liquidity pressures via the three pillar approach and to strengthen debt management and debt transparency.

Productive investments that raise growth, create jobs and expand a country's future revenue base can strengthen its capacity to carry debt over time. This forward-looking perspective should inform how we assess concessional finance. Development finance on highly concessional terms is uniquely valuable and should be directed where it can have lasting, transformative impact: helping countries build productive capacity, strengthen institutions, invest in essential infrastructure and expand their future economic and

fiscal capacity.

IDA is central to this effort. In the poorest countries, where access to private capital is often limited or prohibitively expensive, IDA remains one of the few sources of long-term finance capable of supporting investments at scale. We therefore attach great importance to the effective implementation of IDA21 and to preserving IDA's ability to reach the poorest and most vulnerable countries.

IDA financing can have its greatest and most lasting impact when concessional resources and policy engagement are used together to support reforms that can change development trajectories. This means continuing to invest in the essential foundations of development—including water, food security, health and climate resilience—while also supporting productive economic development and jobs, strengthening the private sector, improving debt management and domestic revenue mobilization, and building capable and accountable institutions. These efforts should take proper account of country circumstances and the effects of reform on vulnerable groups. Ultimately, IDA should help countries move toward greater economic self-reliance.

IDA must also retain the ability to respond to exceptional crises. Dedicated crisis facilities can play an important role, provided that new crisis financing is additional and does not come at the expense of resources available to the poorest countries. We will return to this role in the context of Ukraine and Syria.

Further Foundations for Sustainable Growth

Recent disruptions around the Strait of Hormuz have provided a stark reminder of how geopolitical tensions can rapidly affect energy markets, trade and economic activity across the world. For developing countries with limited fiscal buffers, high dependence on imported fossil fuels or fragile energy systems, these shocks can be particularly severe, as they raise costs, weaken external balances, constrain investment and undermine growth and job creation. Building more resilient economies therefore requires greater energy security, stronger infrastructure and more diversified and reliable supply chains.

Climate resilience is an integral part of this agenda. We welcome the extension of the World Bank Group's Climate Change Action Plan and the continued alignment of its operations with the Paris Agreement. As the Bank moves toward a more results-oriented approach, it should maintain ambition, continue its share of climate financing and report transparently and comparably on financing and development outcomes. Climate risks should therefore be integrated into country strategies, investment decisions and debt sustainability analysis. Affordable, reliable and sustainable energy remains fundamental to productive investment and jobs, and initiatives such as Mission 300 demonstrate the scale the Bank can bring to expanding access. At the same time, the energy transition should reduce strategic vulnerabilities rather than simply replace dependence on fossil fuels with new concentrated supply chains.

For many World Bank client countries, the minerals required for the energy transition represent a major economic opportunity. If managed well, growing global demand can support investment, industrial development, export diversification and job creation. We therefore welcome the World Bank Group's new Metals and Minerals Strategy. Realizing this opportunity requires more than financing individual projects: new mining, processing and refining capacity depends on reliable energy and water, transport and logistics, skills, capable institutions, predictable regulation, finance and credible long-term demand. The World Bank Group is particularly well placed to bring these elements together through its country knowledge, policy engagement, IBRD and IDA financing, IFC investment, MIGA guarantees and convening power.

The Bank can also help connect credible investment pipelines in producer countries to long-term demand in major markets, including downstream processors, manufacturers and other private buyers. Cooperation with regional development banks and other partners can help coordinate pipelines, reduce fragmentation and provide greater demand certainty, including through long-term offtake arrangements where appropriate. This is the kind of market-building role that can make new capacity investable without requiring public resources to absorb every individual project risk.

For producer countries, the greatest opportunity lies in capturing more of the value generated by their mineral resources. Processing and refining can help develop productive capabilities and create jobs, while investments in energy, logistics, water, skills and local suppliers can strengthen the wider economy and help avoid enclave development. The World Bank Group's involvement is especially valuable because of the standards it brings: the World Bank Environmental and Social Framework, IFC Performance Standards, policy engagement and convening power can help raise the global benchmark for responsible mineral development. Strong governance, contract and revenue transparency, environmental protection and tangible benefits for affected communities should therefore be integral to Bank engagement. Done well, the Bank can help turn growing global demand for critical minerals into more diversified supply chains, higher standards and broader economic development in producer countries.

Regional Crises, Recovery and Reconstruction

The geopolitical fragmentation described above has its most devastating consequences where tensions turn into conflict. In these settings, the World Bank Group has a distinctive role: to preserve essential services and institutions during crises, while helping countries restore the productive capacity, private investment and jobs on which sustainable recovery ultimately depends. Through its financing, knowledge, damage and needs assessments and convening power, the Bank can help move countries from crisis response toward reconstruction and renewed economic opportunity. Its engagement should be tailored to political and institutional circumstances, responsive to local needs and grounded in the international legal order, and accompanied by strong fiduciary safeguards and international coordination.

Ukraine remains a central priority for our constituency. Russia's war of aggression has generated reconstruction needs estimated at USD 588 billion over the coming decade. We strongly support the Bank's role in maintaining essential public services while preparing for recovery and reconstruction. For its part, the Netherlands has committed EUR 465 million through the World Bank for Ukraine, including EUR 45 million for SPUR 2.0. We welcome SPUR 2.0 as an effective way to leverage donor resources and expand financing for Ukraine. Reconstruction should increasingly restore productive capacity, crowd in private investment and create jobs alongside rebuilding public infrastructure, while reinforcing reforms linked to EU accession, democratic institutions and the rule of law. Strong monitoring, donor coordination and fiduciary safeguards remain essential.

In Gaza, the humanitarian, social and infrastructure damage is immense, with recovery and reconstruction needs already estimated at more than USD 71 billion. We support a World Bank role in early recovery and future reconstruction, in line with United Nations Security Council Resolution 2803, building on its experience with damage assessments, essential services and strong fiduciary safeguards.

We welcome the Bank's support for the Team Gaza Initiative, which brings together the European Commission, the World Bank, the European Investment Bank and partner countries to coordinate and mobilize financing for early recovery. Bank engagement should remain closely coordinated with relevant authorities and international partners and be responsive to the needs of the population, while taking full account of the political, institutional and security context.

Syria presents a different but equally important reconstruction challenge after years of conflict and destruction. We support an expanded World Bank role in reigniting economic development, including through restoring essential services, strengthening accountable public institutions and rebuilding the conditions for investment, employment and sustainable economic and social opportunity. Experience with SPUR has demonstrated how dedicated crisis programs can leverage donor contributions and mobilize resources at scale. We would support applying this lesson through a dedicated IDA program for recovery and reconstruction in Syria, provided that the resources mobilized are additional and do not reduce financing available to existing IDA countries or the response to other crises. Bank engagement should remain conflict-sensitive, transparent and consistent with applicable sanctions and the broader political transition, with strong fiduciary safeguards and close coordination with the United Nations and other

partners.

In a more fragmented world, the strongest case for multilateral cooperation is its ability to deliver. For the World Bank Group, that means using scarce public resources where they can have the greatest impact, mobilizing genuinely additional investment, creating productive jobs and helping client countries build stronger and more resilient economies.