Statement by

H.E. Magdalena Andersson
Minister of Finance

Sweden

on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden
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(VIRTUAL)

The COVID-19 pandemic has reminded us that the vulnerability of some is the vulnerability of all.

1. The pandemic has had an unequal impact between and within countries, compounding pre-existing fragilities. It has led to a widespread socio-economic crisis in the world in general and for poor countries and people living in poverty in particular, exacerbating the effects of the parallel climate crisis, regional conflicts, natural disasters and debt problems that were on the rise before the pandemic. COVID-19 has made it poignantly clear that only by addressing all of these crises simultaneously and comprehensively - with Agenda 2030 and the Paris Agreement as our road map - can we ensure that what emerges from this crisis are more resilient and sustainable societies. We thank the World Bank Group and the IMF for your immediate response, joint action and leadership in these challenging times.

2. The development of safe, effective and approved vaccines in less than a year from lab to jab is a tremendous achievement. Now the same unprecedented speed for global vaccination is needed. This will save lives. But the potential economic effects of a speedy global vaccination are also enormous. And it is to the benefit of all, including advanced economies.

…and forces must be joined to achieve global vaccination

3. The Nordic-Baltic Countries therefore welcome the joining of forces to create a broad-based coalition to combat the crisis, including the UN system as well as other multilateral organizations, CSOs and the private sector. Our collective response, including our efforts to roll out a vaccine for all, leaving no one behind, will define us as a global society.

4. The Bank has an important role to play by financing efficient and equitable vaccination campaigns globally. The Bank should contribute to strengthening multilateral solutions, notably through support for ACT-A collaboration and its Covax Facility. We urge Management and staff to keep up its good work under very challenging circumstances.

5. To prevent and prepare for future pandemics and other health threats, the Bank at the same time needs to continue its work on strengthening the health systems that are so crucial in delivering vaccines and providing essential health services. These investments need to be at par with those in vaccines, and they need to be long-term. We also see the Bank as an important player strengthening the capacity of the multilateral system to prevent, prepare and respond to health threats.

… and to Build Back Better and Greener
6. When supporting our societies in the recovery, we must seize the opportunity to also address long-term challenges and to accelerate a just transition towards a renewable, net-zero and sustainable economy. By aiding the economic recovery through sustainable investments, we can create jobs and at the same time push our societies into a more green, inclusive, and digital future. The Bank has an important role to play to support its members in this regard, and the Nordic-Baltic countries call on the Bank to:

i. **Prepare a roadmap with the next steps of operationalizing the Jobs and Economic Transformation agenda**, with a strong focus on women and youth in job creation as well as promotion of green jobs and jobs in the digital domain. IFC and MIGA are key in providing policy advice and financial support in helping firms stay in business and maintain jobs thereby preserving private sector activity and facilitating recovery.

ii. **Safeguard that scarce resources, including an IDA20 replenishment, are allocated where needs are the greatest based on sound country needs assessments**, as recovery cannot be sustainable if it leaves vulnerable groups behind. IDA20 should be the “BBBG” or the “GRID” IDA. The GRID paper is a fine piece of work, agenda-wise, and IDA20 is a great opportunity to operationalize it.

iii. **Ensure the full implementation of the Gender Strategy (2016-2023)**. As the pandemic has come at particularly high cost for women and girls, the WBG must improve gender equality within its operations, policies and strategies, with a focus on women’s rights including sexual and reproductive health and rights, empowerment, smart economics, addressing gender based violence in all its forms, and the involvement of men and boys.

iv. **Introduce a strong monitoring framework for the implementation of the Fragility Conflict and Violence (FCV) strategy**. The implementation of this ground-breaking strategy will be key, including through dedicated resources in the field. In this context, we also urge Management and the Board to align the revised Operational Policy 2.30 with the FCV strategy, by incorporating the guiding principles (including the do no harm-principle) and the identification of the key drivers of fragility in the policy, based on agreed language.

v. **Put forward high climate ambitions for COP26 and an ambitious and progressive updated Climate Change Action Plan (CCAP)**, laying out a comprehensive and transparent methodology for fully aligning its operations with the Paris Agreement, that aims for a maximum limit of global warming of 1.5°C. The new CCAP should include commitments to phase out fossil fuels and increase the Bank’s share of investments in renewable energy under time-bound goals to get there. The Bank should also step up its biodiversity ambitions in the wake of the adoption of the Global Biodiversity Framework post-2020. As part of the climate and biodiversity agenda, gender equality aspects must be fully integrated and the interlinkages of the climate and FCV agendas must be addressed. Efforts to build more sustainable and climate-resilient food systems must also be supported. Co-benefits of addressing health and climate should be leveraged enabling us to simultaneously improve the health of people and planet.

vi. **Advise countries on the economic benefits of the green transition, including the potential for creating millions of jobs**. The Bank should increase its financial and technical support to client countries on their path to net-zero by 2050 on the basis of ambitious Nationally Determined Contributions and Long-Term Strategies. Decarbonization must remain at the core of this approach and the Bank should focus on incentivising the development and demonstration of renewable and climate resilient technologies. The Bank should also strengthen its support for countries to adopt revenue measures such as environmental taxes that promote environmental sustainability.

...to the benefit of all, including the most vulnerable
7. We see a very worrying setback in poverty reduction caused by the severe health- and economic consequences of COVID-19. Low-income countries need fiscal capacity to combat the crisis and to promote inclusive sustainable growth, and multilateral support is urgently needed. Towards this end, the Nordic Baltic countries:

8. **Welcome a six-months extension of the Debt Service Suspension Initiative.** A final extension will create much-needed fiscal space and help indebted countries to buy time while building understanding and confidence in the G20/Paris Club Common Framework for Debt Treatments, which will be key in tackling growing debt vulnerabilities. Highly indebted countries should be encouraged to consider an IMF program to avoid postponing difficult decisions and reforms.

9. **Look forward to a swift implementation of the Common Framework for Debt Treatments.** The broad official creditor participation is a success, although transparency issues remain. Now we must deliver and coordination with private creditors is key. Continued close collaboration is needed between the Bank and the Fund, in line with their respective mandates and instruments. The Bank plays an important role to eliminate the root causes underlying excessive debt accumulation through its support for capacity building, transparency, and good governance – i.e. sound and sustainable debt management. In this respect, the Sustainable Development Finance Policy (SDFP) must pursued full force in IDA20.

10. **Encourage the Bank to show global leadership to strengthen the link between debt sustainability and Domestic Resource Mobilization.** A year into the pandemic we witness further aggravated inequality – with rich people getting richer and poor people poorer. Strengthening institutions and capacity, broadening the tax base, promoting greater tax fairness and the closing of loopholes are key. Progressive taxation is a ticket to wealth redistribution leading to the rise out of poverty and the pandemic provides political momentum to more structurally enhance tax progressivity in countries. Furthermore, tax avoidance by multinationals, which costs developing countries’ budgets up to US$200 billion per year, must be fought at all levels. Finally, we cannot lose sight of the broader anti-corruption agenda as responses to the pandemic are likely to increase corruption risks and practices that contribute to illicit financial flows.

11. **Call for a renewed and intensified Bank effort on private capital mobilization for development purposes**, including stronger incentives for reforms, improved governance and business climate. There is an urgent need to substantially increase the mobilization of private financing for strong and inclusive development impact in line with the SDGs and the Paris Agreement. We want to see full implementation of the WBG Cascade Approach and the Maximizing Finance for Development Strategy, with new and innovative IFC and MIGA tools.

12. To sum up, The COVID-19 pandemic has reminded us that the vulnerability of some is the vulnerability of all. We must join forces to achieve global vaccination against COVID-19 and to Build Back Better and Greener, with a simultaneous push on gender equality, to the benefit of all.