



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

**ONE HUNDRED AND FOURTH MEETING
WASHINGTON, DC – OCTOBER 15, 2021**

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October 15, 2021

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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Ending the COVID-19 pandemic is our most pressing priority.

1. The pandemic has truly been an unprecedented shock both to global health and to the global economy. Let us remind ourselves that the pandemic is far from over. Putting an end to it must remain the highest priority. Achieving global vaccination is pressing. No one is safe until everyone is safe.

2. **We welcome the global goal to vaccinate at least 40 percent of the population in all countries** by the end of this year and at least 70 percent by mid-2022 and welcome the World Bank's involvement in the Multilateral Leaders Task Force. Global vaccination is crucial not only to save lives, but to avoid the major economic downside risks posed by new virus mutations. It is in every country's interest that outbreaks of infectious diseases are prevented and halted, now and in the future.

3. **We applaud the establishment of a collaborative mechanism between the Bank and COVAX** to accelerate COVID-19 vaccine supply for developing countries. We urge the Bank to continue to show strong leadership by keeping up its good work on financing and implementing vaccination campaigns globally. We need a strong international system and collaboration to end this pandemic and to avoid that the next disease outbreak becomes a pandemic.

4. **We call on the Bank to be proactive in strengthening** developing countries capacity to prepare for, prevent, respond to, and mitigate future health emergencies.

...together with the immediate urgency of tackling climate change

5. The recent IPCC report makes clear the immediate urgency of tackling climate change to avoid disastrous consequences. The just released World Bank Groundswell report on climate migration only serves to underscore the extent to which people and societies will be impacted.

6. Tackling climate change requires action now. Putting a price on carbon is essential as well as delivering on the yet to be met \$100 billion per year climate finance promised in 2009. Strong leadership must be shown by the Bank, and the Nordic-Baltic countries call for:

i. **The Bank to focus beyond the provision of direct financing** towards targeting broader development impact by catalyzing additional private and domestic resources, aligned with the Paris Agreement. As part of this, **strengthen efforts to mobilise private investments for adaptation**, especially in countries most vulnerable to the impacts of climate change.

ii. **A strong implementation plan and climate scorecard**, with specific, measurable and time-bound indicators, for the recently launched World Bank Group Climate Change Action Plan.

iii. **Increased transparency regarding the development of the methodology to fully align the Bank's operations with the Paris Agreement by 2023**, before it is being presented at COP26. The methodology must be based on objective and science-based criteria for assessing alignment and give clarity on Paris alignment of financial intermediaries.

iv. **The Bank to take on a transformative role in incentivizing and supporting countries so that their Nationally Determined Contributions are in line with the 1,5-degree Celsius and net-zero by mid-century targets**, and are accompanied by Long-term strategies that outline science-based pathways and related timelines to get there, taking into account the findings in the recent IPCC and IEA reports.

v. **Leadership by the Bank in accelerating the ongoing paradigm shift away from investments in fossil fuels**. As part of the Green, Resilient and Inclusive Development (GRID) approach, we urge the Bank to present a clear and ambitious plan for ending all investments in fossil fuels. Accompanying this, we strongly urge the Bank to cooperate with countries to assist and support them in a just transition out of fossil fuels.

vi. **Building a stronger pipeline of investments and bankable renewable energy projects, both off-grid and on-grid**. We encourage the Bank to strengthen its internal capacity and increase the availability of financing for renewable energy as credible alternatives to fossil fuel financing. We further encourage the Bank to strengthen its knowledge and advisory services to client countries on carbon pricing.

The GRID approach should guide us in the recovery

7. **The Nordic-Baltic Countries welcome the all-encompassing and holistic GRID approach to support the recovery from the pandemic**. The Bank has a vital role in helping countries recover and build back better and greener. Going forward, direct crisis prevention, preparedness, and response policies must be in tandem with long-term development objectives and the GRID framework. Thorough assessments of lessons learned from this pandemic are essential.

8. **We call on the Bank to address the structural inequalities exacerbated by COVID-19**. The global pandemic has shown again how women and girls and populations in vulnerable situations are disproportionately affected in crises. We would like to highlight five important areas for the Bank's operational work, further reinforced by the COVID-19 pandemic:

i. **The Gender Strategy for 2016-2023 must be fully implemented**. The pandemic has had a disproportionate impact on women and girls. Gender equality must be at the core of the Bank's operations, policies and strategies, including in the Bank's work on future crisis preparedness.

ii. **A renewed emphasis on inclusion, including by applying the World Bank's 10 commitments on disability-inclusive development and the World Bank Disability Inclusion and Accountability Framework** across World Bank instruments and GRID initiatives.

iii. **Full implementation of the Bank's strategy for Fragility, Conflict and Violence (FCV)**, in close cooperation with the UN and other actors in FCV countries. A large majority of the world's poor live in fragile and conflict affected countries and the pandemic is compounding pre-existing risks and fragilities.

iv. **Increased emphasis on growth-enhancing green jobs and economic transformation (JET)**, including through investments in human capital improvements and private sector development.

v. **Supporting the process of the Common Framework and assessing the functioning of debt restructuring mechanisms**, including the role of the World Bank and its interaction with the IMF, the

Paris Club and other stakeholders. Exacerbated debt distress in the wake of the pandemic is a key risk in the most vulnerable countries. This calls for continued support for sound debt management with incentives to move toward sustainable borrowing and investment practices. The Sustainable Development Finance Policy (SDFP) must be pursued full force in IDA20, with more creditor outreach.

9. Resource mobilization needs to accelerate to battle the dual crises of the pandemic and climate change. In this regard, the Nordic-Baltic Countries:

10. Commend the commitment to enhance support for domestic resource mobilization (DRM) and call for operationalization of the DRM strategy as it supports countries to increase tax fairness and progressivity by broadening their tax base and increasing income and wealth redistribution to tackle poverty and inequality, and to achieve better GRID and SDGs outcomes for people. Tax evasion, corruption and illicit financial flows deprive developing countries of critical resources and impedes resilience, recovery and inclusion.

11. Encourage the Bank to strengthen and broaden the dialogue with private investors to align the expectations, capabilities and needs between development actors, the private sector and recipient countries. According to the European climate change think tank, E3G, a shift of only 3.7 percent of institutional investors assets towards sustainable activities in developing countries would be sufficient to fill the \$3.7 trillion gap for reaching the SDGs in the Global South. An implementation plan with concrete steps on how to accelerate the PCM agenda is needed.

12. We call for ambitious and outcome-oriented policy commitments in IDA20 with clear thresholds and targets to track progress. The early replenishment of IDA is a powerful measure and manifestation of solidarity and multilateral cooperation to support the poorest and most vulnerable. IDA20 offers a key opportunity to emphasize climate and green recovery and operationalize the GRID approach. The Nordic-Baltic Countries are and will continue to be firm supporters of IDA, and we stand ready to do our part to ensure a successful replenishment.

13. Finally, the dual crises can only be battled through strong multilateral cooperation, with the 2030 Agenda and the Paris Agreement as our common road map. We call on the World Bank and the IMF to continue to strengthen their cooperation and coordination. We underline the importance of meeting the highest standards on governance and transparency to ensure integrity and to secure the Bank's reputation. We welcome the successful conclusion on the new IDA Voting Rights Framework. Concerning the 2020 Shareholding Review, we find it unfortunate that an agreement on shareholding alignment was not reached. To conclude, we have faith that the GRID approach will guide us in our common struggle to achieve green, resilient and inclusive development.