Statement by

H.E. Liesje Schreinemacher
Minister for Foreign Trade and Development Cooperation

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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This year’s Spring Meetings will rightly focus on Russia’s war against Ukraine and its devastating consequences in the region and around the globe. All countries of our constituency condemn Russia’s unjustified and illegal invasion of Ukraine in the strongest possible terms. This war of aggression against Ukraine is a direct violation of the UN Charter and of international law, and an assault on international agreements on peace, security and justice, and human rights.

Not only is the war causing devastation in Ukraine, it is also a serious blow to worldwide efforts to achieve the SDGs, while the impact of COVID-19 on the SDGs is still being felt. Ukraine, a member of our constituency, needs the Bank’s full support, as do a number of other countries within our constituency. We encourage the Bank to do as much as possible to mitigate the effects of the war on Ukraine and the region, and we welcome the Bank’s intention to deal with the broader fallout from the invasion of Ukraine affecting the world as a whole. This is true to the purpose of the Bretton Woods institutions. At the same time, it is important not to forget the other compounding crises and challenges which the Bank must play a role in addressing. We therefore welcome discussions on debt and digitalisation and development. These are long-term focal points for our constituency too.

Moreover, the worrying reports issued by the Intergovernmental Panel on Climate Change (IPCC) remind us that the climate crisis is becoming ever more acute, another challenge where the Bank has a vital role to play. This year’s IPCC Sixth Assessment Report underlines the urgent need to accelerate climate action and boost the essential role that international cooperation plays in addressing climate change. The IPCC conclusions call for a quicker transition towards net-zero energy systems and, in particular, the frontloading of WBG ambitions on adaptation to climate change. We call on the WBG to scale up adaptation finance faster than currently planned. Investing in resilience is essential in order to minimise damage and human suffering.

[Ukraine]

We welcome the World Bank’s convening of a Ministerial Round Table on Ukraine’s financial needs. We ask the Bank, in collaboration with the Fund, to continue monitoring the economic spillovers of the war, as they affect Ukraine and neighbouring countries and the developing world as a whole, as well as to provide insights into the financing needs to which these spillovers give rise. In that context, we thank the Bank for its quick response and for making resources available to Ukraine, and we welcome the recent endorsement by IDA deputies of the provision of resources to Ukraine and Moldova under IDA19.

We look forward to working with the Bank to further support Ukraine, both financially and with technical assistance, and we will welcome further proposals via IBRD, IFC, IDA and MIGA that maintain the World Bank Group’s financial sustainability and ensure availability of resources for the poorest countries.
Over the past two years, the world has felt the impact of the COVID-19 pandemic and the Bank has provided an effective and sustainable response in order to foster rehabilitation and reconstruction. We ask the Bank to again employ its global reach, its wide and comprehensive range of instruments and its relevant expertise to contribute to solving the new challenges stemming from Russia’s war of aggression against Ukraine. In this light, our constituency thanks the Bank for its proposed roadmap setting out a Response to the Global Impacts of the War in Ukraine. The roadmap presents a significant crisis response for the short and medium term that addresses the immediate consequences of the war for both Ukraine and its neighbouring countries, and for the whole of the developing world. We support the Bank’s holistic approach, which includes direct support to Ukraine and the wider region, as well as a response to the war’s worldwide economic and social spill over effects. A key priority in the Bank’s worldwide response should be mitigating the effects of the steep rises in the prices of energy, food and natural resources that threaten the food security of billions.

We call on the Bank to coordinate its efforts with other multilateral development banks, bilateral donor countries and development partners.

[Making Debt Work for Development and Macroeconomic Stability]

Addressing rising debt levels and unsustainable debt remains a focal point for our constituency. The economic fallout from the invasion of Ukraine will likely increase the urgency of this matter even further. Our overarching aim is to prevent debt distress and increase the efficiency of debt resolution. Addressing debt problems in a structural way will help to ensure room for investments focused on generating long-term growth and meeting development objectives, including climate adaptation and mitigation. It also remains important to expand coordinated debt treatments to highly indebted countries outside the scope of the Common Framework.

We firmly believe that debt transparency remains central to the debt agenda and we see an important role in this regard for the Bank and the Fund. The Bank’s paper on ‘debt transparency in developing economies’ made a number of promising suggestions to enhance debt transparency. We ask the Bank to follow up on these suggestions. In this regard, capacity development regarding debt management and IDA’s debt policy (Sustainable Development Finance Policy) represent important opportunities to increase debt transparency.

We strongly agree with the Bank that there is a need to improve implementation of the Common Framework in terms of efficiency and scope. This should happen as soon as possible given the needs in countries that are currently awaiting debt treatment. We support the proposals presented in the Bank’s Debt Paper, with clear timelines and procedures as a priority. A potential larger wave of requests in 2022 will require a practical process with short timeframes. It is of the utmost importance to expedite the implementation of the Common Framework to ensure a smooth return to sustainable government finances and macroeconomic stability. The current crisis in Ukraine has only heightened this urgency. We believe that increased outreach efforts would improve understanding among debtor countries of the benefits of applying the Common Framework. The Bank, given its country presence and knowledge of specific country challenges, is uniquely positioned to engage in such outreach together with the Fund. As far as efforts by the Bank are concerned, we suggest four concrete actions to advance the debt agenda:

1) Expand local currency financing options, because the risk of currency mismatch is reduced when debt is denominated in local currency.
2) Expand successful policies such as the Public Investment Management (PIM) diagnostic framework, which is critical to help countries reserve limited resources for investments with the highest returns.
3) Help develop growing non-debt finance and non-debt financial markets, within their respective mandates and budgets. This task should be taken up by IFC and MIGA.
4) Further strengthen the Sustainable Development Finance Policy, for instance by stepping up action on debt transparency.
[Digitalisation and Development]

Our constituency welcomes the Bank’s ambitions on digitalisation and development. The challenges we face in ending extreme poverty and promoting shared prosperity also require investments in a free, open, safe and secure, and multi-stakeholder-based internet. Digital technologies are of great use in combating climate change and addressing food security, for instance by reducing water losses, enabling precision agriculture and facilitating the shift to smart grid.

Leaving no one behind means prioritising the digital inclusion of women, vulnerable groups and minorities. In addition, reliable, affordable and secure infrastructure is a precondition for inclusive digitalisation and should therefore receive attention in all Bank efforts on digitalisation. We furthermore underline the importance of investing in people’s ability to critically assess online information and to use the internet safely.

Embedding new and potentially disruptive technologies in Bank operations requires a systematic, sustained and deliberate effort. Our constituency would therefore like to receive more detailed information about how the Bank plans to align its procurement framework and IFC investment mechanisms to mainstream digital technologies at scale. We look forward to the steps and measures the Bank is planning to take with regard to its digitalisation and development agenda, and the corresponding timeline envisaged.