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 SEVENTH MEETING
WASHINGTON, DC – APRIL 12, 2023

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Statement by
H.E. Dan Jørgensen
Minister for Development Cooperation and Global Climate Policy
Denmark
on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, and Sweden
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107th Meeting of the Development Committee

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1. We meet during a time where an unprecedented confluence of global crises including conflict, pandemics and climate change is reversing global progress and development.

2. The Nordic and Baltic countries condemn in the strongest terms possible Russia’s unprovoked and unjustified war of aggression against Ukraine, which grossly violates international law and the principles of the UN Charter. The war has undermined not only European security, but global security, stability, and prosperity and has disrupted global food and energy markets. Russia bears the responsibility for the impact of the war that has hit hardest the most vulnerable countries. Needless to say, the highest price for Russia’s aggression is paid by Ukraine, with tragic human loss, destruction of critical infrastructure and forcing millions to flee their homes. The Nordic and Baltic countries stand firmly by Ukraine and the people of Ukraine.

3. The Nordic and Baltic countries welcome the World Bank Group’s leadership and efforts to find timely and innovative solutions to maximize further support for Ukraine, and Moldova, as well as for IDA countries struggling with multiple and overlapping crises exacerbated by Russia’s war of aggression against Ukraine. While immediate relief remains critical, the World Bank Group must simultaneously prepare for the initial phase of recovery and reconstruction in Ukraine.

4. We are therefore encouraged by the World Bank’s proposal for an IDA Crisis Facility, to allow for efficient leveraging of concessional financing in support of Ukraine and Moldova while also mobilizing additional support for IDA countries. We urge others to join us in our support for the IDA Crisis Facility. Time is of the essence. So is our continued solidarity and urgent support for the people of Ukraine and Moldova, as well as for IDA countries struggling with rising food insecurity and severe economic shocks. Donor contributions to both windows – the Special Program for Ukraine and Moldova Recovery (SPUR) and the Special Program to enhance the Crisis Response Window (CRW+) – are critical.

5. The Nordic and Baltic countries remain strongly committed to supporting the Evolution of the World Bank Group to better respond to global challenges, while maintaining its focus on ending extreme poverty and promoting shared prosperity. We strongly concur with the overarching motivation of the Evolution work, namely that sustained progress on the Twin Goals and SDGs as well as delivery on the Paris Agreement require progress on addressing key global challenges such as climate change, pandemic risk, and fragility, conflict and violence. We fully support a revision of the WBG mission reflecting this need, in line with the mission statement formulation presented to the Development Committee. Further, stressing the clear interlinkages and complementary nature of the development and climate crises, we encourage the Bank to articulate more consistently the need to also deliver on the Paris Agreement when referring to the Twin Goals and the SDGs.
6. We call on the Bank and its members to share our strong sense of urgency in addressing climate change. The window of opportunity to secure a livable and sustainable future for all is closing rapidly as emphasized in the recent IPCC report. The choices and actions implemented in this decade are crucial and will have an impact on current and all future generations. We all need to act and we need to act now to address climate change and its consequences, not least for the poorest and most vulnerable people of the world.

7. Mindful of the collective call from COP27 to reform the MDBs and substantially increase climate finance, the WBG Evolution must reflect climate change as the most critical global challenge of our time. We commend the work done on Paris alignment and strongly encourage the World Bank Group to adopt a strong and ambitious framework in line with the 1.5°C target of the Paris Agreement and the Glasgow Climate Pact.

8. On potential concessionality in IBRD, we support exploring an IDA-like performance-based allocation, keeping in mind that enhanced lending to IBRD countries should not come at the expense of IDA countries, where the need for investments in adaptation and resilience is vast. Concessional resources will always be in short supply in relation to need. Selectivity and strengthened outcome and impact orientation must be front and center. Any consideration of concessionality for IBRD countries should be conditional upon raising the countries’ own ambition for reaching their development goals and responding to global public goods through Domestic Resource Mobilization (DRM) and Private Capital Facilitation (PCF).

9. The Nordic and Baltic countries recognize that delivering on country development and tackling global challenges requires financial capacity and call on the Bank to set ambitious corporate level commitments on DRM, including fair and progressive taxation, and PCF beyond Spring Meetings.

10. To enhance the Bank’s financial capacity, we support measures that allow for a more efficient use of the World Bank’s existing capital and an implementation of measures that mobilize increased financing from the private sector. At the same time, balance sheet optimization measures and financial innovations must be implemented prudently and cannot jeopardize the World Bank’s long-term financial sustainability, triple A-rating, and preferred creditor status. We support the proposed reduction in the equity-to-loan ratio from 20% to 19% as well as removing the statutory lending limit and encourage the Bank to continuously explore options to mobilize further financing while preserving the triple A-rating and preferred creditor status. We look forward to further discussions beyond the Spring Meetings of an optimization of the financial model, which must be fully explored before any discussions on a potential capital increase.