

Remarks by World Bank Group President David Malpass at the Launch of IDA20 in Tokyo, Japan

September 13, 2022

Hello everyone and let me start by expressing my appreciation to you and the Japanese government for hosting us for this launch of the IDA20 replenishment, in which Japan has played such a leadership role. I would like to thank the Finance Minister personally for playing such a crucial part in this process. I would also like to thank and congratulate the colleagues gathered here in Tokyo today, coming from all over the world, for making IDA20 a successful replenishment.

As we meet in Tokyo, we do so in the face of severe crises, which continue to destabilize the global economy. On top of the impacts of the COVID-19 pandemic and inflation, the war in Ukraine is having dire effects on energy supplies. Of particular concern are the natural gas shortages alongside the significant increase in fertilizer and agricultural prices, which are exacerbating food insecurity and extreme poverty.

Global growth is expected to slow sharply from 5.7 percent in 2021 to 2.9 percent in 2022, with further slowing likely as more countries fall into recession. In developing economies, COVID-19 has already had a devastating impact on income growth and poverty reduction. The war in Ukraine is dealing yet another blow to their growth prospects. Developing countries are now expected to grow by a mere 3.4 percent in 2022 - well below the average from 2011 to 2019. Each step in the progression of crises in recent years is leaving poorer countries further behind, adding to inequality. My deep concern is that these trends will persist.

A forceful and comprehensive response is needed by the global community to support stronger development. The World Bank Group is responding rapidly to crises. In April, we launched a global crisis response package to help countries as they navigate multiple and compounding crises, which include food insecurity, climate change and worsening debt sustainability. The framework includes a focus on:

- Responding to food insecurity by supporting food production, facilitating trade, supporting the vulnerable, and investing in sustainable food systems;
- Protecting people and preserving jobs to mitigate the medium- to long-term impact of the crises;
- Building long-term resilience and enhancing crisis preparedness; and
- Strengthening policies, institutions and investments to improve long-term development outcomes.

The World Bank Group is making around \$170 billion in financing available for new and existing projects over the 15 months starting April 2022 to support this crisis response package. This will be complemented by analytical and advisory work to strengthen evidence-based development policies and programs.

In this context, the twentieth replenishment of IDA comes at the right time. The \$93 billion IDA20 replenishment package is the most ambitious ever, and it is backed by a policy package that is fit for purpose. We thank all our partners for the confidence they have in IDA in supporting the world's poorest countries tackle the impacts of the COVID-19 crisis, food insecurity, climate change, rising debt, and other reversals in development.

This record financing envelope was made possible by donor contributions from 52 high- and middle-income countries totaling \$23.5 billion, with additional financing raised in capital markets, through repayments from borrowers, and from the World Bank's own sizeable contributions from net income.

This once again underscores the exceptional value for money that IDA offers to its partners. Every \$1 that donors contribute to IDA achieves almost \$4 of support for the poorest countries, providing a strong non-fragmented platform and increased efficiency for development impact.

IDA20 is designed to help countries respond better to the COVID-19 pandemic and other crises, recoup development reversals, and restore growth. It builds on decades of work and raises ambition in several areas to be fit for today's challenges. Let me give a few examples of these challenges and how IDA is well placed to address them:

- In response to the ongoing food security crisis, IDA20 will invest in stronger, healthier, and more resilient food systems. This includes support to agriculture and social protection sectors, to cushion the effects of higher food prices, as well as support for water and irrigation projects.
- Climate change and natural disasters are another area of focus. IDA20 will provide contingency and crisis response financing as well as support to strengthen crisis preparedness, which will be firmly anchored in analytics. And on climate change, IDA20 is at the forefront of global support for high impact projects in resilience and adaptation.
- IDA will also continue to work with partners to strengthen pandemic preparedness including through support to vaccination efforts. This will be part of IDA's broader efforts to strengthen health systems and pandemic preparedness and bolster local production of vaccines.

Importantly, as we help countries deal with compounding crises, IDA20 will also continue to support their longer-term priorities. IDA20's enhanced focus on human capital includes a firm commitment to supporting the reduction of learning poverty and the acquisition of foundational skills, while continuing to strengthen employability of youth.

IDA's Sustainable Development Finance Policy, or SDFP, encourages debt transparency and sustainability through specific country-level performance and policy actions, or PPAs. We look forward to working with all of you to strengthen this important development pillar in IDA.

We will continue to work closely with countries to achieve long-term development goals in gender equality and job creation, with a continued emphasis on governance and institutions and bridging the digital divide to foster economic transformation and social inclusion. And we will continue to have a special focus on the most vulnerable groups and populations, including those affected by fragility, conflict, and violence.

IDA – together with IFC and MIGA – will continue catalyzing private sector investments and creating jobs in the poorest and the most fragile countries through its Private Sector Window, or PSW. Our track record shows that for every \$1 of PSW resources, over \$5 of additional investment (including from IFC and MIGA) has been mobilized. Through IDA20, the PSW will bring private sector investment to key priorities areas such as food security, healthcare, climate change, and entrepreneurship.

In closing, let me thank the Government of Japan for hosting this event, despite the complications caused by the COVID-19 crisis. I am very pleased that we are able to see and talk to each other in person, as we work to advance the development goals of the world's poorest countries. Thank you.

