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of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

**ONE HUNDRED AND TENTH MEETING
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Statement by
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Federal Minister for Economic Cooperation and Development
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The World Bank Group is an important partner in an increasingly complex fragility landscape. It plays a pivotal role during active conflict, and in countries going through recovery and transition. The World Bank Group is doing valuable and important work with regard to helping Ukraine deal with the impact of Russia's war of aggression. Russia is engaged in an inhuman, entirely unjustified effort to destroy a sovereign state. The negative impact of the war can be felt above all in Ukraine, but also worldwide. I welcome the fact that the World Bank is responding to this criminal war of aggression and that it has made significant contributions to addressing the urgent needs of the Ukrainian people, strengthening the resilience of their economy and state institutions. The Group's joint efforts at the Ukraine Recovery Conference in Berlin earlier this year were outstanding, as is its collaboration with other international financial institutions within the framework of the Ukraine Donor Platform. I commend in particular the Bank's efforts to prepare the Financial Intermediary Fund for Ukraine which will help to address Ukraine's budgetary, recovery and reconstruction needs. In addition, the World Bank Group is helping to cushion the global impact of Russia's war of aggression, for instance with regard to access to food and affordable energy, especially in the coming winter months.

Simultaneously, we are witnessing an ongoing and intensifying escalation of violence in the Middle East since last year following the horrendous Hamas terror attacks of October 7. Israel has the right to defend itself, but international humanitarian law must be respected. Too many innocent civilians have already paid a cruel price for the acts of Hamas. Aid must urgently reach those who have lost everything. We cannot sit back and allow hunger and disease to continue to take their toll. The situation in the West Bank is also deeply concerning. The World Bank is an important partner for reforming and strengthening the Palestinian Authority to enable it to govern a unified West Bank and Gaza and to achieve Palestinian Prime Minister Mustafa's vision for economic and institutional development in the Palestinian territories, and hopefully soon reconstruction in Gaza. I am committed to ensuring that people in the region are given the prospect of a better future. I continue to firmly believe that this will only be feasible as part of a negotiated two-state solution.

Acknowledge progress – keep up momentum

1. 2024 marks the 80th anniversary of the opening of the Bretton Woods Conference, which led to the birth of the World Bank and the International Monetary Fund. I congratulate the World Bank: through the implementation of the bold reforms endorsed at the most recent Annual Meetings, the World Bank has become rejuvenated and is now moving towards becoming a genuine transformation bank. Its vision to end poverty on a livable planet is a fundamental shift, making clear that fighting poverty and preserving our planet need to go hand in hand. Our vision is first and foremost a stirring call for collective action to address common global challenges.

2. The World Bank Group plays a vital role in making this change happen. We cannot rest on our laurels here but must keep momentum and ambition high. The UN Summit of the Future reconfirmed the stark reality of realizing an uncompromising 2030 Agenda, leaving us with the task of accelerating efforts to meet our existing international commitments. Efforts are needed to tackle resources and effectiveness, but also to address trust, representation and partnerships. To remain legitimate, relevant and effective, we

need continued reforms to ensure that the international financial architecture is fit for purpose.

To discuss these reforms, Germany recently hosted the Hamburg Sustainability Conference. Alliances between the private sector, politics, civil society and academia around the world worked on developing tangible solutions and concrete action to bring the SDGs back on track. The HSC has brought hope for international cooperation and multilateralism – it continued where the United Nations’ Summit of the Future in New York left off. The HSC has shown that strong multilateral architecture, including reformed and revamped MDBs that work effectively as a system, is crucial.

One concrete result of the conference is the Hamburg Sustainability Platform (HSP). This platform aims to enhance simplicity, replicability and efficiency in blended finance, thus enabling considerable additional private investment. As founding members, Germany, Canada, the United Kingdom, Denmark, South Africa, France and – from the private sector side – Allianz and the Canadian pension fund CDPQ, with OECD in an advisory role, are joining forces to enhance standardization in blended finance. Standardization acts like a common language, combatting fragmentation and accelerating procedures. The HSP aims to better combine public and private investments through standardized financial products and harmonized public strategies. The HSC thus marked the starting point of a push to join forces and build new alliances to jointly increase investor confidence and promote capital allocation to sustainable projects in emerging markets and developing economies. Visible progress is expected by the next HSC, which is scheduled to take place on June 2-3, 2025 and will be an opportunity to explore further cooperation on the HSP.

Strengthening partnerships – scaling up impact

3. The World Bank Group is a cornerstone of the multilateral system in times of global crisis in a polarized world. In an environment with scarce and fragmented resources, a reformed World Bank can lead the way and is uniquely positioned to support sustainable development, including climate action in partner countries aimed at a socially just and environmentally ambitious transformation worldwide.

4. But the World Bank cannot shoulder this task alone. Close cooperation with the United Nations, the IMF, regional development banks and implementing agencies on the ground, alongside the private sector and civil society organizations, is of the essence. The new AfDB and World Bank “Mission 300” to connect 300 million people in Africa to electricity is a good example in this regard.

5. IDA is a partnership that is characterized by the highest degree of efficiency, effectiveness and solidarity. As the world’s largest source of concessional financing, IDA is essential for the poorest countries. The needs of the poorest and most vulnerable countries are increasing, the risk of debt distress is growing, and the effects of climate change and biodiversity loss are becoming ever more dramatic. A successful replenishment is therefore of the utmost importance. IDA21 will be successful if we manage to secure sufficient financial resources, if we keep IDA21 fit for purpose and for the future, and if we ensure IDA is equipped to meet the challenges facing the poorest in particular. This includes increased efforts to reduce inequalities, protect the climate and biodiversity, and strengthen sustainable development financing as well as enhancing domestic resource mobilization. The promotion of holistic private sector engagement, the strengthening of rights, resources and representation for women and girls, support for crisis prevention, and a stronger anchoring of peacebuilding and fragility-fighting measures are key.

Living up to the ambition of a livable planet

6. The World Bank Group is breaking new ground in spelling out what a livable planet requires by including a new set of goals around biodiversity, nature and climate resilience in its new Scorecard. We fully commend and support these efforts. It is now essential to integrate climate and nature even more systematically across the operations, country diagnostics and strategies of the World Bank Group. The World Bank should actively engage in the upcoming COPs of the three Rio Conventions on climate, biodiversity and land degradation, and use these meetings as an opportunity to demonstrate that it delivers concrete solutions for a livable planet.

7. At the same time, the Bank's new vision and mission need to be reflected in the way we understand and measure sustainable development. Economic growth is only one indicator and needs to be complemented by alternative measurements along all three dimensions of sustainable development. The preservation of biodiversity and the climate and social wellbeing need to be taken into due account as they are requirements of human survival in dignity. We see a crucial role here for the World Bank Group as a knowledge bank to capitalize on its strength as an international thought leader.

Mobilizing and unlocking the potential of the private sector

8. Achieving our shared Sustainable Development Goals, as well as climate and biodiversity goals, requires stronger engagement from the private sector. To this end, we call on the World Bank Group to prioritize developing and implementing measures to accelerate its efforts to mobilize private capital and to develop local private sectors. The recommendations and products that have emerged from the Private Sector Investment Lab now need to be refined, implemented on the ground and scaled up, where feasible. A holistic approach to private sector development that harnesses the potential of cooperation with the private sector and incorporates the knowledge, expertise and resources of companies and business associations is essential. The World Bank Group's work on private sector development must therefore also focus on improving the frameworks for doing business, including fostering enabling environments for the private sector, de-risking to enable private sector investments, developing and stabilizing local financial markets and generating decent jobs. In addition, we also need to critically reflect on our own actions: what can we do in the way we operate to enhance private sector mobilization, e.g. through enhanced transparency, provision of better data or stronger cooperation? When talking about mobilizing private investment, we should also not forget that this is a means to an end. Development impact should be at the core of discussions on private sector mobilization.

Addressing inequality

9. The reduction of inequalities within and among countries and societies is key to achieving the 2030 Agenda. Despite the recent slight decrease in the number of countries with extremely high inequalities, the absolute number of people affected by high inequalities remains at a very high and stagnating level globally, and especially in Sub-Saharan Africa and Latin America. This hinders any sustainable progress in the reduction of extreme poverty. I therefore congratulate the World Bank for having introduced inequality into its new Scorecard. However, to ultimately combat inequality, it is important not only to assess trends and developments, but also to undertake concrete action. We therefore look forward to the World Bank taking the work which has started promisingly with the vision indicator on inequality and focusing it on ambitious and differentiated outcomes.

10. Huge income inequalities are undermining social cohesion and aggravating social vulnerabilities. Progressive tax systems are one of the most effective tools for combating inequality. All taxpayers, including ultra-high-net-worth individuals, must contribute their fair share of taxes to financing public expenditures. We will continue to drive forward the G20 discussion on strengthening international cooperation on taxation.

11. We expect the World Bank to include considerations on how to make tax systems more progressive and effective in its efforts to increase domestic resource mobilization.

12. Germany welcomes the World Bank's alignment with Brazil's G20 initiative to fight hunger, poverty and inequality by doubling the Bank's level of ambition regarding access to social security to 500 million people. We will continue to support this and are very pleased that social protection is now highly visible in the discussion on achieving the SDGs.

Gender – putting the strategy into action

13. We congratulate the WBG on its distinguished “World Bank Group Gender Strategy 2024-2030” with its focus on ambitious outcomes, enhanced accountability and harmonization within the World Bank Group and among its partners. We welcome the transformative and intersectional approach, as well as the fact that the impact of World Bank operations on structural barriers is featured in the Scorecard Results Narratives. Germany looks forward to continuing the dialogue on gender equality and drivers of change, such as digital tools, disaggregated data, and social analysis of attitudes and norms.

Ensuring accountability – strengthening development effectiveness

14. Ensuring full and continuous compliance with the Board-approved environmental, social and governance standards, a strong focus on results and impact, and adequately resourced compliance and monitoring functions are crucial to the institution’s credibility and contribute to strengthening development effectiveness. We expect the World Bank to systematically strengthen its independent and trusted oversight and accountability functions. In this context, the World Bank’s continued focus on strengthening governance in client countries will be key to successfully implementing its enhanced mandate.

Closing

I want to thank the Bank’s management under President Ajay Banga and its staff for their outstanding work. It is impressive to see how broad and deep the reform efforts undertaken to date have been. They will shape the Bank’s work over the coming years. We are proud that we were able to sign two agreements in the margins of the Hamburg Sustainability Conference – the hybrid capital loan agreements and a co-financing agreement between the World Bank Group and KfW Development Bank. Through this we are further strengthening our support for the reform of the World Bank Group. The World Bank is on the move and will be better equipped than ever to provide worldwide support for a socially just, environmentally sustainable and ambitious transformation.