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Address by **DAVID MALPASS,**
President of the World Bank Group,
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Good morning and welcome everyone,

Thank you, Chairman Abdalla. And thank you to my dear friend and colleague, Kristalina, for your remarks. I'm very pleased to be back in person after two years of virtual and hybrid Annual Meetings. This week's meetings and activities have been going remarkably well, with an amazing amount of energy and an abundance of good ideas. The intensity of the dedication to development and global progress is inspiring to us all. I'm especially happy to see all of you here and throughout the course of this week's meetings.

I only wish we were meeting under better circumstances. The crisis facing development is intensifying.

Looking ahead, the Bretton Woods Institutions will need to consider their roles, governance, and capital structure, and evolve to address climate change and global public goods. Grants are critical for development and an even larger IDA in the future will be important as a leveraged source of grants and deeply concessional financing for the poorest countries. Bigger upwardly scaled commitments and projects including for global public goods, are necessary as part of the World Bank Group's evolution. I will be very interested in your thoughts at the Development Committee Plenary and in the weeks ahead.

It's been two years since we held this Annual Meetings Plenary, so I wanted to provide a thorough update on the Bank Group's financial results and a few of the immense challenges.

People in developing countries are facing severe reversals in development from the COVID-19 pandemic, including in health and education. The human consequence is catastrophic. The COVID-19 pandemic – which alone led to over six million deaths – geopolitical conflicts, and extreme weather events have hurt countries and people worldwide, with the poor bearing the brunt, especially women and girls.

The COVID-19 pandemic pushed about 70 million people into extreme poverty in 2020 – the largest since our monitoring began. And the global median income declined by 4 percent in 2020 – the first decline since our measurements of median income began.

Tightening of financial conditions globally, slow growth, and currency depreciations are undermining fiscal space available to support education, health, climate action, and infrastructure. Over 60% of low-income countries are in debt distress or high risk of it. Many middle-income countries are facing increased liquidity pressures. Debt service payments are rising. In 2022 alone, IDA countries will pay over $44 billion to their bilateral and private sector creditors. This overwhelms the Bank and Fund's support to them this calendar year. Improving international mechanisms to resolve unsustainable debt is an imperative.

One of the most prominent reversals is in education caused by prolonged school closures during the pandemic. Our data shows that 70% of children in low- and middle-income countries are in learning poverty – which is the share of children who are unable to read or understand a basic text by age 10. COVID-19 worsened the global learning crisis and resulted in the worst shock to education and learning in recorded history. Working with UNICEF, UNESCO, and many partners, we have called for countries to keep schools open, match instruction to a student's level of learning, focus on foundational learning, and increase funding.

The Bank Group has provided consecutive surges of operational support with speed, scale, and impact – first in response to the COVID-19 pandemic, and now in response to high inflation, the risk in food insecurity, and the Russian war on Ukraine and its spillover effects.

I remain horrified by Russia's actions and call for Russian forces to leave Ukraine. Since the war began, the Bank Group has mobilized $13 billion in emergency financing for Ukraine, including grants, guarantees, and linked parallel financing from the U.S., the UK, European countries, and Japan. Around $11 billion has already been disbursed. To mobilize additional support, the Bank has also established a multi-donor fund to help the government sustain its capacity to deliver services, conduct relief efforts, and plan and implement the country's recovery and reconstruction.

I would like to take a moment to thank our dedicated staff in over 130 locations around the world for their passion and perseverance to deliver on our mission.

Let me also take this opportunity to thank our shareholders for your support, and particularly those that have already subscribed to capital under the 2018 Capital Increases of IBRD and IFC. Timely payments are imperative as we look toward effectively leveraging our financing to respond to the overlapping challenges facing our clients.

As of the end of September, IBRD had received $4.4 billion out of the $7.5 billion allocated. IFC had received $2.3 billion out of the $5.5 billion allocated.

I would also like to thank Governors for your generous pledges to IDA20. The IDA20 replenishment of $93 billion was the most ambitious in IDA history and is backed by a policy package that is fit for purpose. 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 contributions. This 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.

In FY22, Bank Group commitments rose to a record $115 billion. Commitments during FY22 were informed by our knowledge work and helped countries address rising food prices, manage refugee flows, bolster health preparedness, maintain private sector trade, and support efforts to mitigate and adapt to climate change, among others, benefitting especially the poor and most vulnerable. Given higher loan demand due to rising global interest rates, there is a heightened importance for scalable, impactful country programs and funding for global public goods.

IBRD's net income was $4 billion in FY22, compared to $2 billion in FY21, primarily due to the unrealized mark-to-market gains on IBRD's non-trading portfolios. Allocable income, the measure that IBRD uses for net income allocation decisions, was $0.8 billion, down from $1.2 billion in FY21. This was primarily due to the increase in the provision for loan losses and other exposures driven mostly by the increase in the implied forward interest rates. Fiscal discipline throughout the year helped increase allocable income and fully fund Bank activities to expand commitments The allocable income was used to augment equity and support development activities, including a transfer from IBRD to IDA of $117 million.

The crisis buffer of $5 billion approved by our Board for FY23 will allow us to continue to be responsive to the high demand from our client countries with a lending limit of $36.4 billion in FY23 and an adjusted Sustainable Annual Lending Level, or SALL, of $27 billion. In addition to compliance with the policy minimum E/L ratio, SALL estimates are also consistent with IBRD's Statutory Lending Limit per IBRD's Articles of Agreement.

Our crisis response capacity beyond FY23 can be further strengthened with increased bilateral guarantees from highly-rated donors, more funding through grants from the international community, and timely subscriptions to the 2018 capital increase, further strengthening IBRD's ability to increase commitments consistent with financial sustainability.

Turning to IDA, IDA's gross disbursements of $21.2 billion in FY22 were higher than the average of the past five years and pre-COVID levels. IDA's net income was $12 million compared to a net loss of $433 million in FY21. The increase in net income was primarily driven by currency translation adjustment gains due to the strengthening of the U.S. dollar. Adjusted net income, the measure that IDA uses to monitor the economic results of its operations, was $0.3 billion, $0.1 billion lower than the prior year. This lower outturn for FY22 is in the context of a significant one-time increase in interest revenue in FY21 when Sudan was able to clear its arrears. Importantly, in FY21 we implemented the Sustainable Development Finance Policy under IDA to promote debt transparency and sustainability.

IFC had a net loss of $464 million for FY22, primarily driven by lower treasury income as a result of sharply rising yields for U.S. Treasuries. It’s worth noting that IFC's net income of $4.2 billion in the prior year benefited from $3.3 billion in unrealized gains on investments, when the markets rebounded post the immediate effect of COVID-19.

Lastly, MIGA had net income of $28 million in FY22 compared to $82 million in FY21. The decrease reflects the combined effect of higher reserves for claims, an investment loss versus investment income in FY21, and lower operating income with budgeted increase in staff costs and decrease in net premium income.

The Bank Group also channeled additional funding to development through its borrowing program, with continued backing from the capital markets. IBRD, IDA, and IFC raised medium- and long- term debt of $40.8 billion, $9.8 billion and $9.1 billion, respectively, during FY22. IDA continued to extend its benchmark curve and issued a 20-year EUR 2 billion bond with a 70-bps coupon in January 2022. IDA also recently priced a 15-year EUR 2 billion bond with a 250-bps coupon in August 2022, continuing to channel private capital to IDA.

Since the start of the pandemic, these large and successful borrowings enabled the Bank Group to commit $270 billion, an unprecedented level of financial support, to public and private sector clients to fight the impacts of the pandemic. The financing helped address the health emergency, strengthened health systems, expanded support for social safety nets, supported businesses, created jobs, and financed the purchase and distribution of COVID-19 vaccines.

To increase preparedness, the Bank has established a new Financial Intermediary Fund (FIF) for Pandemic Prevention, Preparedness, and Response (PPR). The fund will provide a dedicated stream of additional, long-term financing to strengthen PPR capabilities in low- and middle-income countries and address critical gaps through investments and technical support at the national, regional, and global levels.

In response to the current set of crises, we are planning to provide $170 billion in commitments over the 15-month period from April 2022 to June 2023. Of this, $30 billion is aimed at the food crisis to address food insecurity, encourage food and fertilizer production, enhance food systems, facilitate greater trade, and support vulnerable households and producers. The IFC has launched a separate $6 billion facility to strengthen the private sector's ability to respond to the crisis and support food production.

At the outset of the food crisis, together with the IMF, WTO, WFP, and FAO, we called for urgent and coordinated action to increase global production and help vulnerable countries on food security. Since then, there has been considerable progress in four key areas: first, providing immediate support to the vulnerable; second, facilitating trade and the international supply of food; third, boosting production; and fourth, investing in climate-resilient agriculture. We still call on the need for increasing production further, reducing excess storage, avoiding export and import barriers, and investing in food systems transformation. The $639 billion of distortive agricultural subsidies globally should be repurposed to transform food systems and improve food security and nutrition.

We are also working through the **Global Alliance for Food Security** with the German G7 Presidency to identify gaps, map them through a dashboard, and provide timely and quality information on food, nutrition, and funding variables.

In response to the impacts of the war in Ukraine, countries are shifting their energy policy priorities in ways that may slow down the energy transition and affect the achievement of energy access and global climate goals. Higher energy prices for consumers and industry are reducing economic growth and have caused a retreat to higher-emissions energy sources. The global food, energy, and fertilizer crisis is taking a toll on developing countries. These sectors are closely interlinked. Natural gas is used both as a feedstock and energy source in the production of ammonia, accounting for 70-

80% of ammonia production costs. The rapid increase in natural gas prices has turned into an increase in fertilizer prices, with fertilizer prices tripling over the past two years. Tight natural gas supplies and high prices have caused many producers of urea and ammonia to stop operations, which may reduce fertilizer application rates for the next crop season, prolonging and deepening the severity of the food crisis.

At the same time, the climate crisis continues to be relentless, impacting agricultural productivity, migration, and livelihoods. Over my three-and-a-half years as President, the Bank Group's commitments with climate co-benefits have steadily increased, reaching a record $31.7 billion in FY22. The Bank Group remains the biggest multilateral funder of climate investments in developing countries. We are going much further by providing solutions to pool funding from the global community for impactful and scalable projects that reduce greenhouse gas emissions, improve resilience, and enable the private sector. In this context, we are proposing SCALE, a new umbrella trust fund for the Bank's results-based climate activities. SCALE will provide grants for verifiable emissions reductions and aim to expand the funding sources for these activities, including from the private sector and philanthropic sources. This initiative is an important, non-debt source of funding to incentivize climate action and support increased ambition in countries' nationally determined contributions (NDCs).

As part of our Climate Change Action Plan, which focuses on integrating climate and development, we have begun publishing our **Country Climate and Development Reports, or CCDRs**. These new core diagnostic reports help countries prioritize the most impactful actions that can reduce greenhouse gas emissions and boost adaptation. Reports on Türkiye, Vietnam, G5 Sahel, Nepal, Rwanda, and China have already been published, with close to 20 nearing completion and expected to be published in coming months.

We are also leading the effort on methane emission reductions with impactful projects and initiatives. Given the short-term potency of methane, cost-effective interventions are a priority. We have a long record of engagement in this area and are deepening our engagement for a fast mitigation sprint. We will engage with clients more systematically on this front, including with CCDRs; provide more analytical and financial support; and lead engagements with partners, including with other development finance institutions and the private sector.

Addressing increasingly complex development challenges requires the Bank Group to maintain core values and foster a strong workplace culture. Reversals in development will require an even greater focus on deploying capital efficiently and operating robust institutions.

Internally, the Bank completed a realignment that brings management accountability and staff closer to clients and country programs, with the goal of applying global knowledge for our client countries and achieving good development outcomes that will be scalable, particularly in fragile and conflict-affected situations. We have implemented recommendations to address sexual harassment, racial discrimination, and retaliation. I am personally committed to make the Bank Group more accountable and inclusive.

I am optimistic that sustainable solutions will emerge for the world helped by our hard work, in part by embracing constructive change through innovation, new uses for existing assets, workers using their skills in new ways, and a reset on excessive debt burdens. We will continue to work toward broad-based growth that reduces poverty and lifts all countries and all people.

Thank you.