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Statement by the Hon. **JANIS REIRS**,
Governor of the Bank for **THE REPUBLIC OF LATVIA**,
on Behalf of the Nordic-Baltic Countries of the World Bank Group

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Ever since the inception of the World Bank in 1944 at Bretton Woods, a joint effort by economically advanced nations committed to multilateralism, the key purpose of the institution has been to support developing countries in their endeavors to enhance economic growth and development. During these last 75 years, the Bank has been a leading global actor, having steadily grown to become a block of 189 sovereign countries committed to helping the world's poorest. More than ever, the Bank is a cornerstone of committed multilateralism, well equipped to deliver on its mission statement.

Today, the main objectives of the World Bank, to end extreme-poverty and promote shared prosperity, remain crucial to its further activities. While the global extreme-poverty rate has decreased from 36% in 1990 to 8.6% in 2018, we see an increasing risk of regions and countries falling behind. The world's poor are increasingly concentrated in low-income countries (LICs); conflict affected regions are many times the result of brittle political-social frameworks. Declining global growth – an estimated 2.4% in 2019, down significantly from 3.5% in 2017 – makes the economic outlook for many of these countries bleak. In order to support developing countries in addressing the constraints to reduce extreme-poverty and to increase prosperity, it is important for the Bank to continue close cooperation with the international development community, including the multilateral development banks, United Nations, IMF, OECD and other partners.

Multilateralism has been a fruitful form of cooperation of sovereign countries throughout the post-war era, addressing global challenges. According to its Articles of Agreement, the World Bank has been vested with extensive powers to act in the common interest of its shareholders. Shareholders have also expressed a common interest in other international forums, which has resulted in commitments such as the “Sustainable Development Goals” (SDGs) and the “Paris Agreement”. The World Bank should recognise these commitments, and support all countries in meeting them, demonstrating effective multilateralism.

Climate change is one of the pivotal developmental challenges today, especially in fragile situations with many countries becoming increasingly more vulnerable to shocks and struggle in adapting to a changing environment. We strongly support the World Bank's active global leadership in addressing the impacts of climate change; we furthermore encourage the Bank to take speedy action helping client countries to adapt to and mitigate climate risks and deliver on the goals of the “Paris Agreement”. We cannot allow climate change to become a hinder to development: as of now, it has every prospect of becoming a detriment to ambitious action.

The increased focus of the World Bank on human capital development and SDGs, as well as growing debt distress, has resulted in a strengthened focus on increasing domestic resource mobilization. The Bank should play a more active role in supporting international tax coordination through the “Platform for Collaboration on Tax” in order to represent the voice of developing countries, addressing more actively corporate tax avoidance and evasion, as well as tax challenges associated with the digital economy.

The Nordic-Baltic constituency also calls for answers by the World Bank with regard to illicit financial flows, a greater focus on corruption and the rule of law, as well as strengthened approach regarding offshore financial centres. Massive flight of capital from countries in dire need of investments need to be addressed multilaterally.

With increasing global debt distress, the World Bank should step up its efforts in implementing the “Multi-Pronged Approach” in close collaboration with the IMF, in order to ensure sustainable lending and borrowing practices, and enhance broader debt transparency and effective debt restructuring. We expect all creditors, including non-Paris Club countries, as well as private investors, to participate in this process.

We appreciate the progress that has been made in implementing the World Bank’s “Gender Strategy”. Gender equality is not only smart economics, it is fundamental in achieving sustainable and inclusive economic growth. Results so far should encourage even stronger efforts in this direction across all operations of the Bank, involving both men and women in closing gender gaps.

The priorities outlined above are especially relevant in the IDA countries that are home to around 500 million extremely poor people. Therefore, we look forward to continuing the negotiations on IDA19 resource replenishment that builds on the implementation of IDA18; we expect more ambitious outcomes for IDA19, based on bolder policy commitments.

As Franklin D. Roosevelt, President of the United States at the time of establishment of the World Bank, said, *“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little”*. Capital increase of IBRD is en route to be successfully implemented. We look forward to finalizing the approval of IFC’s Resolutions. The historically sizable increase is a timely manifestation of the strong commitment by shareholders to strengthen the World Bank’s ability to act for the benefit of all involved, especially for those who have too little.