



# 2023 Annual Report

Nordic-Baltic Office World Bank Group

Highlights from Financial Year 2023

July 1, 2022 - June 30, 2023

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## Foreword

It is with great pleasure that I share the World Bank Group (WBG) Nordic-Baltic Office Annual Report 2023, covering highlights of our activities in Fiscal Year 2023 (FY23), from July 1, 2022, through June 30, 2023. This year will be remembered as the start of a new era in the Bank's history. It marked the beginning of an extensive transformation that was initiated by last year's Annual Meeting Development Committee. Shareholders called for a bigger and better bank with stronger emphasis on addressing cross boarder global challenges, particularly climate, pandemics and fragility. Eventually it was named WBG Evolution, encompassing three pillars: mission and vision, operational model, and financial model. This undertaking made the year anything but traditional, as it required a significant amount of unforeseen work.

In FY23, the World Bank Evolution reform agenda presented a unique opportunity to sharpen the Bank's business model further. NBO worked tirelessly to ensure attention and progress in line with our strategic priorities. NBO has notably been instrumental in ensuring an ambitious take on the Bank's role in supporting Domestic Resource Mobilization (DRM) in a way that are fair progressive efficient and sustainable and in moving the Bank along the path of greater focus on development outcomes, both in individual operations, country strategies and at an overarching strategic level. The development of a new Corporate Scorecard, underway as we write this, has the potential to play an important leveraging role here.

Throughout the year, the NBO was the most vocal advocate of the Bank's efforts in supporting Ukraine, and consistently condemned Russia's invasion, contributing to broader efforts that an internationally agreed terminology on the invasion is streamlined across the WBG documents, where applicable. NBO prioritized climate action with a strong emphasis on adaptation in all interactions with Management and at the Board, actively pushing Paris Alignment, as well as consistently highlighting the importance of CSOs' involvement. We advocated for stricter limits on investments in fossil fuels and strongly supported investments in renewable energy to enhance energy access. In terms of Food Security and Nutrition, NBO strongly supported the Bank's efforts to address food security in response to the crisis and encouraged the Bank to increase its focus on sustainable food systems transformation.

A major milestone this year was the conclusion of the Gender Strategy FY16-23, and the preparations for the updated Strategy 2024-2030 with formal consultations, among them with our constituency facilitated by NBO, emphasizing key Nordic-Baltic gender priorities, including sexual and reproductive health and rights, gender-based violence and consideration to human rights. The WBG Strategy on Fragility Conflict and Violence was subject to a midterm review, involving extensive consultations with stakeholders, among them NBO facilitated consultation with Nordic Baltic capitals, calling for attention to prevention, drivers of fragility, gender equality and effective implementation. NBO also successfully led and managed the coordination of EU positions at the World Bank during the Swedish EU presidency during 2023.

Finally, I would like to take this opportunity to express my sincere gratitude to everyone at NBO for contributing to the writing of this report and their hard work in effectively communicating and advocating for the priorities of the constituency in the WB Board.

Jón Erlingur Jónasson  
Alternate Executive Director  
Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden

## Abbreviations

Acronym	Definition
CCAP	Climate Change Action Plan
CCDRs	Country Climate Development Reports
CF	G20 Common Framework for Debt Treatments
CPF	Country Partnership Frameworks
DRM	Domestic Resource Mobilization
DPL	Development Policy Loan
ESMAP	Energy Sector Management Assistance Program
FCV	Fragility, Conflict and Violence
FAO	Food and Agriculture Organization
FY	Fiscal Year
GSDR	Global Sovereign Debt Roundtable
IBRD	International Bank for Reconstruction and Development
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
LICs	Low Income Countries
MDB	Multilateral Development Bank
MfD	Maximizing Finance for Development
MICs	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
NBC	Nordic-Baltic Constituency
NBO	Nordic-Baltic Office
PCM	Private Capital Mobilization
SDGs	Sustainable Development Goals
SRHR	Sexual and Reproductive Health and Rights
WB	World Bank (IBRD/IDA)
WBG	World Bank Group (IBRD/IDA, IFC, MIGA, ICSID)
WFP	World Food Programme

## World Bank Group Evolution

An ambitious World Bank Group-wide reform process, subsequently dubbed “WBG Evolution”, was initiated through the 2022 Annual Meeting Development Committee, and has been a major focus area during the rest of FY 2023. While the initial request centered on how the WBG could better support clients facing cross-border “global challenges”, notably climate change, the reform process has come to encompass most aspects of WBG activities. Work has broadly happened under three pillars: i) mission and vision, ii) operational pillar, and iii) financial pillar.

NBO has continually stressed that an increased focus on Global Public Goods (GPGs), including in middle income countries (MICs), must not come at the expense of concessional lending for low-income countries (LICs) or divert attention from the WBG Twin Goals. On the mission statement, this has translated into firmly stressing the need to retain the current Twin Goals of eradicating extreme poverty and boosting shared prosperity, while being open on the exact formulations as well as the best manner to include the furthering of GPGs in the mandate. A set of revised mission and vision statements are expected to be approved during the 2023 Annual Meetings, alongside an indicative updated corporate scorecard. On the latter, NBO has pressed for methodologically sound outcomes-based indicators with clear links to the Sustainable Development Goal (SDGs), and for indicators for shared prosperity that ensure inequality is well covered.

Initial work under the operational pillar has covered support mechanisms for better addressing global challenges but has also branched out to a multitude of areas, informally being discussed as efforts to create a “better Bank”. This includes operational efficiency, knowledge and core analytical products, inter-institutional cooperation as a “One World Bank Group”, more effective Private Capital Mobilization (PCM) and better DRM, enhancing crisis preparedness and response tools to boost resilience, more effective partnerships and more. NBO has been guided by and has promoted The Nordic Baltic Constituency (NBC) key strategic priorities, including playing a leading and coordinating role at the Board in ensuring that the DRM workstream is ambitious and forward-looking. More concrete progress under this pillar is expected under FY24, both up to and after the 2023 Annual Meetings in Marrakech.

The WBG has been pragmatic and realistic in its follow up to the Independent Review of Multilateral Development Banks’ (MDBs) Capital Adequacy Frameworks (CAF) performed by a G20-mandated expert group, released in August 2022. This work has subsequently been subsumed as part of the financial pillar of the Evolution process. Already ahead of the 2023 Spring Meetings, the World Bank announced changes and reforms allowing for an increased lending volume of about US\$50 billion over 10 years, notably through a downward revision of the minimum Equity-to-Loans ratio and pilot for Hybrid Capital issuance in Capital Markets. A process to remove the Statutory Lending Limit from the Bank Articles of Agreement was also started at that time. As part of the Evolution work since, early proposals on sources and principles of concessionality, Shareholder Hybrid Capital, a Portfolio Guarantee Platform have been discussed. The discussion will continue on MIGA’s guarantee instrument to alleviate headroom constrains at MDBs, allocation framework of concessionality for IBRD and Enhanced Callable Capital. NBO has been supportive of an ambitious yet balanced approach to developing various ways to sustainably strengthen World Bank lending capacity, while stressing the importance of maintaining its Triple A credit rating, Preferred Creditor Treatment, and long-term financial sustainability. NBO has also advocated for high ambitions with support to the IDA Crisis Facility, including Crisis Response Window (CRW+), to ensure a high level of support to the poorest countries can be maintained under the full IDA20 period.

## Nordic-Baltic Strategic Priorities

### WBG's support for relief, recovery, and reconstruction of Ukraine

Since the start of Russia's invasion, the Bank has played a key role in supporting Ukraine, mobilizing over \$37 bn (of which \$23 bn have been disbursed) through a variety of financing instruments including IBRD and IDA loans, IBRD loans guaranteed by partners, donor grants, short and long-term IFC financing, and MIGA guarantees. The Bank's efforts have focused on supporting continuity of essential services such as pensions, healthcare, education, and social protection through the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) Project, which aims to help the government meet urgent budget needs and continue to function. While immediate relief needs remain, the Bank, in partnership with others, has started to support recovery operations through scalable Framework projects to carry-out emergency repair of critical infrastructure damaged or destroyed during the war. Framework projects in the areas of health, transport and energy were approved in FY23 and are under implementation whereas three additional operations for the agriculture, housing and social protection sectors are under preparation. Framework operations provide advantages to development partners in terms of helping to consolidate needs in priority areas and to pool their resources with those of the Bank and other partners, and to ensure high project standards, including in design and with safeguards against fraud/corruption and environmental and social risks. NBO has continuously emphasized the importance of proper oversight and transparency in terms of fiduciary, anti-fraud and anti-corruption measures given the wartime risks and large size of these operations. NBO has also called for country staff's presence in Ukraine to ensure effective project implementation support, monitoring and risk management. The Bank has officially reopened its country office in Kyiv at the end of FY23.

The WBG has outlined its approach and strategy in Ukraine in the form of a Country Program Update Note which provides information on planned engagement in FY24. It is closely aligned with the country's relief needs outlined in the updated Rapid Damage and Needs Assessment report (RDNA) which identified implementation priorities for 2023 to better operationalize the report by taking a phased approach to recovery and reconstruction. Priorities for 2024 are expected to be identified in the third update of the RDNA report to be released in February 2024. The Development Policy Loan (DPL) approved in June 2023 and framework projects include measures for capacity building and institutional strengthening of government agencies. These measures aim to enhance the financial, implementation and absorptive capacities of the agencies to carry out large-scale recovery and reconstruction operations which also meet NBO requests to address identified capacity needs. NBO has also been supportive to the dual objective of the DPL to provide immediate relief and support reforms to prepare the country for the postwar recovery and address broader economic development.

### Climate Change

Nordic-Baltic Office (NBO) has during the last year, together with an alliance of likeminded Chairs, continued its good strategic dialogue with the WBG's climate team, including the IFC climate team. Climate change is a central backdrop for the WBG Evolution discussion, and NBO has called for improvements in the WBG's reporting indicators both in the Evolution process, in the updates on the Climate Change Action Plan (CCAP), and in dialogue throughout the year. NBO has urged Management to secure wide dissemination of the new diagnostic tool, the Country Climate and Development Reports (CCDRs), the first batch of which were published last year. NBO has also urged the WBG to focus on

implementation of the CCDRs through Country Partnership Frameworks (CPF) and encouraged the Bank to finish CCDRs before producing Country Partnership Frameworks (CPF).

NBO has called on the WBG to speed up development of clear methodologies to determine Paris alignment (PA) of the WBG's operations and lending, including support via financial intermediaries, and to secure rapid implementation before the July first, 2023 deadline for 100% PA in new projects. The WBG has developed joint methodologies with other multilateral development banks (MDBs), and although there have been some hiccups during the first month, implementation is well on the way. NBO has also followed up with the WBG on reports from NGOs on deficiencies in the WBG Paris Alignment methodologies and climate co-benefit calculations and urged the WBG to improve the dialogue with the CSO community. NBO has engaged with IFC to encourage a strict interpretation of PA and climate co-benefits both in strategic discussions and on project level. NBO has used every opportunity to urge the WBG to apply a climate lens to all sectors, including to education, health, and social protection, which are not traditionally associated with climate action. NBO is generally pleased with this integrated approach and the overall implementation of CCAP, although NBO sees capacity constraints both at headquarters and in country offices. More climate training and expertise are needed at all levels in the WBG to effectively implement the CCAP.

NBO, together with like-minded countries, has engaged in a productive dialogue with the IFC climate team and urged them to improve the climate profile of their investments. There is a strong push within IFC to support renewable energy and climate friendly technologies, which NBO has strongly supported, however we continue to see some projects that do not live up to this. NBO has taken the lead in abstaining from supporting some coal reliant industry projects to urge the IFC to move away from such investments.

NBO has engaged with the Energy Global Practice and IFC on Carbon capture and Storage (CCS) and encouraged the WBG to look at recent industry experience and consider the potential of the technology particularly in the hard to abate sector.

## Energy

NBO has continued to push for more clean energy investments by the WBG and is pleased to see the entire Bank demonstrating commitment to working upstream to build a pipeline of bankable clean energy projects, including solar, wind and hydropower projects, as well as exploring new technologies like green hydrogen. NBC approach paper to energy investments in the WBG continues to be extensively used by NBO when considering projects, as well as in outreach and dialogue with other member countries, WBG staff, and Management to build strong alliances in pursuit of ambitious climate and energy objectives. Other member countries have similar policy papers, which helped to form a strong coalition of likeminded Chairs in support of clean energy. NBO has engaged in dialogue with staff regarding increased access to Renewable Energy in Africa and organized a successful seminar for the constituency on the Bank's efforts in Sub-Saharan Africa.

NBO continues to actively engage in Board discussions on gas projects, which have become even more contentious with the ongoing global energy crises. In most cases, NBO's position to advocate for clean energy solutions and to only accept gas projects in exceptional cases and IDA-only countries aligns well with the views of other European Chairs, although NBCs positions are somewhat more rigid than others.

Client countries, on the other hand, have argued that the green agenda must not overshadow the development mandate of the Bank and have called for a strengthened focus on universal access to energy, rather than on renewables only. This development has been evident in the WBG Evolution

discussion, and the President seems to adopt this to some extent. NBO continues to push the WBG to scale up support for energy transitions in client countries, with a specific focus on the largest emitters and the transition towards zero-carbon and climate resilient societies. This includes a shift away from coal and mobilization of large-scale resources to support these efforts. Over the past year, we have witnessed several highly positive developments in projects that hold potential for replicability. These include a major renewable project in Egypt and an innovative DPL for India focused on green hydrogen and renewable energy.

NBO has furthermore pressed for investments in “just transitions” that goes hand in hand with prosperity for all, gender-sensitive inclusive growth, job creation and poverty reduction. The Bank's participation in the South Africa JETP is an example of this. Management confirms that all these factors are part of the Bank's transition program. NBO continues to be a strong donor and partner of the Energy Sector Management Assistance Program (ESMAP), which is an effective knowledge program to achieve universal energy access and advancing decarbonization.

## Domestic Resource Mobilization (DRM)

The big push for more and better DRM has been coming through the World Bank Evolution process. The NBO Strategic Paper on DRM continues to be extensively used. NBO, with the support of likeminded Chairs, has consistently worked to place DRM among the WBG top corporate priorities. This has been partly accommodated through adding ‘fiscal management’ into the proposed mission statement, which indicates the institution's top priorities. Out of the \$3 trillion incremental investment needed annually for climate and SDGs, \$2 trillion is expected to come from DRM, according to a recent G20 document, underlining the importance of pushing for this strategic priority. Based on the NBO request, with likeminded Chairs support, the World Bank presented A Renewed Approach to Revenue Mobilization by expanding focus on tax policy in addition to tax capacity and introducing the Public Expenditure Review diagnostic tool to become a Public Finance Review covering both the income and expenditure sides of government budgets. Based on the NBO, with the support of likeminded Chairs, the Bank has expanded more focus on the quality of DRM - increasing support to countries to improve their DRM systems in ways that are fair, progressive, efficient, and sustainable (the Development Committee paper in Spring). NBO has continually stressed the need to set a concrete corporate commitment and measurement indicators for DRM inspired by the IDA20. This message has been underpinned by the Independent Evaluation Group (IEG's) recent evaluation of WBG support for DRM, which also highlighted the need for results indicators to measure the impact of DRM support and to promote an outcome orientation in the WB support to client countries' DRM efforts. Nevertheless, discussions have not concluded on commitments and indicators.

In FY22, based on NBO requests supported by likeminded Chairs, the Bank has started to monitor DRM interventions (tax capacity vs. tax policy) within the quarterly operations update. This provides an overview of how the Bank has succeeded in ensuring a balanced approach by stepping up support not only in tax collection but also in tax system support. Another important response to the NBO request is by the internal auditor (GIA), which has placed DRM among their top risk drivers, which require senior management commitment as well as strong project management. Furthermore, the Global Economic Prospects, has also expanded its report with an additional section dedicated to DRM, emphasizing raising taxes on higher-income brackets that would help achieve redistribution goals. NBO, supported by likeminded Chairs, continues to contribute to the design of the BEE instrument to incentivize countries to combat tax avoidance and encourage Management to work on a World Development Report dedicated to DRM.



In fighting Illicit Financial Flows, NBO with likeminded Chairs, has been calling to increased focus on IFFs in the World Bank Evolution agenda and continued to call for a revision of the current Anti-Corruption Strategy to ensure that the preventive measures are up to date. NBO also continues to scrutinize the operations with the Intermediate Jurisdictions to strengthen the recognition of international standards such as issued by the Financial Action Task Force.

## Fragility, Conflict & Violence (FCV)

The WBG FCV Strategy 2020-2025 was subject to a midterm review during FY23. The process involved extensive consultations with stakeholders, including UN organizations, civil society organizations, client countries and donors. NBO facilitated consultation took place with Nordic and Baltic Capitals on April 27, 2023. Nordic Baltic Constituency representatives called for further attention to key Nordic and Baltic priorities, such as focus on prevention and early identification of drivers of fragility, gender equality and effective implementation. Better implementation was also the subject of an NBO proposed briefing by the Vice President for People and Culture on personnel related challenges in FCV settings, co-signed by nine other Chairs. The briefing is scheduled as part of the FCV Strategy midterm review during the fall of 2023. The midterm review is expected to result in enhanced attention to prevention, the scourge of non-conflict violence, rising FCV in middle-income countries, how to remain engaged in politically difficult contexts, such as Afghanistan and Myanmar, and increasing the role of the private sector in FCV settings. A full evaluation of the FCV strategy is scheduled for FY25. Sudan and the West Bank and Gaza (territories) were added to the FY24 update of the FCV country list, now comprising 19 countries categorized as being subject to conflict.

The World Development Report 2023 on “Migrants, Refugees and Societies” positioned the World Bank Group as an institutional player within this field. Implementation events took place in Sweden and Denmark. Further operationalization of the findings of the report could potentially also reframe the agenda within the World Bank Group.

## Gender Equality

The lifespan of the Gender Strategy FY16-23 came to an end in the foregone financial year. With 95 % of IBRD and IDA operations meeting the gender tag in FY23 (305 of 320 lending operations), the Strategy has exceeded the corporate commitment of 60 % for IDA20 and 55 % for IBRD. For IFC, a total of 32 % of investment operations and 55 % of advisory service operations were gender-flagged. For investment operations, this constitutes an improvement from previous years, where the equivalent was 15 % for FY21 and 22 % for FY22. For advisory service operations the 55 % flag constitutes a drop from FY22 during which 57 % of operations were flagged, but an overall improvement from 43 % in FY21 and 37 % for FY20. NBO will raise the need for stronger IFC leadership on gender equality with the new IFC Gender Director, who will assume her position in September 2023.

Preparations for the updated WBG Gender Strategy 2024-2030 were kicked off early 2022 with the Accelerate Equality initiative. A total of 80 events were held throughout 2022 taking stock of gender equality lessons learned as well as mapping challenges ahead. Most events are available online. Informal consultations for the WBG Gender Strategy 2024-2030, were kicked off early 2023 and included an NBO facilitated consultation with Nordic Baltic Constituency Capitals on March first, 2023. Capitals emphasized key Nordic-Baltic gender priorities, including Sexual and Reproductive Health and Rights (SRHR) and consideration to human rights. The concept note for the WBG Gender Strategy 2024-2030

was presented to the Board in July 2023 and the formal launch is expected early 2024. The concept note will serve as a basis for formal consultations, which will continue until November 30, 2023.

## Nordic-Baltic Thematic and Institutional Priorities

### Private Capital Mobilization

During FY2023, NBO has continued its advocacy work for PCM with a clear development impact and an effective WBG in providing lending and advisory services that contribute to a sound broader private capital enabling (PCE) environment in client countries. This has happened on a continuous basis with focus on effective WB support to business environment reforms, not least as part of budget support operations, and through focus on mobilization, additionality, and development impact in WB and IFC operations. IFC has been on an upward trajectory in terms of implementing its 2018 capital increase package mobilization commitments which shifted its business model to enhance focus on IDA/FCS countries and scale-up PCM, with the help of blended finance. As the WB mobilization has continued to fall way short of targets, the WB will revamp its private sector enabling solutions through the WB Evolution. Together with likeminded Chairs, we have ensured that PCM has become a key tenet in the WBG Evolution discussions, with clear recognition that the scale of resources needed for financing the SDGs in emerging markets and developing economies, and global public goods in general, is well beyond the financing available from development partners. Therefore, rapidly scaling up the ability of the WBG to mobilize private capital remains of the essence.

NBO has on an ongoing basis during FY23 been engaged in the development of the Business Ready (B-READY) report – a flagship product on the global business environment to replace the Doing Business report discontinued in 2021. The methodology, objectives and scope of the new report were discussed during various engagements in FY23 and NBO together with other likeminded Chairs managed to achieve that gender would be incorporated as a cross-cutting theme while ensuring complementarity between the B-READY and the Women, Business, and the Law reports. Also, Management agreed to expand the coverage of the report to also include small states. We expect continuous engagement with Management in FY24 including on the options for scoring, aggregation, and communication. NBO remains convinced that aggregated rankings would maximize public interest with simplicity and clarity and would encourage governments to launch reform initiatives.

### Solving Debt Distress

Throughout the year, debt distress challenges in developing countries have been increasing. Monetary tightening is affecting developing countries especially significantly as refinancing costs have been rising much more for LICs and MICs compared to advanced countries. This also hampers investment in development goals. NBC guiding priorities in this area are defined in the Framework Instruction on Debt, approved in March last year, including: 1) enhancing debt transparency/reporting; 2) strengthening debt/fiscal management in countries; and 3) improving the G20 Common Framework for Debt Treatments.

In March, the Board discussed one of the core elements to assess debt sustainability - the Debt Sustainability Framework for LICs - (WB-IMF LIC-DSF), based on the IEG report on the Bank role in it, ahead of the official review itself, that is planned to be launched this Fall. NBC highlighted the importance of strengthening the role of the Bank, increasing the emphasis on climate considerations, more attention on debt data coverage and related conditionalities, and a need for systematic approach to tackle optimism-bias in debt sustainability analyses.

The most visible international response to improving the global debt restructuring architecture, namely the G20 Common Framework for Debt Treatments, has been the establishment of the Global Sovereign Debt Roundtable (GSDR), co-chaired by the G20 Presidency, IMF, and WB, back in February. GSDR's main contribution so far has been converging all key players (official, bilateral, and private creditor, and borrowers) at the same table to build common understanding on key issues like comparability of treatment, coverage of debt for treatment, information sharing, etc. NBO has constantly emphasized the importance of engaging with the Board in GSDR issues as debt distress and concrete country treatments, inside or outside G20 CF, directly affect WB operations and achievement of development goals. In the capacity as a Chair of EU Presidency, NBO organized an open EU+ informal discussion between the EDs and Management. NBO continues to push Management to involve Board in GSDR preparations and stock-tacking.

## Digitalization

Digital transformation and closing digital divide constitute a well-established workstream in the Bank. In the Evolution process, digitalization is also one of the six GPPs. NBO supports the aspiration to uplift digitalization within the Evolution process.

In April, NBO co-organized a well-received and -attended seminar in the margins of SMs, "Governmental Digital Transformation That Works", featuring WB, Government of Ukraine, Microsoft and other private sector representatives, plus Estonian authorities. This event gave a valuable opportunity to showcase Nordic-Baltic leadership in digital governance practices and to reflect on the related digital dividends for development.

In November, the Board approved a new IFC Venture Capital (VC) platform for disruptive technologies for Africa and Middle East, Central Asia, and Pakistan to stimulate technological and digital transformation via seed financing in challenging environments. NBO supported the establishment of the platform that is also complemented by advisory services for target countries.

Work has also been ongoing on preparing a thematic Board trip to two pioneer countries in digital transformation to learn from digital leader in East Africa – Kenya, and digital leader in e-governance – Estonia, and to promote replicable and scalable solutions for developing countries. The other area, where more tangible results could be on the way, is the UN Digital Compact, to be agreed at the Summit of the Future in September 24. NBO has supported WB's close cooperation with the UN on this important initiative.

## Human Capital

During FY23, the COVID-19 induced learning losses featured prominently in the World Bank Group Human Capital agenda. Learning losses were discussed at the Development Committee Dinner during the Annual Meetings of 2022 and the NBC strongly supported the Bank's enhanced efforts to support client countries in addressing the learning crisis.

Recognizing the need for sustained investment in pandemic preparedness and prevention to mitigate the next pandemic, the Board approved the establishment of a new Financial Intermediary Fund for Pandemic Prevention, Preparedness, and Response end of June 2022. The NBC and other like-minded constituencies advocated for an inclusive governance structure, additionality of funding, and a key role for the WHO in the FIF, all of which was achieved in the structure of the Pandemic Fund. In various Board meetings, the NBO continued to call for investment in strong primary health systems, Universal Health Coverage and One Health as a core foundation for healthy lives.

The new strategy for social protection titled *Charting a Course Towards Universal Social Protection: Resilience, Equity, and Opportunity for All* was launched on September 29, 2022. The report along with supporting materials, including recording of the launch event, can be found online. NBO has been in dialogue with the IMF Nordic Baltic Office and a Civil Society Organization to organize a webinar on Universal Social Protection in World Bank projects and IMF programs.

## Nature and biodiversity

Nature and biodiversity are gradually gaining traction alongside climate action, following the adoption of the Global Biodiversity Framework in December 2022. Although there are positive signs, such as biodiversity being explicitly mentioned in the updated WBG mission statement, the NBO believes continuous Board support and advocacy is necessary to mainstream nature and biodiversity in operations to the same degree as climate.

NBO has set up a new advisor-level group to act as a platform for advisors to exchange views, collaborate, and advance work on nature and biodiversity related to Board engagements and WBG investments. The group has met twice in the Spring, first to get an overview of WBG work on nature and biodiversity, and second to dig deeper into natural capital accounting and the World Bank's work on the Changing Wealth of Nations report. NBO has also engaged with Management to advocate for a Global Priority Program on Nature and Biodiversity Positive Investments, as well as advocated for indicators on soil health to be included in the updated corporate scorecards.

## Food Security and Food systems

Food and Nutrition Security has become an increasingly important issue for the Bank in light of the ongoing global food security crisis in the wake of the COVID Pandemic and Russian aggression in Ukraine. The Bank has responded forcefully financially and has also taken a strong role globally. The Quarterly Food and Nutrition Security Updates started last fall has been a good venue to discuss the Bank's work and global developments on the issue.

NBO has actively advocated for balancing food security crisis support against a dire need for support for long term food systems transformation and to vulnerable groups, both in Board meetings and in active dialogue with the food global practice. NBO has taken initiative to engage the Food Security advisors' group and strengthen the dialogue on food issues with among Board officials.

One of the WBGs signature initiatives on food security has been the IFC Global Food Security Platform. NBO has encouraged IFC to increase support for increasing local production, using production methods and innovations that are adapted to climate change, and that contribute to environmentally friendly agriculture. NBO is working to ensure that IFC only support large scale industrial agrobusiness if these engage in sustainable agricultural practices, and has followed up with direct dialogue with IFC on projects, and in one case by abstaining on an unsustainable livestock projects.

## Multilateralism, Partnerships and Convening Power for Global Leadership

Partnerships have been extensively discussed in the past year, particularly in relation to the WB Evolution discussion, and NBO has pushed the WB to strengthen collaboration in all strategic discussions on FCV, Climate Action, Food and Nutritional Security and in CPF discussions. NBO strongly supported the clearly stated ambition of the WBG to be a better partner, pushing further for more sustained impact, with measurable corporate targets for collaboration and more concreteness on incentives to promote collaboration with others. As part of the Marrakech Annual meeting, certain aspects of the Partnership agenda are now included as deliverables, with a focus on improving the use of country engagement tools, analytical products, and strengthening incentives and mechanisms.

In FCV countries, the Bank has emphasized its strong and successful partnership with WFP, a collaboration that NBO strongly supports. When discussing food security and nutrition, NBO has consistently advocated for increased collaboration with the Rome Based Agencies, namely WFP, FAO, and IFAD. In the context of natural capital and biodiversity, NBO has called for enhanced collaboration with UNCCD on land degradation and sustainable land management.

NBO, together with the Italian chair, organized two informal events for Board Members, inviting high-level executives from FAO and WFP. The aim was to gain a better understanding of their perspectives and experiences in collaborating with the WB, and to explore ways to deepen the relationship in the future. On the UN ECOSOC front, NBO actively participated in this year's High-level "Spring Dialogue" between ECOSOC, the World Bank Group, the IMF, WTO, and UNCTAD. During their time in New York, EDs and AEDs held bilateral meetings with high-level UN representatives, primarily discussing the UN's expectations for the Evolution Roadmap.

## Development Outcomes

In Board engagements on results reporting for FY2022, NBO consistently called for a greater outcome orientation focus of the WBG, including in discussions on the focus areas of a planned revision of the WB Corporate Scorecard. As member of the Board Committee on Development Effectiveness (CODE) since November 2022, NBO strongly supported that outcome orientation was identified as one of three strategic priorities for the CODE term of 2022-2024. A key component is the continued implementation of the outcome orientation roadmap, a joint attempt from CODE, IEG and Management to strengthen outcome orientation, dating back to August 2020. NBO has also continuously given strong support to the work of the IEG, pressing management to comprehensively follow up on evaluation conclusions in order to improve learning, operations quality and ultimately impact.

Overall, NBO continues to believe that WBG results metrics do not sufficiently map their contributions to high level objectives, such as the twin goals. There is a need for higher conceptual clarity and standardization of results metrics across WBG operations as well as better defined indicators to track progress. At the operational level, additionality assessment of WBG operations often lack precision and a clear idea on how to measure contribution to higher level objectives, with staff and Management incentives geared towards meeting financial targets. With these critiques in mind, NBO has also been contributing to setting greater outcome orientation as a key priority of the WBG Evolution work. Ambitions in this process include a revamped corporate scorecard, more tracking of long-term results and contribution to global challenges, investing in data, systematizing adaptive management of country engagement, and investing in impact evaluation. In the first discussions on a new Corporate Scorecard

during the summer of 2023, NBO has kept a strong focus on ensuring an outcomes-based set of key indicators.

## Human Resources and Agile Bank initiatives

The WBG Workplace Culture Task Force, established in 2021, delivered an initial set of recommendations to the Board in FY22 Q4, include measures that strengthen protections against retaliation, increase accountability, improve decision-making in misconduct cases, and review fundamental approaches to performance and promotion. Implementation of recommendations are ongoing, including the start of a Vice Presidency of Ethics and Internal Justice in December 2022. In October 2022, a group of EDs issued a statement on 'Addressing Sexual Harassment and Racism', which stressed the need to shift the Bank's standard of evidence regarding those exposed to sexual harassment and racism in favor of the presumed victims/survivors. NBO did not join the statement as Russia was one of the co-signatories, but strongly supported the sentiment. Implementation of the new standard of evidence is pending. Furthermore, the Anti-Racism Task Force (ARTF) has continued its remit during FY23, moving into the next phase of work, focusing on operations and communities. Implementation of the recommendations from initial phase are underway.

Throughout FY23, Management and the Board extensively discussed compensation issues, with focus on Country Offices. The Human Resources and Budget Committees discussed options to modify Country Office compensation methodology, to address competitiveness challenges identified by Management. The NBO supported these measures as they were clearly targeted and budget neutral. In this context, NBO advocated for better financial and non-financial incentives for staff to go in and out of fragile and conflict-settings (FCV). During FY23, NBO also initiated a joint ED statement to request a briefing of the personnel-related measures to operationalize the FCV strategy. In May 2023, the Board approved a set of refinements to the Country Office compensation methodology which directly respond to macroeconomic development, notably high inflation.

As part of the WBG Evolution process, NBO has on an ongoing basis stressed the importance that all reform proposals provide clarity on staff incentives and budgetary implications. A first Management note specifically targeting HR-related issues in the Evolution process has been repeatedly delayed and is now expected to be presented for discussion in September 2023.

## IDA

The IDA Crisis Facility was created in FY23 to raise additional donor resources for countries affected by Russia's illegal invasion of Ukraine. From the very beginning, the Nordic-Baltic Constituency has championed the establishment of the Facility, including through a joint statement of support to IDA Deputies. The Facility was endorsed by IDA Deputies during the 2023 Spring Meetings and approved by the Board on 18 May. Seven Nordic Baltic Constituency members have announced their planned contributions to the Facility, so far.

Implementation of IDA20 and the record high financing package of USD 93 bn was launched in FY23 and has been subject to high demand from day one. During FY23, USD 33 bn were frontloaded to respond to client countries in response to multiple crisis, not including the USD 1.2 bn grandfathered from IDA19. The high demand for IDA funds, combined with appreciation of USD against SDR, has resulted in a USD 3 bn reduction in projected FY24 and FY25 commitment authority, resulting in a worsening financial outlook for IDA. Addressing this challenge will be a key topic of discussion during the fall of 2023. As the

combined third largest donor to IDA20, the Nordic-Baltic Constituency IDA Deputies have a significant stake in safeguarding IDA's financial health while maximizing the impact of donor contributions.

## Annex A: The World Bank and the Nordic-Baltic Office at a Glance

The World Bank was established in 1944, primarily to help rebuild Europe after the Second World War. Today, the WBG's mission has shifted to help reduce poverty in the developing world, through economic and social development and reconstruction. The World Bank is formally one of the UN specialized agencies, entirely with its own autonomous financing and decision-making body, with 189 member countries as shareholders. The World Bank Group consists of five separate organizations: IBRD and IDA provide low-interest loans, interest-free credit, and grants to developing country governments; IFC promotes private sector investment by co-investing with equity and loans to companies in developing countries, as well as providing Advisory Services, both to companies and the public sector; MIGA provides guarantees against political risk to investors in and lenders to developing countries; and ICSID settles investment disputes between foreign investors and their host countries.

The World Bank's highest decision-making body is its Board of Governors, representing member countries as government shareholders. The Governors, generally Finance and Development Ministers from all member countries, meet once a year for an annual meeting, jointly with the IMF and twice a year at a 25-member Development Committee meeting, providing political guidance for the World Bank. The daily decision making is delegated from Governors/Ministers to 25 Executive Directors, representing one or several of the 189 shareholders in the Executive Board. The Nordic-Baltic countries are represented at the Board by one Executive Director (ED).

The ED is assisted by the Nordic-Baltic Office (NBO), where the following people worked during the time covered by the report (the current list of staff in the NBO is listed on the following page):

Executive Director	Lene Lind (Norway)
Alternate Executive Director	Jón Erlingur Jónasson (Iceland)
Senior Advisor	Eeli Jaakkola (Finland)
Senior Advisor	Per Bardalen Wiggen (Norway)
Advisor	Anna Dravniece (Latvia)
Advisor	Ignas Rakauskas (Lithuania)
Advisor	Marianne Rasmussen (Denmark)
Advisor	Martin Holmberg (Sweden)
Advisor	Pille Pruunsild (Estonia)
Sr. Executive Assistant	Colleen J. Martin
Program Assistant	Veronica Marchant

The Nordic-Baltic ED was a member of the Audit Committee (AC) and Committee on Development Effectiveness (CODE).



Current staff in the NBO, as of October 2023:

Executive Director	Lene Lind (Norway)
Alternate Executive Director	Jón Erlingur Jónasson (Iceland)
Senior Advisor	Per Wiggen (Norway)
Senior Advisor	Pille Pruunsild (Estonia)
Advisor	Anna Dravniece (Latvia)
Advisor	Ignas Rakauskas (Lithuania)
Advisor	Laura Nielsen (Denmark)
Advisor	Martin Holmberg (Sweden)
Advisor	Mikko Waltteri Sihvola (Finland)
Sr. Executive Assistant	Colleen J. Martin
Program Assistant	Fatma Huda Almaghour

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## Annex B: Nordic-Baltic Contributions to WBG Funds

### Contributions paid in during FY18-FY23Q2 (in US\$ millions)

- Nordic and Baltic countries view

Development Partner	IDA	IBRD/IDA TFs	FIFs	IFC TFs	Total
<b><u>Nordic countries</u></b>					
Denmark	595	493	669	30	1,787
Finland	359	152	224	136	871
Iceland	28	14	3	-	45
Norway	1,006	1,437	1,597	56	4,096
Sweden	1,782	782	1,817	57	4,438
<b>Total Paid-in of Nordic countries</b>	<b>3,770</b>	<b>2,879</b>	<b>4,310</b>	<b>279</b>	<b>11,238</b>
<b><u>Baltic countries</u></b>					
Estonia	7	2	1	-	10
Latvia	13	6	-	-	19
Lithuania	7	11	-	-	18
<b>Total Paid-in of Baltic countries</b>	<b>27</b>	<b>18</b>	<b>1</b>	<b>-</b>	<b>46</b>
<b>Grand Total</b>	<b>3,797</b>	<b>2,897</b>	<b>4,311</b>	<b>279</b>	<b>11,285</b>

#### Note:

(i) ARTF - Afghanistan Resilience Trust Fund, GFF - Global Financing Facility, SOMPF - Somalia Multi-Partner Fund.

(ii) GCF - Green Climate Fund, GPEF - Global Partnership for Education, GEF - Global Environment Facility.

(iii) @ represent rounding off values.

Development Partner	Top three programs (IBRD/IDA TFs)			Top three FIFs		
	ARTF	GFF	SOMPF	GCF	iPE	GEF
<b><u>Nordic countries</u></b>						
Denmark	133	15	29	155		99
Finland	73		10	83		57
Iceland				2		
Norway	138	458	85	371		97
Sweden	228		49	842		230
<b>Total Nordic countries</b>	<b>572</b>	<b>473</b>	<b>173</b>	<b>1,453</b>		<b>483</b>
<b><u>Baltic countries</u></b>						
Estonia	2					
Latvia						
Lithuania						
<b>Total Baltic countries</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>

## Annex C: Nordic-Baltic Staff in WBG FY22-FY23

WBG Active Full-Time Nordic-Baltic Staff FY22FY23)

Nordic & Baltic	2022				2023					2022		2023	
	IBRD		IFC	MIGA	IBRD		IFC		MIGA	WBG		WBG	
	Core	Other	Core	Core	Core	Other	Core	Other	Core	Core	Other	Core	Other
Denmark	51	3	12		47	2	-	-	-	63	3	59	2
Estonia	3	-	-	-	4	-	-	-	-	3	-	4	-
Finland	25	2	6	-	25	-	6	-	-	31	2	31	-
Iceland	4	1	1	-	4	-	1	-	-	5	1	5	-
Latvia	7	-	3	1	8	-	3	-	1	11	-	12	-
Lithuania	12	-	4		12	-	4	-	-	16	-	16	-
Norway	21	1	3	1	22	1	3	-	1	25	1	26	1
Sweden	59	3	4	2	56	2	4	2	1	65	3	61	4
Grand Total	182	10	33	4	178	5	33	2	3	219	10	214	7

### Notes:

- 1) Active Full-time staff includes staff with Appointment types Regular/Open, Term, SPAS and ETC/ETT with Active Employment status
- 2) 'Core' staff includes staff with staff type as Net Unit Staff and 'Other' staff includes staff with staff types as SPAS and ETC/ETT

Nordic & Baltic	GEF	IBRD		IFC		MIGA	Grand Total
	2023	2023		2023		2023	
	Core	Core	Other	Core	Other	Core	
Denmark		47	2	12			61
Estonia		4					4
Finland	2	23		6			31
Iceland		4		1			5
Latvia		8		3		1	12
Lithuania		12		4			16
Norway		22	1	3		1	27
Sweden	4	52	2	4	2	1	65
Grand Total	6	172	5	33	2	3	221

WBG Active Full-Time Nordic-Baltic Staff Distribution by Grade Level as of end of June 30, 2023

Grade	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Grand Total
EC1	-	-	-	-	-	-	-	3	3
EC2	2	-	-	-	-	-	-	-	2
EC3	-	-	-	-	-	-	-	1	1
GC	-	-	-	-	-	-	-	1	1
GE	1	-	-	-	1	2	1	5	10
GF	4	-	6	-	-	4	5	12	31
GG	35	2	17	4	7	9	16	25	115
GH	16	2	6	1	4	1	3	12	45
GI	1	-	2	-	-	-	1	1	5
GJ	1	-	-	-	-	-	-	-	1
GK		-	-	-	-	-	-	1	1
UC	1	-	-	-	-	-	1	4	6
Grand Total	61 (-8)	4 (+1)	31 (-2)	5 (-1)	12 (-1)	16 (0)	27 (-1)	65 (-3)	221

\*Numbers in parenthesis are in comparison to FY21-FY22.

## Annex D: Nordic-Baltic Countries Procurement Data FY21-23

	Fiscal Year 2021					
	Civil Works	Consultant Services	Goods	Non-Consulting Services	FY Total	Percentage of WB Total
Denmark	6,928,081	23,213,383	23,432,889	527,153	\$54,101,506	0.29%
Estonia	119,160	1,749,144	295,800		\$2,164,104	0.01%
Finland		12,027,092	14,116,658		\$26,143,751	0.14%
Iceland		699,697	2,245		\$701,941	0.00%
Latvia	2,125,811	567,542	6,879,895		\$9,573,248	0.05%
Lithuania	519,701	473,744	121,617		\$1,115,062	0.01%
Norway		4,388,738	1,267,626	344,062	\$6,000,426	0.03%
Sweden		1,271,831	720,888		\$1,992,718	0.01%
<b>Constituency Total</b>	<b>\$9,692,753</b>	<b>\$44,391,170</b>	<b>\$46,837,618</b>	<b>\$871,215</b>	<b>\$101,792,756</b>	<b>0.54%</b>
<b>Bank-wide Total</b>	<b>9,630,358,829</b>	<b>2,402,854,446</b>	<b>5,839,211,104</b>	<b>881,797,846</b>	<b>\$18,754,222,225</b>	
<b>Constituency % of Total</b>	<b>0.10%</b>	<b>1.85%</b>	<b>0.80%</b>	<b>0.10%</b>	<b>0.54%</b>	

	Fiscal Year 2022					
	Civil Works	Consultant Services	Goods	Non-Consulting Services	FY Total	Percentage of WB Total
Denmark	3,921,421	968,922	7,400,588	19,561	\$12,310,492	0.08%
Estonia		1,130,966	2,238,576		\$3,369,542	0.02%
Finland		4,738,612	1,118,805		\$5,857,417	0.04%
Iceland					\$0	0.00%
Latvia		295,189	2,648,537		\$2,943,726	0.02%
Lithuania		336,014	210,328		\$546,342	0.00%
Norway		2,996,530	1,353,542		\$4,350,072	0.03%
Sweden		4,355,386			\$4,355,386	0.03%
<b>Constituency Total</b>	<b>\$3,921,421</b>	<b>\$14,821,618</b>	<b>\$14,970,376</b>	<b>\$19,561</b>	<b>\$33,732,975</b>	<b>0.22%</b>
<b>Bank-wide Total</b>	<b>7,265,372,287</b>	<b>1,904,459,019</b>	<b>4,935,441,295</b>	<b>901,059,073</b>	<b>\$15,006,331,674</b>	
<b>Constituency % of Total</b>	<b>0.05%</b>	<b>0.78%</b>	<b>0.30%</b>	<b>0.00%</b>	<b>0.22%</b>	

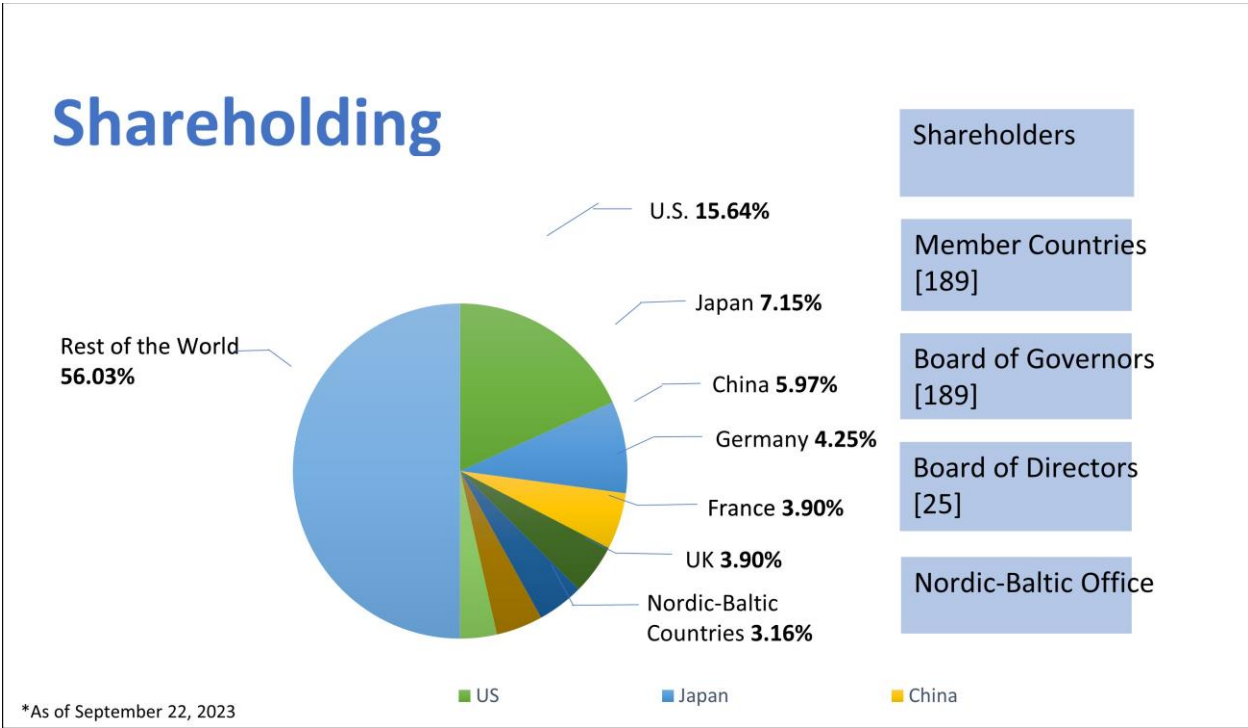
	Fiscal Year 2023					
	Works	Consultant Services	Goods	Non-consulting Services	FY Total	% of WB total
Denmark	3,645,117	6,609,861	5,216,556		15,471,535	0.10%
Estonia		388,329	129,837		518,166	0.00%
Finland		13,185,374			13,185,374	0.08%
Iceland		3,215,188			3,215,188	0.02%
Latvia		2,950,841			2,950,841	0.02%
Lithuania		118,000	604,059	889,157	1,611,215	0.01%
Norway		2,239,502	2,112,392		4,351,893	0.03%
Sweden		1,263,163		1,199,205	2,462,368	0.02%
<b>Constituency total</b>	<b>3,645,117</b>	<b>29,970,258</b>	<b>8,062,843</b>	<b>2,088,362</b>	<b>43,766,580</b>	<b>0.27%</b>
<b>Bank-wide total</b>	<b>9,179,644,267</b>	<b>1,461,804,222</b>	<b>4,422,728,565</b>	<b>923,851,002</b>	<b>15,988,028,057</b>	
<b>Constituency % of total</b>	<b>0.04%</b>	<b>2.05%</b>	<b>0.18%</b>	<b>0.23%</b>	<b>0.27%</b>	

\* Data as of September 27th, 2023.

\*\* If a contract was awarded to a joint-venture of a company from a country in the list and a company from another country, the total

\*\*\* The country of incorporation of the supplier that signed the contract was used to determine the country of origin, not the country where the company is headquartered. amount of the contract was used.

Annex E: Shareholding



## Annex: F: For Further Information

- World Bank Group Annual Report can be found at:  
<https://openknowledge.worldbank.org/handle/10986/2127>
- WBG Corporate Scorecard can be found at:  
<http://scorecard.worldbank.org/>
- Weblink to COVID-19 response webpages:  
<https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19>