2020 Annual Report

Nordic-Baltic Office World Bank Group

Highlights from Financial Year 2020
July 1, 2019- June 30, 2020

Foreword

Fiscal Year 2020 (FY20) was as unusual for the Nordic-Baltic Office as it was for the World Bank Group (WBG) as a whole. The COVID-19 crisis and its disastrous consequences completely consumed the attention of everyone as of mid-March 2020 at which time staff at all WBG's duty stations moved to home-based work to protect from the risk of infection. This, of course, included the Washington D.C. Headquarters and the Nordic-Baltic office (NBO).

The World Bank Group has responded decisively and with agility to the global COVID-19 crisis, providing fresh funding into areas of need and redirecting some earlier commitments. Many would argue that the COVID-19 response has shown the Bank at its best. The focus is now turning to the phase of Building Back Better and Greener. Regrettably, however, the current situation will inevitably make the Twin Goals harder to reach and likely postpone the accomplishment of the Sustainable Development Goals. The poverty estimates for 2020 are now significantly above the Bank's target to reduce absolute poverty to 3 percent of the world population, and this alone is a strong call for urgent action for all of us.

An important milestone was reached in the work of IDA in December as IDA-19 was concluded in Stockholm with an agreement on a record high replenishment totaling USD 82 billion. A big proportion of that funding will be front-loaded to deal with the COVID-19 crisis in IDA's borrowing countries.

The U.S. Congress also completed its approval of the 2018 Capital Package which opened the way for implementation of the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation's (IFC) important capital increase which will be crucial when it comes to re-building economies in the wake of the crisis.

The novel virtual working environment has functioned amazingly well. Everyone in the NBO worked seamlessly from their homes in the D.C. area and some from their home countries for weeks or even months. It is hoped, depending on the development of the COVID-19 crisis in Washington DC, that most people will be back at work in headquarters by early 2021.

Prior to the COVID-19 crisis the work in the NBO was going smoothly in accordance with NBC policies and procedures which were thoroughly reviewed this year. Regular Nordic-Baltic Constituency meetings were held in Helsinki and Oslo in September and January but have been held virtually since. The regular bimonthly teleconferences have continued as before.

Nordic-Baltic Governors met virtually with WBG President David Malpass in June. The Norwegian Minister for International Development, Mr. Dag-Inge Ulstein, represented the Constituency at the virtual meeting of the Development Committee during the Spring Meetings.

I wish to thank my colleagues in the NBO office as well as our friends and colleagues in Capitals for another productive year in our important collaboration to further the objectives of the World Bank Group.

Geir H. Haarde
Executive Director
Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway, Sweden

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Abbreviations

Acronym	Definition
CAO	Office of the Compliance Advisor/Ombudsman
CIP	Capital Increase Package
CODE	Committee on Development Effectiveness
COGAM	Committee on Governance and Executive Directors Administrative Matters
CSE	Comprehensive Sexuality Education
CSO	Civil Society Organizations
CPF	Country Partnership Framework
DFi	Development Finance
DRM	Domestic Resource Mobilization
DSSI	Debt Service Suspension Initiative
ENB	Environment, Natural Resources and Blue Economy
E&S	Environmental Social
FCV	Fragility, Conflict and Violence
FIF	Financial Intermediary Fund
FTCT	Fast Track COVID-19 Facility
FY	Fiscal Year
GP	Global Practice
HR	Human Resource
HRC	Human Resource Committee
HRDTF	Human Rights Development Trust Fund
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
IPN	Inspection Panel
JET	Jobs and Economic Transformation
MAP	Management Action Plans
MIGA	Multilateral Investment Guarantee Agency
MNE	Multinational Enterprises
MPA	Multiphase Programmatic Approach
NB	Nordic-Baltic
NBC	Nordic-Baltic Constituency
NBO	Nordic-Baltic Office
NDC	Nationally Determined Contributions
NTF	Nordic Trust Fund
OFCs	Offshore Financial Centers
SDG	Sustainable Development Goals
SDGP	Social Development Global Practice
UN	United Nations
WB	World Bank (IBRD/IDA)
WBG	World Bank Group (IBRD/IDA, IFC, MIGA, ICSID)
WDR	World Development Report

Highlights of FY20 COVID-19 Response

The overarching mandate of the World Bank Group (WBG) is captured in the Twin Goals of ending extreme poverty by 2030 and to boost shared prosperity by improving the living standards of the bottom 40 percent of the population in every country. Before the COVID-19 pandemic struck, FY20 was supposed to be a year of consolidation, follow-up and continued implementation of the operational reforms and policy commitments agreed in the 2016 Forward Look, the 2018 Capital Increase Package and IDA18. During the first half of FY20 WBG Management and shareholders focused on achieving the successful conclusion of the IDA19 replenishment round in December in Stockholm, resulting in agreement on a new financing envelope of USD 82 billion over the next three years. As with IDA18, the IDA19 policy package is very much in line with the main Nordic-Baltic priorities for the WBG. Management was also working with the Board and other stakeholders to finalize the first ever WBG Strategy for Fragility, Conflict and Violence for the period 2020-2025, which was agreed in February 2020.

Earlier in FY20 the Board discussed policy and operational issues related to debt sustainability, countries in arrears, inclusion, resilience and disaster risk management, jobs and economic transformation (JET), migration, global value chains, digital transformation, energy and climate adaptation and mitigation. The WBG was preparing for the COP26 on climate change in Glasgow in November 2020 and the COP15 Biodiversity Conference in Kunming in October 2020, but both COPs were then postponed due to the COVID-19 pandemic. The WBG also discussed issues related to the convening role of the WBG, the Human Capital Project, gender equality, Women, Business and the Law, and action to counter gender-based violence.

Several organizational matters were also debated, such as the decentralization process moving staff closer to clients, including to FCV countries. The Board worked with Management to improve the WBG's outcome orientation and on how to articulate development outcome risks and related trade-offs. A lot of attention was devoted to reforming the independent accountability mechanisms related to the International Finance Corporation's (IFC) and the Multilateral Investment Guarantee Agency's (MIGA) environmental and social accountability, as well as to a review of the Inspection Panel toolkit. At the 2019 WBG Annual Meeting, Governors launched the 2020 Shareholding review and a review of the governance framework related to IDA voting rights. The IFC 3.0 strategy implementation continued with an emphasis on creating markets, increased engagement in FCV and IDA countries, and efforts to improve the mobilization of private sector capital and impact investors.

The NBO engaged actively in these discussions, in close coordination with the NBC and in line with our agreed priorities. The NBO put emphasis on climate change, energy, gender equality and FCV, and on efforts to elevate issues related to domestic resource mobilization (DRM) and taxation on the WBG agenda. Preparatory and analytical work was also done to prepare for a possible discussion on how to integrate human rights considerations in analyses and operations. As of Mid-March, the NBO's attention was almost entirely geared towards making sure that the WBG's massive COVID-19 response would be implemented quickly and effectively, in a way that would ensure that countries are now Building Back Better and Greener and without the WBG losing sight of the long-term development challenges the world is also facing.

The WBG's response to the COVID-19 pandemic

The WBG was largely on track to deliver on its corporate commitments and policy agenda, when the global extent of the COVID-19 pandemic became evident in early March. Management and staff quickly grasped the seriousness of the crisis and the unprecedented negative implications it could potentially have for public health and for the social and economic situation in the WBG's client countries, with millions of people falling back into extreme poverty. COVID-19 has reversed poverty gains for the first time in a generation and could have lasting effects. As a result, the WBG launched its fastest and largest crisis response ever. The WGB committed in March 2020 to stretch its financing to a record USD 160 billion over the 15 months spanning Q4 FY20 and FY21, in order to support its client countries in addressing the health, social, and economic consequences of the pandemic.

The Board was supportive when Management swiftly, already on March 17, 2020, presented an emergency health response package to its client countries. The Fast Track COVID-19 Facility (FTCT), was a combined package of IDA/IBRD and IFC health support to the tune of USD 14 billion. This was immediately followed by a framework approach for the health support along with the first 25 operations for approval by the Board on April 2. The FTCT set up streamlined procedures and delegated authorities from the Board to Management that enabled the institution to get emergency support quickly out to countries. By September 2020, a total of 111 countries had been reached with the WBG's emergency health response, responding to urgent needs and combining health with social safety net support where possible to protect and cushion the most vulnerable, particularly women and children. Recognizing that the task at hand required collective action by the international community, the WBG emphasized coordination and collaboration with other multilateral actors, including the WHO, GAVI, the Global Fund, CEPI, the Gates Foundation and the regional development banks. In this process, the NBO pulled an enormous team effort in reviewing the proposals and engaging with Management, likeminded countries and Nordic Baltic constituency (NBC) capitals to ensure the necessary flexibility and speed while safeguarding quality and accountability.

The emergency health response package was followed already on March 25 by an additional package focused on the WBG's response to address the economic and social implications of the COVID-19 crisis. This package was based on three pillars of support: (i) protecting the poor and vulnerable; (ii) supporting businesses; and (iii) strengthening economic resilience and the speed of recovery. The WBG would use its full range of financial instruments and advisory services when implementing this response and the actions of the IBRD, IDA, MIGA and the knowledge of the WBG would be mutually reinforcing. The response would be specifically tailored to the nature of the specific shocks and vulnerabilities in each country context. Special attention was to be given to private sector-led solutions and the cascade principles would be applied to crowd in private sector financing to limit the strain on public sector debt. The Board was supportive of the approach but requested greater clarity on an operational framework and more detail on how the WBG was going to allocate scarce resources to and within countries. As a response to this request, the WBG COVID-19 Crisis Response Approach Paper was presented to the Board on June 23, 2020. The Approach Paper sets out the policy framework and the operational approach for the response. The paper also discusses the limits to the WBG's financial capacity to support clients in this unprecedented crisis, and the possibility that the Bank will not be able to meet the financing demands from clients. A discussion on the size of the WBG's financial capacity, and on possible options to optimize the balance sheets of IBRD, IDA and IFC, might therefore come to the forefront in FY21.

On March 25, the WBG and IMF jointly called on all official bilateral creditors and the Paris Club to suspend debt payments from IDA countries and invited G20 leaders to task WBG/IMF to assess the crisis impact and financing needs for each country, including identifying unsustainable debt situations. This call was later endorsed by the Development Committee in April as the Debt Service Suspension Initiative (DSSI). The WBG President underlined that the DSSI would create much needed fiscal space in highly indebted countries to allow them to concentrate their resources on addressing the pandemic and its economic and social consequences. On April 15, the G20 heeded this call and agreed to suspend bilateral debt service payments by poor countries from May 1 to the end of 2020. Around half of the eligible countries have requested debt suspension to the order of approximately USD 5 billion.

Nordic-Baltic Priority Areas

Climate Change

Despite the new and unprecedented challenges of the COVID-19 pandemic, it seems that the WBG is on track to meet its ambitious climate targets where it will double its 5-year climate investments to USD 200 billion in the period 2021-2025. Ambitious targets are also set out in the Bank's Action Plan on Climate Change Adaptation and Resilience. The WBG will earmark USD 50 billion for climate adaptation for 2021-2025. The Bank is pursuing these targets by actively scaling up support to client countries to systematically manage climate risks at every phase of policy planning, project design, investments, and implementation. Both IBRD and IDA are providing more assistance to countries affected by fragility, conflict and violence, where most of the sustainable development portfolio is in agriculture, social inclusion, rural development and resilience.

At the policy level, the WBG continues to strengthen its critical role as a policy advisor to drive systemic impact at the country level by supporting implementation and updates of Nationally Determined Contributions (NDCs), enhancing engagements with finance ministries, supporting development of long-term low-carbon and resilient strategies, increasing the use of policy-based loans to support climate-informed policies, and by gradually implementing carbon pricing policies and instruments.

The NBC continues to support the WBG to actively engage with policy makers to make transformative changes happen, e.g. via the Coalition of Finance Ministers for Climate Action and the "Helsinki Principles". The Coalition will help countries mobilize and align finance for national climate action plans; establish best practices such as climate budgeting, green investment and procurement; and factor climate risks and vulnerabilities into economic planning. The WBG serves as secretariat for the Coalition.

At the global level, the WBG is in a unique position to provide thought leadership by promoting more sustainable growth models, and to work closely with governments as a trusted policy advisor and financier to deliver on the NDCs. The WBG is therefore scaling up its NDC support to client countries to provide innovative solutions in climate financing and to systematically use carbon pricing. The NBO is urging the WBG to further strengthen its role as a catalyzer for green economy and as a facilitator for sharing knowledge solutions and best practices related to such a transformation.

While the WBG is actively scaling up climate action at country level, COVID-19 has affected most areas of the Bank's operations, including its climate work. The NBO has since the onset of the pandemic called for the WBG's COVID-19 response to become closely aligned with climate action. Given the scale of the crisis and the response required, there is increasing awareness that the policy and investment choices that governments make today to protect their populations and stimulate growth, will be consequential in ensuring that they can build back stronger and better, while meeting their longer-term goals, including climate commitments. In its dialogue with client countries, the Bank is therefore underscoring that a sustainable and inclusive recovery can enhance resilience to various types of shocks, including those arising from climate change. The accelerated use of development policy loans in the COVID-19 response offers good opportunities to engage with client countries around policy and institutional reforms, including in support of clients' climate agenda and in meeting the Sustainable Development Goals (SDGs).

Energy

The WBG continues to strengthen its expertise in clean energy, reflecting the importance of a major scale-up of renewable energy. Solar, wind power, and hydropower will play the largest roles. The share of renewable energy in global power generation will need to double by 2030 to meet Clean Energy Transition targets, and over 70 percent of this scale-up is forecasted to take place in developing and emerging economies. Such a transition will face financial, technical, policy, and institutional challenges, which means that the WBG will have a critical role to play. Although the WBG's financial commitments are a fraction of total global renewable energy investments, the WBG is still the single largest global contributor to renewable energy in developing countries and helps clients address key barriers to scaling-up such clean technologies through its investments and policy advice.

Within the Board however, the energy agenda has lately become more contentious as some shareholders have expressed concerns that the Bank's ambitious plans to scale up clean energy might come at the expense of energy access and affordable energy, and that especially the poor might suffer as a consequence. Some Board members have also questioned earlier commitments made by WBG Management to gradually phase out fossil fuel investments. The NBO and other European Chairs, on the other hand, have emphasized that a transition towards a cleaner energy mix goes hand in hand with sustainable economic development, better energy access and more affordable energy. Management has confirmed a clear trend within the energy sector; renewable energy is becoming more competitive compared to fossil fuels, and that especially coal, with all its externalities, not only is "high cost", but also "high risk" because of the danger of "stranded assets".

Due diligence of energy projects continues to be a high priority for the NBO, especially from a climate perspective. The NBC energy policy note (dated September 2016) has been helpful when explaining the NBO's position to Bank staff. The NBO has furthermore had several discussions with WBG Management about accounting for climate co-benefits and stressed that this must be accounted for in all Board documents concerning operations. Together with likeminded shareholders, the NBO has also urged the Bank to develop a joint methodology with other multilateral development banks (MDBs) concerning climate co-benefits. This work is now making progress. The NBC has furthermore urged the Bank to scale up its support for energy efficiency and energy access. Our constituency has also encouraged the WBG to further strengthen the application of carbon shadow pricing and for IDA to systematically use such information for investment decisions.

IFC and MIGA continue to scale up their work to create markets which stimulate green economic growth, and are paying special attention to renewable energy technologies, including battery storage. Building strategic partnerships with cities on energy efficient transport is also a priority. Together with IBRD/IDA, IFC is further strengthening upstream work to reduce regulatory uncertainty in the renewable energy market. IFC has successfully introduced a phased pilot approach to reduce the carbon footprint of equity investments in partner financial institutions, with a special focus on reducing exposure to coal-related projects. Consequently, IFC will no longer invest in institutions that do not have a clear plan to eventually phase out of the coal-business. The NBO has welcomed this approach from its initial stages, as well as IFC's commitment to not support any upstream oil or gas projects after 2019.

Fragility, Conflict and Violence

Over recent years, the WBG has significantly scaled up its support to prevent and mitigate growing challenges of fragility, conflict and violence in both low- and middle-income countries, including by increasing its staff presence in IDA FCV countries. This has been done in line with commitments made in the 2016 Forward Look, the 2018 Capital Increase Package and IDA18, and as an integral part of the WBG's efforts to achieve the Twin Goals. Even during the initial COVID-19 response, the WBG was able to engage actively in FCV countries, despite the additional challenges.

Two important milestones were reached during FY20. The conclusion of IDA19 in Stockholm in December confirmed FCV as one of IDA's five themes, and the WBG Strategy for FCV 2020-2025 was agreed in February 2020. The aim of the FCV strategy is to enhance the effectiveness of the WBG in addressing the drivers and impact of FCV, and to strengthen resilience with a focus on the most vulnerable and marginalized. The strategy is an important operational framework for the WBG and establishes guiding principles and the main areas of engagement. It puts more emphasis on prevention and analyses of drivers of fragility, encourages the WBG to remain engaged even during crisis and conflict, and promotes stronger involvement of the private sector in FCV countries. The strategy sets out a practical implementation model and concrete measures to strengthen operational effectiveness in FCV settings. As a result, the WBG's policies, programming, staffing, financing and risk management will be adapted. Implementation of these measures and the impact will be closely monitored by the Board.

The FCV strategy was developed during FY19-FY20 in an extensive consultation exercise, which involved all entities of the WBG as well as client countries, other shareholders, think tanks, civil society organizations (CSOs), and other multilateral institutions. The Nordic-Baltic capitals and the NBO were actively involved, underlining the importance attached to this strategy and its effective implementation. The consultation process was a good example of how close and upstream engagement with WBG Management and other stakeholders enabled the NBC to garner support for key priorities such as prevention, gender, early identification of drivers of fragility, and close partnerships with the UN system and other multilateral and bilateral stakeholders, across the humanitarian-development-peace-building nexus.

Domestic Resource Mobilization

As the COVID-19 crisis has led to major public expenditure increases, falling revenue, and ballooning debt in many client countries, the NBO has repeatedly called on the WBG to intensify its support to clients to improve Domestic Resource Mobilization (DRM) in a fair and equitable manner that protects the poorest people and countries. Assisting clients in improving DRM quality, not just quantity, is one of the WBG's mandate's cornerstones. Improved DRM fairness and equity will be an indispensable financing source for the reconstruction of economic life and fiscal resilience, public goods and services, investments in human capital, improved debt sustainability, and good governance. DRM fairness and equity are also key for meeting the SDGs, contributing to inclusive economic growth, and helping people rise out of poverty.

In FY20, the NBO called on the WBG to encourage countries to include reforms of their tax systems in their Build Back Better-approach, by ensuring progressive taxation, eliminating tax avoidance, and by supporting tax systems that in general are fair and equitable. The NBO has encouraged the WBG to advocate for the interests of developing countries on global taxation not only at a domestic level, but also at a global level since the WBG is a global public institution and shapes the discussions in the G7, the G20, the Platform for Collaboration on Tax, and in other fora. In order to strengthen COVID-19 recovery measures, the NBO has called on the WBG to support tax policies that ensure that Multinational Enterprises (MNEs) contribute in developing countries by paying taxes and not utilizing tax avoidance schemes. This would also ensure MNEs' contribution to the funding of public goods and services, infrastructure, and human capital, from which they benefit. The NBO has also urged the WBG to revise its Doing Business methodology in order to support fair and equitable taxation, i.e., to encourage countries to eliminate tax haven environments. The NBO has emphasized that an increase in DRM also contributes to debt sustainability as it minimizes countries' need to borrow and thereby reduces their debt burden.

The NBO has strongly advocated for a stringent and prudent policy approach regarding the use of intermediate jurisdictions (i.e., Offshore Financial Centers (OFC)) in WBG's private sector operations in order to eliminate harmful tax practices, particularly tax avoidance and tax evasion. In FY20, the work on the WBG OFC Policy revision continued. The NBO contributed to the development of the WBG Anti-Corruption Initiatives which aim to address the challenges posed to development by corruption. The NBO has requested for the Anti-Corruption Action Plan to operationalize and integrate these initiatives into the Country Partnership Frameworks and country-level programming. The NBO has also called for more efforts to be invested in measuring Illicit Financial Flows (IFFs). In FY20, the Bank started its work on new Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) National Risk Assessments modules to assess better IFF risks. The WBG has also completed the Proceeds of Crime Data Collection tool.

Guarantees

The Multilateral Investment Guarantee Agency is the part of the WBG which is responsible for providing political risk insurance and credit enhancement for cross-border private sector investors and lenders. These guarantees are meant to help countries achieve the SDGs. Early in 2020 the Board discussed and approved MIGA's FY21-23 Strategy and Business Outlook. Following the new Strategy and Business

Outlook, MIGA has raised gross issuance targets for the years 2021-23, although issuance volumes have already been on an increasing trend in recent years. The NBO welcomed MIGA's greater emphasis on IDA/FCV countries and its ambitious target for projects that help address climate change. The NBO also emphasized that it is important for MIGA to complete its gender strategy. The NBO expressed strong support for MIGA's plans to introduce new innovative products, but also underscored that business process innovation must be given enough attention. As part of WBG's COVID-19 response, MIGA launched a USD 6.5 billion fast-track facility to help investors and lenders tackle COVID-19 by providing various guarantees.

Gender Equality

The implementation of the World Bank 2016-2023 Gender Strategy remains on track. Seventy three percent of new operations[1] have helped close gender gaps in FY20, well above the target of 55 percent by 2023. With the onset of COVID-19, the Bank and IFC gender teams swiftly focused attention on producing guidance to internal and external stakeholders on how best to support women and girls and mitigate the impact of the pandemic in terms of violence, care giving, health, education, jobs etc.[2]

The Mid-Term Review (MTR) of the Gender Strategy being conducted by the Independent Evaluation Group and the Group Internal Audit was expected by the end of FY20 but has been delayed. The NBO has been proactively engaged in the process and some Nordic capitals have contributed to the review. In budget discussions, the NBO has continued to work for increased funding for gender equality through the Bank's core budget.

Through the Global Financing Facility for Every Woman, Child and Adolescent, the World Bank has engaged actively in the Beijing +25 Generation Equality Campaign as co-lead for the Sexual and Reproductive Health and Rights Coalition. In addition, the NBO worked to ensure that gender equality forms part of the recently adopted MIGA Strategy. Finally, following concerted outreach led by the NBO, IFC included a gender target for its investments in the IFC Scorecard.

Human Rights, including Social Inclusion and Disabilities

Increased involvement of the WBG in fragile situations has brought due attention to the importance of the application of human rights principles and human rights-based approaches in World Bank operations. This was an issue highlighted by the NBC during discussions on the WBG's FCV strategy endorsed by the Board February 2020. Although the NBO would have liked to see more systematization of this aspect, the FCV strategy does recognize the importance of addressing human rights violations and discrimination as these have been identified among drivers of fragility.

[1] *Excluding* the COVID-19 Multiphase Programmatic Approach (MPA) health response for which the Board waived the requirement of Gender Tagging. *Including* the MPA, 61 percent of operations received the Gender Tag.
[2] See link for WBG resources/guidance on addressing gender dimensions of COVID-19: https://www.worldbank.org/en/topic/gender/brief/gender-and-COVID-19-COVID-19.

Last year marked a critical juncture for the Human Rights and Development Trust Fund (HRDTF). Following organizational shifts at the World Bank and the creation of the Umbrella 2.0 Programs, the donors of HRDTF endorsed the move of the fund from the Global Practice for Governance to the Social Development Global Practice (SDGP). The fund was also restructured to become the anchor of a new program within the SDGP called the "Human Rights, Inclusion and Empowerment Umbrella Program". As founding members of the HRDTF, the NBC was deeply involved in the decision-making process. Protecting the core mandate of the HRDTF was a critical aspect when NBC accepted the move to the SDGP. The donor countries agreed that the organizational change and restructuring had the potential to enhance the fund's visibility, crowd in funding, and benefit the human rights agenda of the WBG in general.

Following the announcement of its 10 Disability Commitments in 2018, the WBG has geared up its efforts to translate the commitments into action. The Bank has hosted a set of events and developed guidance focusing on addressing disability social inclusion in a range of sectors, including health, education and transport. A general uptake can be noted in how social inclusion, including for people with disabilities, forms part of Country Partnership Frameworks (CPF) and operations. Further, the NBO worked proactively with likeminded countries to ensure incorporation of disability concerns in the FCV Strategy.

Jobs and Economic Transformation

Availability of decent jobs and accelerating economic transformation remain at the center of increasing people's welfare and achieving the WBG's longer term goals. The WBG's jobs and economic transformation (JET) analytical framework is in place. It is currently in the implementation stage and being integrated with other WBG work streams. The JET agenda is highly relevant in the context of the WBG's COVID-19 response as many jobs are vulnerable during this crisis. The jobs gap is expected to widen and job polarization increase. It is therefore important that the WBG continues to assist and advice countries on how to improve the conditions supporting job-creation and productivity-enhancing private investments. In this context, the NBO advocated for the JET agenda to focus on gender and greening of jobs and sectors. The NBO also emphasized that the COVID-19 outbreak has made the case to accelerate the digital shift even more compelling. The NBO proposed for the WBG to start pushing forward the idea of a Single Digital Global Labor Market as the range of tasks that can be completed in the digital domain across national borders, without any mobility of people, is steadily increasing. Finally, the current crisis has built sufficient momentum to deal with job market informality in low-income economies, an opportunity to be seized.

Digitalization, 4th Industrial Revolution

Digitalization reshapes societies and provides emerging and developing economies with many opportunities to diversify their economic models and leapfrog development. Governments have an opportunity by adopting new technologies to build human-driven digital societies that are inclusive and make peoples' lives easier, more convenient, and reduce costs for the private sector. The WBG has made significant progress in the provision of digitalization-related advisory services and there are several important initiatives to client countries in recent years. However, the internal digital transformation of the WBG's main business processes has been more gradual and there is scope for improvement. The NBO has emphasized that there is a need to strengthen the strategic forward look and establish a clear implementation plan for digital transformation. Against the background of the COVID-19 outbreak, the WBG has placed a great deal of focus on how countries can benefit from digital technologies, especially in the era of social distancing. Digitalization will be one of the big themes for the 2020 Annual Meetings of the International Monetary Fund and the World Bank Group.

Human Capital and Human Capital Project

The Human Capital Project has succeeded in stimulating attention to investment in human capital through creation of greater client demand and a proactive push from Bank teams. Fiscal Year 20 resulted in a record high of 34 percent of IDA/IBRD commitments allocated to human development - double the average of FY10-17. This was in part due to the COVID-19 health emergency engagements. Practically all CPFs include a substantial focus on improving human capital. However, budget allocations within a country's Performance Based Allocation still tend to favor other development sectors. The NBO therefore continues to advocate for proportionate allocations to ensure that the increased attention to human capital translates from words into investments.

For the past couple of years, the NBO has been pushing the Health and Education Global Practices to address comprehensive sexuality education (CSE) in operations. This was initially met with some reluctance citing lack of country demand and sensitivities. But in the past year the result of these efforts can be registered with several operations incorporating CSE, including in Zambia and Nigeria. The Bank further applies the term Sexual and Reproductive Health and Rights where relevant while being mindful of the current challenging context.

The second Human Capital Index was published in September 2020 and it included gender disaggregated data for the underlying indicators. The implementation of the Africa Human Capital Plan has been actively supported by the NBO. However, the Africa Human Capital Summit originally planned for May 2020 had to be postponed due to the COVID-19 pandemic. Similarly, the framework instruction for IFC investments in private health care and education provision was delayed due to the pandemic.

Debt Sustainability

The sovereign debt burden increased significantly in many low-income countries, especially after recent commodity price declines. As a result, debt vulnerabilities amplified, and many countries have either been exposed to debt distress risk or even experienced debt distress. These developments have forced governments to remain alert. The WBG has responded in various ways, including by strengthening the analytical pillars of the joint IMF/WB multipronged approach to address debt vulnerabilities by helping countries improve debt management frameworks, but also by taking steps to improve sovereign debt transparency and capacity to produce debt data. The NBO has been strongly advocating for WBG measures which would help countries restore and maintain sovereign debt sustainability.

However, the COVID-19 pandemic has resulted in an adverse economic shock that triggered the deepest recession since WWII and led to a significant deterioration of fiscal space for most low-income countries. In response, the World Bank's Development Committee endorsed the Debt Service Suspension Initiative (DSSI) in April 2020. The aim of this initiative is to help the poorest countries with debt service suspension until the end of calendar year 2020. DSSI would enable governments to free-up resources for the use of social, health-related, or economic purposes. Of the more than seventy DSSI eligible countries, slightly more than half have applied for DSSI benefits. Nevertheless, sovereign debt sustainability remains an alarming issue for many low-income countries and that is why this will be an important matter to discuss at the 2020 Annual Meetings of the IMF and WBG.

Environmental Sustainability

After a recent reorganization, the World Bank's Environment, Natural Resources and Blue Economy Global Practice (ENB) strengthened its capacity to provide technical assistance and financing to client countries. ENB has upgraded methodologies such as environmental economics and natural capital accounting. The methodologies are now offered to clients to support informed decision-making, weigh pollution costs and climate risks, identify synergies, and to understand the effects of policy and investment choices to support sustainable development. The focus is on managing land, sea and freshwater natural resources in a sustainable way, and to create jobs, improve livelihoods, enhance ecosystem services, decrease pollution, and increase resilience to climate change. For the Bank, these are all high priority areas as they help set developing countries on a clean, green growth trajectory for resilient economies and healthy communities.

The COVID-19 crisis has also served as a reminder of the key links between human health and nature. Research shows that deforestation and land use change, habitat fragmentation, encroachment, rapid population growth and urbanization multiply the chances of contagion from diseases such as COVID-19 and other pathogens. In the aftermath of the COVID-19 crisis, governments will need to rapidly deploy stimulus packages at scale to spur economic recovery. The WBG argues that there is an opportunity to design these packages in a way that integrates longer-term sustainability considerations, including solutions that boost the economy and simultaneously deliver positive environmental outcomes. Some examples include reduction of carbon emissions, conservation of biodiversity, and protection of ecosystem services that underpin a country's prosperity and resilience to shocks like pandemics. The NBO has been supportive of the important work of the WBG in this area.

Creating Markets and Crowding in Private Sector

Fiscal Year 20 was the third year of implementation of IFC's 3.0 strategy. The aim of this strategy is to focus the institution on creating markets and mobilizing private capital, with increased support to countries where private capital flows are the most inadequate to address major development gaps. The NBO has supported the strategy throughout and finds that the current COVID-19 crisis demonstrates that the strategy is more relevant than ever. The NBO has also warmly welcomed the closer alignment of IFC with IBRD, IDA and MIGA, underscoring the need for the WBG to work as one entity when supporting client countries.

In March 2020, and partly as a response to the COVID-19 crisis, the U.S. Congress completed its approval of the 2018 Capital Package. This paved way for the full implementation of the capital increase of IFC of USD 5.5 billion. The subscription process was formally launched in April and IFC urged its shareholders to accelerate the subscription process so that IFC could ramp up its support to the client countries affected by the pandemic. In March 2020, IFC's USD 8 billion COVID-19 Fast Track Financing Facility was launched to scale up short term financing and liquidity support to existing clients. IFC committed USD 3.5 billion of the approved USD 8 billion Facility by the end of FY20; USD 2 billion through the Global Trade Finance Program and USD 1.5 billion through the Real Sector Facility and Financial Institution Group Envelope. In the end of the fiscal year IFC prepared the Global Health Platform, which aims to mobilize private investment to close the massive healthcare supply gaps faced by developing countries.

Furthermore, in order to deliver on IFC's long-term commitments under the Capital Increase Package, IFC scaled up its Upstream initiative, including by hiring more than 240 new staff. The intention is to increase IFC's early stage engagement where significant barriers to investment exist. Looking ahead, the WBG will need to step up its efforts to fully embed the Cascade approach in all WBG operations. In this context, the NBO has consistently been calling on WBG Management to scale up and mainstream the WBG Maximizing Finance for Development approach, as this is essential to achieve the Twin goals and SDGs.

Multilateral, Partnerships and Country Platforms

The NBO has advocated for the WBG to maintain its role as a convening power and a leader on global development issues and that the Bank should be vocal in its support of multilateralism and partnerships with a wide range of development partners, stakeholders and CSOs. While the WBG President has signaled that the Bank should focus on good and tangible outcomes for client countries and achieving the WBG's Twin Goals and corporate commitments, the NBO has argued that this does not have to come at the expense of strong partnerships and a continued attention to the SDGs, the Paris Agreement and other global public goods. The NBO has reiterated the need for the WBG to engage and coordinate constructively with all relevant parts of the multilateral system, at both headquarters, regional and country levels, and across all its operations. The NBO also underlined the importance of the IMF-WBG Annual and Spring meetings as a unique forum consensus-building on joint action to address both urgent and long-term development challenges.

The NBO finds that there is scope for WBG Management to improve the engagement on global climate issues and Global Public Goods, and to foster close cooperation and coordination with the UN system and bilateral partners at country level, including on Integrated National Financing Frameworks. Progress on establishing country platforms seems to have been uneven and limited. However, the NBO appreciates that the WBG has coordinated effectively with the IMF, other MDBs, the UN system, WHO, GAVI, CEPI, and other partners in the ongoing COVID-19 response. The cooperation with the IMF has been particularly close and has resulted in the joint calls on the G20/G7 and other creditors to participate in the Debt Service Suspension Initiative (DSSI) and coordinated interventions to support client countries. The development of the WBG FCV Strategy was also the product of close cooperation with the United Nations system and other stakeholders and it is based on a clear recognition that the Strategy can only be implemented effectively in partnership with other actors in the peace-humanitarian-development nexus.

Development Outcomes

The NBO has continued its work with WBG Management and likeminded constituencies to ensure effective monitoring of IDA19 and Capital Increase Package (CIP) commitments and results, and to strengthen the focus on development outcomes and development outcome risks. More time was allocated to the Board's work program to discuss key development effectiveness issues, including how to generate better information on the results and impacts of WBG operations, moving away from "attribution" to "contribution".

As part of this work, Management will pilot an approach to measure the collective contribution of WBG activities to higher-level outcomes at the country level. More emphasis will also be placed on clarifying the relationship and tradeoffs between development outcomes and managing risks. Management was asked to develop a roadmap of actions to further improve outcome orientation and to outline its approach to focus on outcomes, elaborating on the Bank's support to develop client countries' institutional capacity and pay attention to intra-WBG coordination, not least between the regions and thematic Global Practices. The proposed four-pronged approach to strengthen outcome orientation consists of: 1) an improved line-of-sight to higher-level goals, 2) placing outcome risk at the center of results programming, 3) enhancing evidence-based learning in operations and 4), strengthening the outcome orientation of operations teams. The Board has asked Management to accelerate the ongoing risk recalibration so that new risk appetite statements can be endorsed by the full Board before the budget discussions in FY21.

Accountability Mechanisms

Fiscal Year 20 was a year of review and reforms of the WBG Accountability Mechanisms. For IBRD and IDA, the Board approved important reforms related to the Inspection Panel (IPN) Toolkit. For IFC and MIGA, an external review was carried out with the final report providing an extensive set of recommendations for future reforms.

IBRD, IDA and the Inspection Panel

In January 2020, the Board approved the Committee on Development Effectiveness's (CODE) recommendations on the three outstanding issues of the IPN Toolkit reform. The NBO took an active part in the discussions with the objective of strengthening the IPN and its independence as well as improving the oversight role of the Board. The three issues of Time Limit Eligibility, Independent Verification of Management Action Plans (MAPs) and Independent Dispute Resolution were dealt with in an acceptable manner. The Board agreed that the time limit eligibility will be extended to 15 months after the closing date of the loan. As for Verification, it was agreed that in addition to actions taken to strengthen the design and implementation of MAPs, the IPN and GIA (based on their respective roles) would undertake proportionate/risk-based verification. On Dispute Resolution, it was agreed that in addition to strengthening the World Bank's Grievance Redress Services, a Dispute Resolution function, independent from Management, would be set up and a new Accountability Mechanism (World Bank Accountability Mechanism unit), housing both Dispute Resolution and Compliance, was established.

IFC, MIGA and the Compliance Advisor Ombudsman

During FY20, an External Review of IFC/MIGA E&S Accountability, Including Office of the Compliance Advisor/Ombudsman´s Role and Effectiveness was carried out by a highly professional team of experts. The final report was discussed jointly by the Committee on Development Effectiveness (CODE) and by the Committee on Governance and Executive Directors Administrative Matters (COGAM) in June. The report is thorough and provides extensive analysis of the current system and procedures, discusses its strengths and weaknesses, and includes 11 overarching recommendations and 135 specific policy recommendations. Some of the key recommendations include changing the reporting lines from the WBG President to the Board and securing CAO's independence. The review team also recommended to clarify guidelines and underlined the importance of a more proactive and engaging culture at IFC. The issues of remedies in cases of non-compliance or harm, as well as the need to clarify the E&S responsibilities of Financial Intermediaries were also underscored. A technical working group was set up to consider the recommendations and work on reform proposals, including a new policy for the accountability mechanism. The NBO will continue to participate actively in the discussions in line with the NBC's position.

Follow Up on Capital Increase Package

The NBO closely monitored the implementation of the commitments made in the Forward Look, the 2018 Capital Increase Package (CIP) and other corporate commitments (i.e. IDA18). As commitments cover a wide range of financial and operational issues, updates on the implementation status of various commitments were fragmented. WBG Management was therefore tasked to develop a holistic monitoring framework which was presented Spring 2020. This excellent reporting matrix (Annex F) shows each commitment along with specific indicators and targets, progress against these targets, and implementation status. The matrix will be updated annually after the close of each FY.

The WBG has made good overall progress during the first two years of the implementation of the CIP and Forward Look agenda. In the *policy package* which covers four areas (i) Serving All Clients, ii) Leading on Global Issues, iii) Creating Markets and Mobilizing Finance for Development and iv) Improving the Business Model), most measures have been implemented or are on track. This includes the target of reaching a 30 percent average in the share of climate co-benefits of total commitment in the period FY2020-FY2023 (at 28 percent end of FY20), and targets related to gender, crises response and FCV countries. However, the NBO would have liked to see the WBG being more forward-leaning in terms of leadership among MDBs on the global climate agenda and specifically in the joint MDB work aiming to achieve alignment with the Paris Agreement on Climate. The NBO would also have liked to see the WBG focus more on providing advice to client countries on how to develop more ambitious NDCs. Another area which is off track and requires attention going forward is the low IBRD private mobilization ratio.

In the *financing package* which covers five areas i) the Capital Increase, ii) Pricing, iii) Budget Efficiency, iv) Balance Sheet Optimization and v) Income transfers, many commitments are either completed or implemented, or on track to be achieved. This includes the budget efficiency and savings commitments. However, the planned FY20 income transfer from IBRD to IDA has been put temporarily on hold, according to WBG Management in order to protect IBRD against downside risks caused by the increased demand stemming from the COVID-19 crisis. The NBC did not share this view and will work towards releasing this transfer to IDA in FY21. Further measures to optimize the balance sheets of the WBG going beyond the CIP commitments can be expected as the Bank will explore options on how to increase its financing capacity in view of the challenges faced by client countries.

Trust Fund Reform

The WBG continues to reform its Trust Funds and Financial Intermediary Funds (FIF) to ensure they support the Bank's strategic priorities and contribute to improved outcomes. The reform objective is to create larger, fewer trust funded programs, or "Umbrella" funds, with greater strategic alignment with the WBG's goals, and greater efficiency. For donors, it means more clarity about the partnership with the Bank, and efficiencies of scale that allows the Bank to put more emphasis on reporting, results, communication and visibility, while remaining responsive to donor priorities. For Bank staff, the reform and streamlined procedures will free up time to focus more on solutions for clients. Another advantage of "Umbrellas" is that donor funding will become better integrated with the annual planning process, which allows Trust Fund activities to be mainstreamed, and the World Bank to align global knowledge and expertise with country strategies.

The reform process started more than two years ago. Since then, the Bank's Development Finance (DFi) Vice Presidency has held frequent consultative meetings with the Board and with donor partners via the "Trust Fund Forum". This partnership platform allows the WBG and development partners to discuss ways to improve the strategic focus, effectiveness, and efficiency of external funding. Furthermore, DFi has organized several detailed discussions with key donors, via so called "TF Forum Working Sessions". These discussions, which have been fruitful, have focused on specific "Umbrella 2.0" principles and how they are being applied in practice. Issues covered are: preferencing and earmarking, communications and visibility, governance, results and reporting, the Development Partner Center, and "Transfer Outs" in Trust Funds.

2020 Shareholding Review and IDA Voting Rights

2020 Shareholding Review

Governors noted in the April 2018 DC Communique that a Shareholding Review would take place in 2020, five years after the first regular review was initiated at the 2015 Annual Meeting in Lima. Periodic reviews take stock of the shareholding structure of IBRD and IFC and assess if shareholding is aligned or misaligned against the benchmark provided by the Dynamic Formula and the shareholding principles agreed in Lima. Realignment of shareholding through a Selective Capital Increase is not necessarily required with each review, but only when shareholders decide that the misalignment and other factors, such as, the capital adequacy of the institutions, warrant adjustment.

The 2020 shareholding review has been initiated only two years after the 2015-2018 shareholding review and the resulting agreement on the Capital Increase Package for IBRD and IFC, while subscriptions to the 2018 Selective Capital Increase/General Capital Increase are still ongoing. This is partly the reason why two contrasting views have emerged on whether to recommend an alignment to Governors. Many chairs, representing mainly large and/or over-represented shareholders, have argued that the 2020 shareholding review should only be a technical and analytical exercise, and that realignment is premature and unnecessary so soon after the 2018 capital increase. Contrary to this view, most under-represented shareholders, including the Nordic-Baltic chair, are arguing that the analysis shows that there are considerable and even growing imbalances in shareholding in IBRD. These chairs conclude that realignment would be appropriate, even if this was limited to an incremental adjustment based on unallocated shares left over from previous capital increases. Among shareholders calling for realignment, there are also differing views on whether adjustments should benefit all under-represented shareholders (including NBC countries), or only those most under-represented, for instance China.

In order to break this stalemate at the 2020 Annual Meetings of the IMF/WBG, Governors have been asked to provide guidance to the Board of Directors on how to proceed.

2020 IDA Voting Rights Review

Governors noted in the 2019 Annual Meeting that the IDA Voting Rights Framework should be reviewed in 2020 based on a set of guiding principles and that the review should be finalized ahead of the IDA19 Mid-Term-Review in November 2021, well before the launch of the IDA20 replenishment round. The review was prompted by a recognition that the system is outdated and not reflecting global changes since IDA was created. The system was also seen as overly complicated, unfair, not providing the right incentives for donors to contribute to IDA, and the voting power of recipients was gradually declining. The historic IDA18 reform which leverages the international capital markets also highlighted the importance of safeguarding IDA's equity and the fiduciary responsibility of shareholders.

The review was initiated in COGAM in January 2020 and discussions have been constructive. Agreement has so far been reached on several crucial matters, including on the timeline for the review and a structured discussion based on four so called building blocks that a future and revised IDA voting framework could include. The building blocks have been analyzed in the first round of discussions. In the second phase, starting Autumn 2020, chairs will embark on identifying and discussing elements and combinations of a possible reform package, with a view to achieve consensus.

The NBO has engaged actively based on the NBC's agreed position. Consensus is emerging that a new system should reflect Members' relationship to IDA (recipient/non-recipient) and that recipients' voting rights should be protected and preferably enhanced. Issues which require further discussion are the voting calculations system for the non-recipient and recipient countries respectively (upper and lower tier countries). Here, views differ on whether pricing of shares should be fixed or unified. The issue of how IDA countries would transition between membership structures as they graduate will be difficult to solve. The idea of grandfathering some of the current rights has been brought up, something that could have implications for those countries who have already transitioned voluntary (such as Iceland, Latvia and Lithuania).

Human Resources

The decentralization of the WBG and FCV staff deployment efforts were clearly the key Human Resource (HR) issues discussed during FY20, and these processes were both impacted by the onset of the COVID-19 crisis. The transfer of positions from headquarters to field offices began strongly early in the year but was delayed as the pandemic spread and deepened. The HR Committee (HRC) urged WBG Management to seek ways to minimize any negative impact on the implementation of the FCV strategy and the Global Footprint agenda. The HRC was furthermore actively engaged in discussion with WBG Management about appropriate COVID-19 responses within the organization, like travel restrictions and office closures resulting in staff moving to remote and home-based work.

Recruitment and planning of the contingent workforce were also high on the agenda and impacted by the COVID-19 crisis. The Bank's continued strong reliance on "short term consultants" and "extended-term consultants" remains a contentious issue. Many members of the HRC called for the Bank, as a reputable employer, to provide clearer guidance to consultants about possible extensions.

The HRC had several discussions about the "WBG Staff Engagement Survey" and issues that surfaced in the most recent survey. These include the deterioration of staff's perception of their ability to strike the right balance between work and personal life. Staff were also concerned about the timeliness with which institutional decisions are made across the WBG. On the positive side, the survey revealed improved perception of Management's actions to improve diversity and inclusion, better communication of strategic priorities, and lastly progress on implementation of internal processes that bolster the delivery of high-quality services to clients.

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. [1]

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:

Executive Director	Geir H. Haarde (Iceland)
Alternate Executive Director	Joergen Frotzler (Sweden)
Senior Advisor	Anna Dravniece (Latvia)
Senior Advisor	Thorarinna Soebech (Iceland)
Senior Advisor	Joar Strand (Norway)
Advisor	Sanne Frost Helt (Denmark)
Advisor	Martin Lindpere (Estonia)
Advisor	Jolita Klimaviciene (Lithuania)
Advisor	Eeli Jaakkola (Finland)
Sr. Executive Assistant	Colleen J. Martin
Program Assistant	Veronica Marchant

The Nordic-Baltic ED was a member of the Human Resources Committee (HRC) and Budget Committee (BC).

The International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

Annex B: Nordic-Baltic Contributions to WBG Funds

Contributions paid in during FY15-FY20Q2 ***(in US$ millions)***

- Nordic and Baltic countries view

Development Partner	IDA	IBRD/IDA TFs	FIFs	IFC TFs	Total
Nordic countries					
Denmark	545	469	579	28	1,621
Finland	381	157	168	138	844
Iceland	25	7	2	-	34
Norway	806	1,452	1,383	75	3,717
Sweden	1,675	798	1,963	42	4,477
Total Nordic countries	3,432	2,883	4,095	283	10,693
Baltic countries					
Estonia	7	3	1	-	12
Latvia	6	0	0	-	6
Lithuania	5	-	0.11	-	5
Total Baltic countries	18	4	2	-	23
Grand Total	**3,450**	**2,887**	**4,097**	**283**	**10,717**

Note:

(i) Latvia contributed US$ 0.047 million towards IBRD/IDA TFs and US$ 0.42 towards FIFs.

(ii) Lithuania contributed US$ 0.11 million towards FIFs.

(iii) Contributions paid in to top three programs in Financial Intermediary Funds by Nordic and Baltic countries are Green Climate Fund (US$ 842 million), Global Partnership for Education Fund (US$ 812 million) and The Global Fund to Fight, AIDS, Tuberculosis and Malaria (US$ 788 million).

(iv) Contributions paid in to top three programs in IBRD/IDA TFs by Nordic and Baltic countries are Afghanistan Reconstruction Trust Fund (US$ 609 millions), Global Financing Facility (US$ 348 million) and Forest Carbon Partnership Facility (US$ 174 million).

Annex C: Nordic-Baltic Staff in WBG FY19-FY20

WBG Active Full-Time Nordic-Baltic Staff (FY19-FY20)

Nordic & Baltic	IBRD				IFC				MIGA				WBG			
	2019		2020		2019		2020		2019		2020		2019		2020	
	Core	Other	Core	Other	Core	Other	Core	Other	Core	Other	Core	Other	Core	Other	Core	Other
Denmark	56	4	54	6	12	1	13	-	-	-	-	-	**68**	**5**	**67**	**6**
Estonia	5	-	4	-	-	-	-	-	-	-	-	-	**5**	**-**	**4**	**-**
Finland	27	1	26	2	5	1	5	-	-	-	-	-	**32**	**2**	**31**	**2**
Iceland	3	-	2	-	1	-	1	-	-	-	-	-	**4**	**-**	**3**	**-**
Latvia	8	-	8	1	4	-	4	-	1	-	1	-	**13**	**-**	**13**	**1**
Lithuania	11	-	11	-	3	-	3	-	-	-	-	-	**14**	**-**	**14**	**-**
Norway	24	1	23	1	3	-	3	-	-	-	-	-	**27**	**1**	**26**	**1**
Sweden	55	4	54	3	4	1	3	-	2	-	2	-	**61**	**5**	**59**	**3**
Grand Total	**189**	**10**	**182**	**13**	**32**	**3**	**32**	**-**	**3**	**-**	**3**	**-**	**224**	**13**	**217**	**13**

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

WBG Active Full-Time Nordic-Baltic Staff Distribution by Grade Level as of end of June 30, 2020

Grade	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Grand Total
EC1					1				**1**
EC2			1					3	**4**
EC3	1								**1**
GC								1	**1**
GD						2			**2**
GE	1		1		1	1	1	3	**8**
GF	6		8	1	2	5	4	12	**38**
GG	37	2	14	1	7	5	14	29	**109**
GH	21	2	6	1	3	1	3	10	**47**
GI			2					1	**3**
GJ	1							1	**2**
UC	6		1				5	2	**14**
Grand Total	**73 (+3)**	**4 (-1)**	**33 (0)**	**3 (-1)**	**14 (-1)**	**14 (-1)**	**27 (0)**	**62 (-4)**	**230**

* In Comparision to FY17-FY19; no change

Annex D: Nordic-Baltic Countries Procurement Data FY18-19

	Overall Results Fiscal Years 2018 -2020									
	Denmark	Estonia	Finland	Iceland	Latvia	Lithuania	Norway	Sweden	Constituency Total	Bankwide Total
Total	$61,753,054	$7,050,386	$21,384,829	$934,199	$1,959,036	$11,074,870	$14,551,490	$111,332,714	$230,040,578	$ 28,884,669,918
Average of WB Totals (%)	0.21%	0.02%	0.07%	0.00%	0.01%	0.04%	0.05%	0.39%	0.80%	

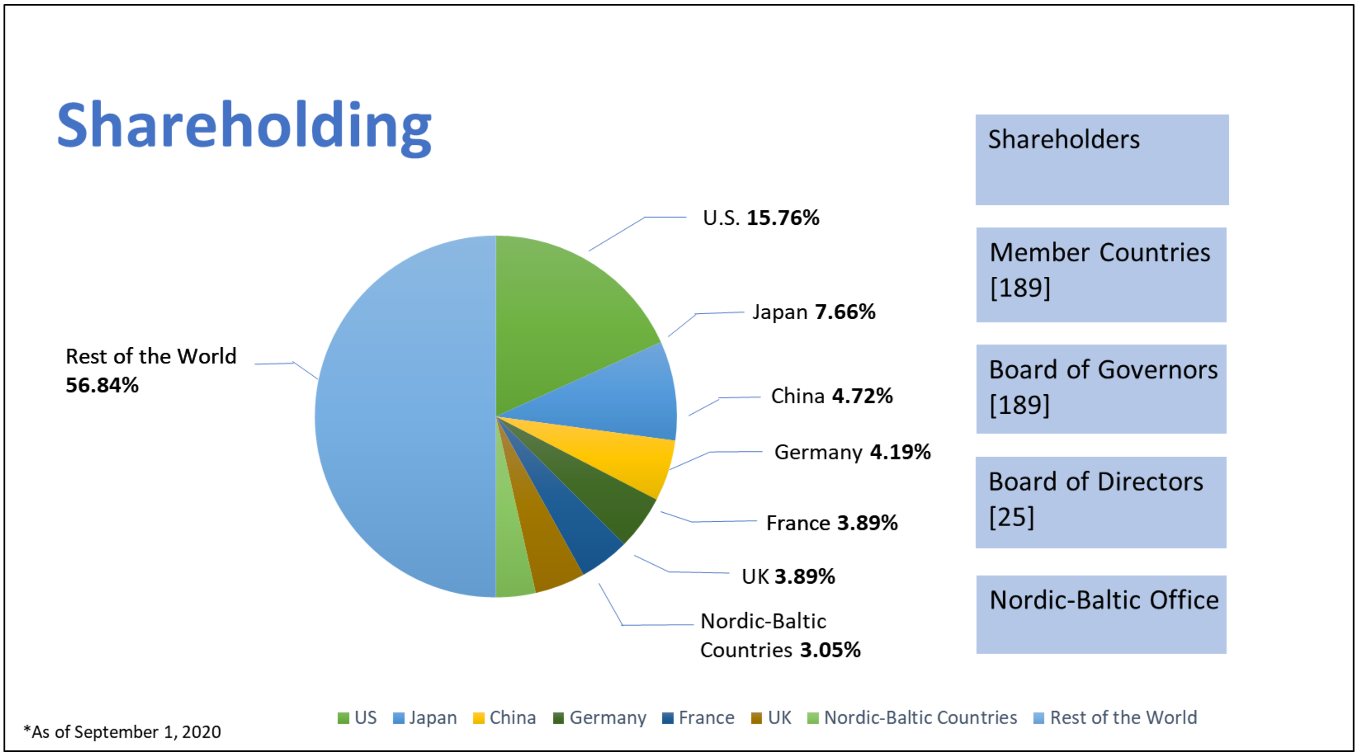
	Fiscal Year 2018					
	Civil Works	Consultant Services	Goods	Non-Consulting Services	FY Total	Percentage of WB Total
Denmark		$15,580,972	$8,504,473		$24,085,445	0.22%
Estonia		$1,439,459	$4,731,381		$6,170,840	0.06%
Finland		$5,543,912	$2,477,580		$8,021,492	0.07%
Iceland		$934,199			$934,199	0.01%
Latvia	$862,695		$691,196		$1,553,891	0.01%
Lithuania		$746,183	$5,943,015	$792,934	$7,482,131	0.07%
Norway		$10,995,198	$1,385,500	$396,467	$12,777,164	0.12%
Sweden		$1,593,396	$2,397,044	$1,976,881	$5,967,321	0.06%
Constituency Total	$862,695	$36,833,318	$26,130,190	$3,166,282	$66,992,485	0.62%
Bank-wide Total	7,578,338,318	1,305,650,003	1,445,316,979	270,239,633	10,599,544,934	
Constituency % of Total	0.01%	2.82%	1.81%	1.17%	0.63%	

	Fiscal Year 2019					
	Civil Works	Consultant Services	Goods	Non-Consulting Services	FY Total	Percentage of WB Total
Denmark	$2,445,000	$19,655,129	$7,350,178		$29,450,307	0.27%
Estonia		$828,853			$828,853	0.01%
Finland		$2,404,691			$2,404,691	0.02%
Iceland					$0	0.00%
Latvia			$248,000		$248,000	0.00%
Lithuania		$3,044,734	$522,605		$3,567,339	0.03%
Norway		$1,239,489			$1,239,489	0.01%
Sweden	$90,901,401	$185,852	$10,010,646	$199,950	$101,297,849	0.94%
Constituency Total	$93,346,401	$27,358,749	$18,131,428	$199,950	$139,036,528	1.29%
Bank-wide Total	$6,374,829,906	$1,685,077,749	$2,454,457,886	$289,982,713	$10,804,348,253	
Constituency % of Total	1.46%	1.62%	0.74%	0.07%	1.29%	

	Fiscal Year 2020					
	Civil Works	Consultant Services	Goods	Non-Consulting Services	FY Total	Percentage of WB Total
Denmark		$3,079,306	$5,137,995		$8,217,302	0.11%
Estonia		$50,693			$50,693	0.00%
Finland		$8,168,698	$2,789,947		$10,958,645	0.15%
Iceland					$0	
Latvia		$157,145			$157,145	0.00%
Lithuania		$25,400			$25,400	0.00%
Norway		$534,836			$534,836	0.01%
Sweden		$3,513,499	$354,095	$199,950	$4,067,544	0.05%
Constituency Total	$0	$15,529,577	$8,282,037	$199,950	$24,011,565	0.32%
Bank-wide Total	$4,609,190,191	$1,328,095,619	$1,210,921,992	$332,568,929	$7,480,776,731	
Constituency % of Total	0.00%	1.17%	0.68%	0.06%	0.32%	

* These figures capture only contracts awarded *above* WB's prior review thresholds under IDA-IBRD investment lending operations. Therefore, the data in these reports should be used only as a proxy. Also note that the nationality of the firms considered in this reports indicate place of registration of the firm, which may or may not be the actual nationality of the firm. For instance, if Siemens (DK) wins a contract, then the database show it as a Danish award, although Siemens is of course German.
* Non-consulting Services are normally bid and contracted ont he bassis of performance of measurable outputs, and for which performance standards can be clearly identified and consistently applied. Examples include: drilling, aerial photogprahy, satellite imagery, mapping and similar operations.

Annex E: Shareholding



Annex: F: Table on Capital Package Commitments and Implementation Status

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
FINANCING PACKAGE				
A. CAPITAL INCREASE				
IBRD: Increase of $7.5 billion paid-in capital and $52.6 billion callable capital **IFC: Increase of $5.5 billion in paid-in capital**	IBRD/IFC	Capital increase resolutions approved by the Governors		● **Complete** IBRD Resolutions approved in October 2018 and IFC Resolutions approved in April 2020
	IBRD	*Percentage of capital subscriptions and amount of paid-in capital received*	*Monitored*	*21% and $1.6 billion as of end FY20*
	IFC	*Percentage of capital subscriptions received (Instrument of Subscription submitted, not requiring payment) and amount of paid-in capital received*	*Monitored*	*15% and $56 million as of end FY20*
B. PRICING				
Implement IBRD loan pricing measure starting FY19	IBRD	Loan pricing measures implemented starting FY19		● **Complete**[2] Effective July 1, 2018
Incremental IBRD revenues generated from the pricing measure to be fully retained in IBRD, i.e. excluded from the IDA transfer formula, until FY28	IBRD	Impact reported and reflected in annual income allocation recommendations in annual IBRD Net Income Allocation paper starting FY19		● **Implemented**
		Incremental IBRD revenues generated from pricing measure retained in IBRD	*Monitored*	*$3 million in FY19 and 13 million in FY20*
Continue existing IFC risk-based and market-based pricing policy	IFC	As reported in Portfolio Risk Review (PRR) Report		● **Implemented**
C. BUDGET EFFICIENCY				
IBRD Budget Anchor within a target zone of 50-60% by FY30	IBRD	Budget anchor %	95%-75% for FY19-FY21 50%-60% by FY30	79% and 74% for FY19 and FY20 (FY20 below the budget anchor target zone agreed for FY19-FY21)
Achieve $1.8 billion of cumulative further efficiency gains and economy of scale benefits by FY30	WB	Cumulative savings FY19-FY30	$1.1 billion	$78 million net savings ($185 million gross savings) achieved for FY19-FY20 $405 million net savings ($777 million gross savings) expected for FY19-FY23

1 This table reports the implementation status of commitments under the 2018 IBRD/IFC Capital Package (as set out in Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal prepared by the WBG for the April 21, 2018 Development Committee Meeting, DC2018-0002/2, April 17, 2018). Implementation indicators listed in italics are not explicit commitments but are variables being monitored that flow from the listed commitments. A monitored indicator has no associated target specified in the Capital Package, and progress is only tracked and reported for interim information.

2 Loan pricing measures committed in Capital Package pertains to differentiated approach based on countries' income levels for the regular lending program.

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
	IFC	Cumulative savings FY19-FY30	$0.7 billion	$123 million savings achieved for FY19-FY20 $315 million savings expected for FY19-FY23
D. BALANCE SHEET OPTIMIZATION				
Continue an active IFC mobilization strategy to conserve capital	IFC	Amount raised in core mobilization	Core Mobilization to reach 0.92x[3] by FY30	$10.8 billion/0.97x in FY20
Continue an active portfolio management approach including innovative approaches and IFC equity sales and maintain a balanced portfolio	IFC	Progress in implementing equity strategy		New equity approach was progressing well until COVID-19 pandemic impact led to tactical adjustments.
		Number of new portfolio management approaches used		Five approaches[4]
		Amount of equity sales executed		Executed 278 equity sales (including partial exits) generating proceeds of $2.5 billion and realized gains (cash basis) of $454 million in FY20
Implement recommendations from external capital adequacy framework review	IBRD	Recommendations from external capital adequacy framework review implemented		● **Complete** Recommendations implemented in January 2020
Review IBRD Statutory Lending Limit (SLL)	IBRD	Review of SLL completed		● **Complete** Review completed in March 2020
Explore IDA-specific options to further optimize shareholder capital investments in the WBG	IDA	IDA balance sheet optimization measure explored and implemented		● **Complete** IDA Capital Value Protection program implemented in November 2019
E. INCOME TRANSFERS				
Use IDA transfer formula to derive annual IBRD income transfer to IDA	IBRD	The use of agreed formula to derive amount of IDA transfer from IBRD		● **Implemented** (FY19: $259 million transferred. FY20: $331 million formula-determined transfer amount is being temporarily held in Surplus to protect against COVID-19 downside scenarios.)
Suspend IFC transfers to IDA starting from IDA19	IFC	IFC transfer to IDA suspended starting from IDA19		● **Implemented**
Extend use of revised approach to IFC designations for annual designations to advisory services including the Creating Markets Advisory window	IFC	The use of designations formula agreed with the Board in November 2016 for annual designations for advisory services		● **Implemented** $44 million in FY20
POLICY PACKAGE				

3 IFC core mobilization ratio of 0.92x by FY30 is an implicit target based on an explicit target of $25 billion own account and $48 billion total own account and mobilization.

4 Equity specialization including through appointment of global equity heads, support of an enhanced role on boards through nominees, quarterly equity reviews with senior management, macroeconomics informed decision making, new procedures to manage core equity investments.

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
A. SERVING ALL CLIENTS				
Prioritize IBRD support to IDA graduates and new blends aiming to make available resources to replace 100% of IDA financing for IDA graduates	IBRD	IBRD financing for recent IDA graduates relative to IDA financing prior to graduation	100% of IDA financing for IDA graduates	Subject to borrower demand. $8.2b financing in FY20 to blends and recent graduates
Aim for a gradual and linear rise in IBRD share of non-crisis lending to countries below GDI to reach 70% by FY30. Target an average share of 67 percent over the FY19-FY30 period	IBRD	% of financing to countries below GDI	70% by FY30; 67% average over FY19-FY30	72% in FY20; 74% average in FY19-FY20
Expand commitments in IDA and FCS countries and reach up to 40% of all IFC commitments by FY30, averaging 32.5% over FY19-FY30	IFC	% of own account commitments in IDA17/FCS countries	40% by FY30; 32.5% average over FY19-FY30	25% in FY20; 24.5% average in FY19-FY20
Utilize replenished PSW resources to increase share of IFC commitments in Low Income IDA and IDA-FCS countries to 15-18% and 15-20% of total annual commitments by FY26 and FY30 respectively (subject to the continuation and sizing of the PSW)	IFC	% of total annual commitments to Low Income IDA17 and FCS counties	15-18% by FY26; 15-20% by FY30	10% in FY20
Higher SBL increase for countries below the GDI	IBRD	Higher SBL increase for below-GDI than above-GDI countries introduced		• **Implemented** Differentiated approach introduced starting FY19
IBRD price discount for below-GDI countries, with blends and recent IDA graduates exempted from the price increase	IBRD	Price discount for below-GDI countries and exemptions for blends and recent IDA graduates implemented as part of Capital Package pricing measures		• **Complete** Effective July 1, 2018
Systematic analysis and assessment of the key elements of the IBRD graduation policy reflected in CPFs and updated in Performance and Learning Reviews (PLRs) of above-GDI countries. New IBRD activities will have a primary focus on interventions to strengthen policies and institutions required for sustainable IBRD graduation	IBRD	SCD and Country Engagement Guidance updated and Capital Package agreement reflected in new CPFs for above-GDI countries		• **Implemented** SCD and Country Engagement Guidance updated in September 2018; Capital Package agreement reflected in eight new CPFs for above-GDI countries
Selective private sector investments in Upper Middle-Income Countries by IFC, following a rigorous approach to additionality.	IFC	Adoption of new additionality framework		• **Complete** New additionality framework adopted in FY19
Double IBRD base allocation for Small States, subject to prudential limits	IBRD	Base allocation for Small States doubled		• **Complete**
Exempt Small States from the IBRD price increase	IBRD	Small States exempt from Capital Package pricing increase		• **Complete** Effective July 1, 2018

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
Promotion of regional approach to IFC investments in the middle- to upper-income small states and leveraging of de-risking tools for the lower-income and FCV ones	IFC	New approach incorporated in relevant papers and reports		● **Complete**
B. LEADING ON GLOBAL ISSUES				
Incorporate crisis response into IBRD Financial Sustainability Framework	IBRD	Crisis buffer introduced		● **Complete** Crisis buffer implemented as part of FSF starting FY19
		Annual approved amount of crisis buffer / resulting SALL-adj level	*Monitored*	*$10 billion / $25 billion (FY21)*
Strengthen IFC partnership with WB and others to ensure a coordinated approach to crisis management and FCV	IFC	IFC's FCS Strategy integrated into WBG FCV Strategy	Joint FCV strategy to the Board	● **Implemented** WBG FCV Strategy presented to the Board in FY20
Increasing the IBRD climate co-benefit target of 28 percent by FY20 to an average of at least 30% over FY20-FY23, with this ambition maintained or increasing to FY30[5]	IBRD	Share of climate co-benefits in total commitments (%)	At least 30% average over FY20-FY23; ambition maintained or higher in FY24-FY30	28% including COVID-19 health operations and 31% excluding COVID-19 operations in FY20
IFC aims to increase climate investments share to 35% of commitments by FY30, reaching an average of 32% between FY20 and FY30	IFC	Share of climate investments as a % of LTF own account commitments	35% by FY30 32% average in FY20-FY30	30% in FY20
All operations screened for Climate risk	IBRD	Annual % of operations screened for climate risk	100%	● **Implemented** 100% in FY20
	IFC	Annual % of projects screened for climate risk within the sectors where climate risk screening was mainstreamed	100%	● **Implemented** 100% in FY20
Investment operations in key emission producing sectors to incorporate the shadow price of carbon in economic analysis and to apply GHG accounting, with annual disclosure of GHG emissions	IBRD	Annual % of investment operations in key emission producing sectors incorporating shadow carbon price in economic analysis and applying GHG accounting	100%	● **Implemented** 100% in FY20
		Annual disclosure of related GHG emissions		● **Implemented** GHG emissions disclosed in Corporate Scorecard
	IFC	Annual % of eligible projects incorporating shadow carbon pricing	100% by FY20	● **Implemented** 100% in FY20
		Annual % of eligible projects applying GHG accounting and disclosure	100% by FY20	● **Implemented** 100% in FY20

5 In achieving this higher level of co-benefits IBRD will need to be cognizant of the trade-offs within its lending portfolio. Climate co-benefits are largely available from sectors such as energy and extractives, transport, environment and natural resources, water and sanitation, agriculture, urban, rural and social development. Lending to such sectors will need to be balanced with other priority areas, such as education, health, social protection, and building institutions to support inclusive growth and sustainable graduation. Furthermore, tilting financing towards lower income countries alters the ratio of mitigation versus adaptation in WBG climate financing towards adaptation.

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
In co-operation with other MDBs, review the methodology used for computing climate co-benefits with a view to better capturing adaptation benefits	IBRD	Progress in reviewing and improving methodology for computing climate co-benefits to improve capturing of adaptation benefits		Progress being made through joint MDB work to identify areas of improvement in the adaptation methodology and articulate principles for the development of resilience metrics and piloting of "Resilience Rating System"
Flag all IFC projects with gender component by 2020	IFC	All projects with gender component flagged as applicable		In progress
Increase share of IBRD operations that narrow gender gaps ("gender tagged") to 55% by FY23, with ambition maintained or increasing to FY30	IBRD	% of operations that are "gender-tagged"	55% by FY23 (>=55% FY24-FY30)	60% in FY20 (71% excluding COVID-19 health operations)
Increase share of IBRD operations with financial sector components that include specific actions to close gender gaps in access to and use of financial services to 60% by FY23, with ambition maintained or increasing to FY30	IBRD	% of operations with financial sector components that include specific actions to close gender gaps in access to and use of financial services	60% by FY23 (>=60% FY24-FY30)	64% in FY20
Quadruple the amount of annual financing dedicated to women and women-led SMEs	IFC	Amount of annual financing dedicated to women and women-led SMEs	Reach $1.4 billion per annum by FY30	$0.5 billion in FY20
$2.6 billion in annual commitments to financial institutions specifically targeting women by 2030	IFC	Amount of money committed to financial institutions targeting women	$2.6 billion by FY30	$1.8 billion in FY20
50% share of women directors IFC nominates to Boards of companies where it has a board seat	IFC	% of women directors IFC nominates to boards	50% of women directors by FY30	44% in FY20
Develop a strategic framework for knowledge generation and sharing	IBRD	Strategic framework for knowledge generation and sharing developed and presented to the Board		In progress Technical briefing to Board in June 2019
Supporting inclusive and sustainable regional integration through connective infrastructure and complementary policy and institutional reforms	IBRD	Progress in supporting regional integration through projects and ASA		At least 4 ASAs completed to inform policy dialogue and provide analytical underpinnings for regional integration operations
Dedicate part of IBRD income in surplus to provide concessional financing for GPGs	IBRD	Establish an IBRD fund that uses IBRD surplus income to provide concessional financing for GPGs		● **Implemented** IBRD Fund for Innovative GPG Solutions launched in FY20
		Annual amount of funding dedicated to GPG fund from IBRD Surplus	*Monitored*	*$45m FY19 allocation (Oct 2019), $20m FY20 allocation*
C. CREATING MARKETS				
Increase IBRD Private Mobilization Ratio to 25% on average over FY19-FY30	IBRD	IBRD private mobilization ratio	25% on average over FY19-FY30	8.7% on average over FY19-FY20

COMMITMENTS	INSTITUTION	SUGGESTED IMPLEMENTATION INDICATOR	TARGET	LATEST VALUE/STATUS
Scale up private sector solutions by 1) deepening WBG collaboration for policy reform to eliminate obstacles to private investment; 2) using advisory services for upstream project preparation as well as de-risking tools where needed to build up the pipeline of bankable projects	IFC	Pipeline of upstream projects		103 upstream pipeline projects at FY20-end
D. IMPROVING INTERNAL GOVERNANCE				
Introduce an IBRD financial sustainability framework	IBRD	New IBRD Financial Sustainability Framework introduced		● **Complete** FSF introduced in FY20
Continue application of the existing IFC framework and improve certain aspects of the framework through 1) formal review and reaffirmation of the DSC policy range annually; 2) keeping abreast with evolving standards in risk and capital models; and 3) establishing more granular policy ratios	IFC	Continued application of the existing IFC framework with relevant enhancements		● **Implemented** Implemented in July 2019
Revise Staff Compensation Methodology to control salary growth and pursue other Human Resources measures	IBRD/IFC	Revised Staff Compensation Methodology adopted		● **Complete** Effective starting FY19
E. REPORTING AND MONITORING				
Progress against commitment targets to be provided via regular updates to the Board	IBRD/IFC	Regular updates to the Board		● **Implemented**
Independent Assessment of progress towards the targets will be conducted after five years, subsequent to the capital increase.	IBRD/IFC	Methodology for assessment to be developed		**Future Deliverable**

Annex: G: For Further Information

- Weblink to the World Bank Group Annual Report: https://openknowledge.worldbank.org/handle/10986/34406
- Weblink to the Corporate Scorecard: http://scorecard.worldbank.org/
- Weblink to COVID-19 response webpages: https://www.worldbank.org/en/who-we-are/news/coronavirus-covid19