



**MINISTRY OF FOREIGN AFFAIRS OF DENMARK**

**DANIDA** | INTERNATIONAL  
DEVELOPMENT COOPERATION

## Strategy for Denmark's engagement with the World Bank Group (2025-2030)

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# Danish Organisation Strategy for the World Bank Group 2025-2030

**Introduction:** The World Bank Group (WBG) is the largest multilateral financing institution. The WBG provides long-term and low-interest loans, zero to low-interest credits, and grants to LICs and MICs supporting these countries in reaching the SDG and the Paris Agreement. Furthermore, the WBG offers support through policy advice, research and analysis, and technical assistance which they use to combine its role as a lender with building capacity in client countries and regions for sustainable and long-term impact. In addition to this, Trust Funds (TF) and Financial Intermediary Funds (FIF).

**Key results:** Denmark’s strategic partnership with the WBG in the period 2025-2030 is guided by the following four priorities: 1) Better, bigger and more effective Bank; 2) Climate and Energy; 3) Fragility, Conflict and Violence; and 4) Private Capital Mobilisation. Adding to these priorities are the annual priorities of the Nordic Baltic Constituency.

**Justification for support:** The WBG is a major multilateral actor and plays a crucial role in the future multilateral system. The strength of its financial model is unparalleled and delivers a strong business case for donor support to development while providing substantial development impact for client countries. WBG support is directly in line with the Danish strategy “The World We Share”.

### How will we ensure results and monitor

**progress:** Denmark will pursue our strategic priorities via our direct contact with the WBG and through our membership of the Nordic Baltic Constituency. Monitoring of progress will be based on WBG’s own results framework and indicators: (“Corporate Scorecard”), internal evaluations and external assessments, especially MOPAN.

### Risk and challenges:

- The global trust crisis is worsening and may deepen division of members states, i.e. lenders and clients.
- Too high fragmentation and lack of streamlining between Danish engagement across the WBG, Trust Funds and Financial Intermediary Funds
- Elevated debt and high borrowing costs constitute a drag on development.

<b>File No.</b>	24-2554					
<b>Responsible Unit</b>	MULTI					
<i>Mill.</i>	2025	2026	2027	2028	2029	2030
<b>Commitments – NB: already-known (IDA, IBRD, IFC, MDRI).</b>	1326	1052	1174	1249	1063	840
<b>Projected ann. Disb.*</b>						
<b>Duration of strategy</b>	2025-2030					
<b>Finance Act code.</b>	06.37.01.10 (IBRD) 06.37.01.11 (IDA) 06.37.01.15 (Special Account) 06.37.03.14 (IDA – MDRI) 06.38.01.12 (IFC)					
<b>Desk officer</b>	Signe Schelde Poulsen					
<b>CFO</b>	Anne Katrine de Hemmer Gudme					

\* For details, see budget section

SDGs relevant for Programme					
No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation
Affordable Clean Energy	Decent Jobs, Econ. Growth	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	Partnerships for Goals	

### Budget

#### SNAPSHOT: WBG Commitments in 2025 (in mill. DKK)\*

International Bank for Reconstruction and Development (IBRD)	150
International Development Association (IDA)	763
International Finance Corporation (IFC)	237
Multilateral Debt Relief Initiative (MDRI)	176
<b>WBG Total</b>	<b>1.326</b>

\*Excludes DK support to Trust Funds and Financial Intermediary Funds

### Danish involvement in governance structure

- The Danish Minister for Foreign Affairs is a member of the Board of Governors.
- Denmark is a part of the Nordic-Baltic Constituency, which shares a seat in the Boards of Directors.

### Strat. objectives

Guided by overarching WB vision to “create a world free of poverty on a liveable planet” and WB Mission to “end extreme poverty and boost shared prosperity on a liveable planet.”

### Priority results

No poverty (SDG 1)  
Climate Action (SDG 13)

### Core information

Established	1945 (IBRD)
HQ	Washington DC
President	Ajay Banga
Subsidiary organisations	IBRD, IDA, IFC, MIGA, ICSID
Member states	189 (IBRD)
Country presence	Operations in 145 countries
Human resources	Approx 16,000 individuals

## I. Objective

This strategy for the cooperation between Denmark and the World Bank Group<sup>1</sup> forms the basis for the Danish contributions to the WB, and it is the central platform for Denmark’s dialogue and partnership with the WB in the period 2025-2030.<sup>2</sup> It sets Danish priorities for WB’s performance within the overall framework established by the WB’s mission and vision, see below. In addition, it outlines key Danish priorities focused on supporting a “bigger, better and more effective” Bank, climate, fragility and private capital mobilisation. Denmark will work closely with like-minded countries and especially the Nordic-Baltic Constituency (NBC) towards the implementation of these priorities.

## II. The organisation

### 2.1 Mandate and Mission

Guided by the overarching WB vision to *create a world free of poverty on a liveable planet*, the WB mission is to *end extreme poverty and boost shared prosperity on a liveable planet* adopted in 2023 as part of the Bank’s Evolution agenda (see below). These are pursued through Country Engagement Models (CEM) implemented via Country Partnership Frameworks (CPFs) based on evidence- and diagnostics-based partnerships with client countries and through bank-wide strategies on e.g. climate, fragility, gender etc.

#### **THE WORLD BANK GROUP AT A GLANCE**

Headquarters: Washington, DC  
Operations in 145 countries  
Country Offices: 130  
Staffing: approx. 16.000 people

#### FY2024 (July 2023 -June 2024)

Total WB Commitments: USD 117,49 bill.  
Total WB Disbursements: USD 89 bill.\*

\*Source: World Bank Group Financing for Partner Countries, Fiscal 2019–24: [Fiscal Year Data](#)

The strength of the WB’s financial and policy advise model is unparalleled, delivering a strong business case for donor support while providing substantial development impact for client countries being low-income countries (LIC) and middle-income countries (MIC). It is the largest multilateral financing institution, and in FY2023 alone, support from the WB to LICs and MICs totalled USD 123 bill.<sup>3</sup> As of May 2024, the WB had over 3,469 ongoing projects with USD 358,6 bill. in net commitments from 2019-2024<sup>4</sup>.

The WB delivers results by providing long-term and low-interest loans, zero to low-interest credits, and grants to LICs and MICs coupled with policy advise. Areas of support include education, climate, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management. The Bank’s projects are implemented in partnership with governments, other multilateral institutions, commercial banks, export credit agencies, and private sector investors. The WB is thus engaged in all areas of sustainable development and climate and is - as

<sup>1</sup> The World Bank Group refers to all five entities mentioned in section 2.2. The World Bank most often refers to IBRD and IDA. For simplicity, “WB” and “the Bank” are used throughout the document.

<sup>2</sup> The strategy will thus cover six years in total, which is not in direct in line with the AMG. The reasoning for ending the strategy in 2030 is that it will align with the expiration of the SDGs and the beginning of an expected new international framework for development and climate which will presumably have a more direct inclusion of the Multilateral Development Banks, not least the World Bank. This expected new framework will thus inform a new Danish organisation strategy starting in 2031. The previous Danish organisations strategy initially covered the period of 2019-2023 but has been extended to also cover 2024 so that this present new strategy can be fully informed by the World Bank’s Evolution which is being fully formulated in 2024.

<sup>3</sup> World Bank Annual Report 2023: [AR2023EN \(4\).pdf](#)

<sup>4</sup> World Bank Operations at a Glance, Lending Commitments by Year (2019-2024), <https://projects.worldbank.org/en/projects-operations/projects-home>

of 2024 - being reorganised into five verticals of prosperity, people, planet, infrastructure and digitalisation.

Apart from its financial capacities, the Bank is also a 'knowledge bank' with substantive knowledge, expertise and data. The Bank thus also offers support to developing countries through policy advice, research and analysis, and technical assistance which they use to combine its role as a lender with building capacity in client countries and regions for sustainable and long-term impact.

In addition to the above are the Trust Funds (TF) and Financial Intermediary Funds, see section 3.3.

The WB has a strong convening power due to its comparative advantages, including global reach, strong country presence, funding and knowledge capacity, ability to work cross-sectorally and apply innovative financial instruments, and operational and implementation expertise.

## 2.2 Organisation and management

The WB comprises five entities:

*IBRD - The International Bank for Reconstruction and Development:* provides loans to middle-income countries (MIC) and creditworthy low-income countries (LIC). These financial products are complemented by guarantees, risk management products, advisory services and analytical work. IBRD's Financial Sustainability Framework (FSF) helps ensure sustainable lending over the medium term while allowing for flexibility to respond to crises and shocks.

*IDA - The International Development Association:* the world's largest source of concessional finance to the 75 poorest developing countries (70-75 pct. in Africa), provided in the form of grants and low-interest loans with repayment periods from 25 to 40 years<sup>5</sup>.

*IFC - The International Finance Corporation:* the largest private sector-facing multilateral organisation, with the purpose of furthering economic development by encouraging productive private enterprise growth in member states, particularly the less developed. It does so via direct investment and mobilisation of additional capital from the private sector, philanthropy etc., and offers advisory services to businesses and governments to build capacity and encourage private investment and works "upstream" to create conditions that unlock investment opportunities.

*MIGA - The Multilateral Investment Guarantee Agency:* promotes cross-border investment in developing countries by providing non-commercial guarantees (political risk insurance and credit enhancement) to investors and lenders. MIGA's products enable projects to move forward that would otherwise be too risky for most investors.

*ICSID - The International Centre for the Settlement of Investment Disputes:* deals with settlements of contract disagreements separate from other work of the WB.

Although separate entities, the five entities are governed by the same Board and operate under joint CPFs, results framework ("corporate scorecard"), and WB-wide thematic strategies i.e. on Fragility, Violence

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<sup>5</sup> Discussions ongoing as part of IDA21 replenishment to implement longer maturity loans.

and Conflict (FCV) (2020-2025), a joint Climate Change Action Plan (CCAP 2021-2025) and a Gender Strategy (2024-2030).

Denmark is following IBRD and IDA most actively, and IFC less actively. Denmark is a member of MIGA but MIGA has not been a Danish priority. However, as the focus on the role of guarantees in mobilizing private sector capital is increasing and thus work is done to strengthen MIGA (see section 5 under PCM), Denmark may, within the available resources, engage further with MIGA during the present strategic engagement period. Denmark will continue not to follow ICSID closely.

IBRD and IFC normally gets their capital through 'capital increases'. IDA's budget and capital pool is determined in 'replenishments' normally occurring in a three-year cycle.

### 2.2.1. Member states and management

The WB's 189 member countries share ownership and the countries' voting weight is based, among other things, on the members' capital contributions to the Bank and the country's economic size. They are represented by a Board of Governors, which exercises its ultimate policymaking function, at the Annual Meetings of the Boards of Governors of the WBG and the IMF. The Board of Governors make decisions related to bigger questions such as changes in the Bank's statutes and in shareholding where a majority of up to 85 pct. (depending on the topic) is required.

Overseeing operations, four separate Boards of Directors serve the IBRD, IDA, IFC and MIGA respectively, via 25 Executive Directors (EDs) that represent either a single country or a constituency/electoral group. Formal board meetings are chaired by the WB Management. Decisions are usually made by consensus, and formal votes are rarely used. Advancing issues requires support by a wide group of the membership. Regular meetings occur within the Boards' five standing committees, one of which is the Committee on Development Effectiveness (CODE).

The WBG Boards are advised on critical development issues and the financial resources required to promote economic development in developing countries, by a Development Committee composed of 25 governors (ministerial level) each representing their country/electoral group.

## III. Danish approach to engagement with the WB

Denmark's partnership with the WB extends back to 1947, when Denmark received a DKK 40 mill. loan (today equivalent to approx. DKK 3,9 bill.) to contribute to the recovery of the Danish economy after the Second World War. This was the starting point for Denmark's strong collaboration with the Bank.

### 3.1. Denmark's representation in the WB

While some WB-shareholders hold individual seats in the Board<sup>6</sup>, Denmark exerts its influence via the Nordic-Baltic Constituency (NBC)<sup>7</sup>. As per May 2024, NBC's total voting share in IBRD is 3,18 per cent out of which Denmark has 0,76 per cent ownership of the Bank. In IDA and IFC respectively, the NBC's voting share is 5,58 per cent and 3,48 per cent.

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<sup>6</sup> For example: USA/15,79 pct.; Japan/7,21 pct.; China/6,03 pct.; Germany/4,29 pct.; France/3,93 pct. and UK/3,93 pct.

<sup>7</sup> NBC membership: Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.



The Nordic-Baltic ED and a Nordic-Baltic Office (NBO) work strategically and pro-actively with the aim to increase Nordic-Baltic influence in the WB. In addition, the ED and NBO facilitate day-to-day coordination of positions related to all sorts of decision making, e.g. new CPFs, initiatives under WB Evolution and budget negotiations, in which Denmark participates actively. The work of the NBC is guided by annual priority, policies and procedures papers (not for public release). The ED role rotates between the NB-countries. Norway has held the ED position since July 2021, which Sweden took over in summer 2024 for a period of four years. Denmark will hold the ED position again from 2033. Denmark has one advisor placed in the NBO.

Although Denmark's influence in the WB can be formally defined by its voting power, in reality, the Nordic countries' through the NBC and the individual countries through their contributions to IDA and trust funds have proven to have more influence in the WB than the modest holding of shares would suggest, especially through Denmark's proactive engagement in the NBC. The influence of NBC derives from three factors: 1) the consistency of positions over time, e.g. gender equality and climate action; 2) the large contributions to development in relation to GDP; 3) prioritization of compelling policy themes that other donors also want to support; and the 4) ability to build alliances including with the developing countries to move agendas forward. The NBC has thus frequently been recognised, also by the WB Management, for having influenced the WB's direction to a degree that goes beyond the constituency's actual share of votes. This includes successful efforts to increase funding for and integration of climate into all the Bank's activities; strengthening the Bank's work with social, environmental standards in all its lending, priority to and mainstreaming of gender equality, good governance and taxation, the Bank's strengthened ability to act in fragile and conflict situations, and disaster risk management. From the beginning of Russia's invasion of Ukraine, the NBC has also been very active in backing the WB's engagement in Ukraine, for instance on reconstruction.

As per May 2024, there are 61 Danish nationals working for the WB out of which two are seconded by Denmark.

### **3.2. Danish financial support to IBRD, IDA and IFC**

From 2019-2024, i.e. during the implementation of Denmark's previous strategic partnership period with the WB, Denmark channelled a total of approx. DKK 16,8 bill. to the WB. See also annex 1.

In 2020, Denmark contributed to the latest capital increases in IBRD and IFC with DKK 371,1 mill. and DKK 399 mill. respectively, with disbursement over multi-year periods. Denmark has also contributed to the ongoing replenishments of IDA, most recently with DKK 2,357 mill. to the 20th replenishment of IDA in 2021, which makes Denmark the 17<sup>th</sup> largest donor. The Danish contribution to IDA20 is disbursed in the period 2024-2031.

Denmark supported the establishment of a crisis facility (CRW) under IDA20, which aims to mitigate the consequences of Russia's unlawful invasion of Ukraine, including increases in food prices. Denmark has contributed DKK 300 mill. to the facility in 2023 and 2024. The CRW supports the poorest countries as well as Ukraine and Moldova.

In 2024, Denmark has furthermore 1) committed to purchase IBRD hybrid capital in the amount of DKK 400 mill.<sup>8</sup>; and 2) made an historic high pledge to the replenishment of IDA (IDA21) in the amount of DKK 3,299 mill. See more below.

### 3.3. Danish support to Trust Funds and Financial Intermediary Funds

The Bank hosts a number of Trust Funds (TFs) and Financial Intermediary Funds (FIFs). TFs are a financing arrangement set up with contributions from one or more development partners to complement shareholder funding to IBRD and IDA. Trust funds is a source of grant assistance that support the WGB in various ways including for technical assistance in the context of lending operations, knowledge generation and research, and piloting new approaches. Trust funds with IFC and MIGA are also used as the soft financing (blended finance) in their operations with the private sector. A FIF is not a part of the WB, but a partnership between the Bank and a range of other entities, often other multilateral developments banks and UN agencies.

As of June 2023, the total assets in funds under the WB TF's and FIF's amounted to USD 65,3 bill. Unlike the Bank's core funds, these funds are not leveraged. As part of an ongoing reform of the Trust Funds, 500+ funds have been reduced to 250 since 2019 with a final target of a total of 155 more sector-wide funds. As per May 2024, Denmark supports over 60 trust funds and FIFs (see also annex 2) with the Green Climate Fund (DKK 2,8 bill. from 2025-2027), the Global Partnership for Education Fund (DKK 1 bill. from 2023-2026), Global Environment Facility (DKK 800 mill. from 2023-2026), and the Afghanistan Reconstruction Trust Fund (a total of approx. DKK 2 bill. since 2002) as some of the largest recipients of Danish support. Denmark's support to TFs and FIFs surpass Denmark's total support to the WB.

In addition to Denmark's representation and influence in the Bank itself, Denmark is thus also bilaterally represented in governing bodies of TFs and FIFs where we exercise our influence. For instance, Denmark holds or share seats in the governing bodies of the large climate facilities, such as the Global Environment Facility (GEF), Green Climate Fund (GCF), The Climate Investments Funds (CIF) and), the new Fund for responding to Loss and Damage, and the Energy Reform Management Assistance Program (ESMAP).

### 3.4 Denmark's engagement with the Bank at country-level

Denmark is also working closely with the Bank at country level through our bilateral support. For instance, in Somalia, Denmark has supported the WB Multi-Partner Fund (MPF) since its inception in 2014. Until 2019, when Somalia reached HIPC Decision Point<sup>9</sup>, the MPF was the only WB financing vehicle in Somalia. Since its inception, the MPF has provided piloting of projects, analytical support as well as risk management in an extremely fragile context, where the WB

#### **EXAMPLE: DENMARK'S SUPPORT TO SOCIAL PROTECTION IN ETHIOPIA**

In Ethiopia, Denmark works bilaterally with the WB on support to the government-owned *Productive Safety Net Program* (PSNP). Being among the largest safety nets in Africa, the PSNP was established in 2005 and supports around 8 million Ethiopians each year to lift most vulnerable out of poverty. PSNP beneficiaries receive cash or food support to improve their food security and participate in public work projects such as water management and rehabilitation of schools that strengthen communities' resilience to crises and access to services. Since 2018, Denmark has supported the PSNP with 410M DKK through the WB's *Multi Donor Trust Fund for the PSNP*.

<sup>8</sup> Divided by DKK 250 mill. in 2024 and DKK 150 mill. in 2025.

<sup>9</sup> Ending Somalia's financial isolation and allowing them access to World Bank loans and grants through IDA



model of doing business needs to be complemented by enhanced risk management.

Denmark is part of the Donor Support Group to the MPF and has a seat at the Partnership Council which is the main governing body of the Fund. This involvement has enabled Denmark to engage in a policy dialogue with the IFIs on the direction of IFI support to Somalia, and given Denmark substantial leverage to engage with Somali counterparts on policy direction and reforms. As a result of active Danish engagement into the WB portfolio in Somalia through the MPF, Denmark and the UK co-chair an ambassador-level platform for dialogue between donors and the IFIs.

In Lebanon, the Danish Embassy in Beirut engages in bilateral dialogue with the Bank through the Danish support to two trust funds; the Global Concessional Financing Facility (GCFF) and Lebanon Financing Facility (LFF), via respectively a global steering committee and a national-level Partnership Council the latter e.g., alongside, the WB country director, the EU Head of Delegation, the deputy PM of Lebanon and the UN Resident Coordinator.

## IV. Lessons learned, key strategic challenges and opportunities

### 4.1 Context

The WB operates in an increasingly fragmented development landscape where developing countries are characterised by fragility, vulnerability, and sovereign debt, combined with an estimated USD 5,4 trillion annual financing gap toward solving the climate crisis and implement the SDGs per year by 2030<sup>10</sup>. The overlapping consequences from Covid-19, rising levels of conflict, natural disasters and a protracted global downturn have pushed even more people into extreme poverty, reversed decades of development progress and threatens to increase poverty, food insecurity, inequality and social unrest.

The emergence of these poly-crisis is putting additional pressure on a large part of the world's LICs and MICs and have made the return of geopolitics clear. While the world's economic power centres have come relatively unscathed through Covid-19 and the war in Ukraine, the reality is different for a large part of the global South, who does not have access to capital to the extent or on the same terms as the Western countries. The resulting increased inequality is highlighting the need to revitalize, reform and future-proof the multilateral system. This also applies to the international financial architecture (IFA), in which the World Bank is a key institution. At the opening of the 75th session of the General Assembly in September 2021, the UN Secretary General presented the report “Our Common Agenda” which kick-started the current high-profiled agenda related to reform of IFA. This agenda was further specified ahead of the UN ‘Summit of the Future’ in September 2024 - at which the ‘Pact for the Future’ was adopted - through the release of a policy brief by the UN Secretary General which sets out recommendations for reforming IFA in six areas<sup>11</sup>.

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<sup>10</sup> “A climate finance framework: decisive action to deliver on the Paris Agreement. Second report of the Independent High-Level Expert Group on Climate Finance” (2023). [A-Climate-Finance-Framework-IHLEG-Report-2-SUMMARY.pdf \(lse.ac.uk\)](#)

<sup>11</sup> The six areas are 1) Global economic governance; 2) Debt relief and the cost of sovereign borrowing; 3) International public finance; 4) The global financial safety net; 5) Policy and regulatory frameworks that address short-termism in capital markets, better link private sector profitability with sustainable development and the SDG, and address financial integrity; 6) Global tax architecture for equitable and inclusive sustainable development. Ahead of the Summit of the Future at the UN in September 2024, MULTI was leading the work to establish a whole-of-government approach to IFA reform with an offset in these six areas: [our-common-agenda-policy-brief-international-finance-architecture-en.pdf \(un.org\)](#)

## 4.2 World Bank Evolution

In 2022, G7+ and G20 called for reform of the multilateral development banks (MDBs) due to their potential for mobilising additional development and climate finance to reach the SDGs and the goals of the Paris Agreement, and to get the MDB's to engage further in the rising global challenges, such as climate change.

Under the headline "Evolving the World Bank Group to Better Respond to Our Evolving World", MDB reform was the focus of the WB's Annual Meetings in October 2022 and has been central since, not least after the WB's President Ajay Banga took office in June 2023. The process encompasses three pillars: 1) renewing the mission and vision; 2) strengthening the operational model (better bank); and 3) strengthening the financial model (bigger bank). With the agreement on a new vision and mission at the WB Annual Meetings in Marrakesh in 2023 (mentioned above), focus in 2024 is on creating a bigger and better bank.

Central to becoming a 'bigger bank' is the implementation of the G20 CAF recommendations<sup>12</sup>. The WB has implemented some of the recommendations resulting in additional USD 150 bill. in lending capacity over the next ten years. The WB has also worked to streamline IDA, which has added USD 20 bill. The WB President Banga has made it clear that if the WB is to add significantly to the needed development and climate finance, there is a need for additional resources. To this end, and as part of implementing the CAF recommendations, the WB has developed new innovative financial instruments (hybrid capital, a portfolio guarantee platform and a Liveable Planet Fund) in order to obtain additional resources faster than through a capital increase. Moreover, WB President Banga has increased the focus on private capital mobilisation (PCM) as the WB has been underperforming in this area.

Initiatives to create a 'better bank' include the implementation of a new 'playbook' to ensure more efficiency, greater scale and better impact. This playbook includes the update of the WB's results framework ('corporate scorecard'), the launch of a 'knowledge compact' to strengthen the WB's role as a knowledge Bank and the principle of 'One World Bank', including creating one WB entry point for client countries at country level. Moreover, central to the WB Evolution is the WB's commitment to focus on global challenges and not just national challenges. As part of the reform, the WB has identified eight global (meaning cross-border) challenges<sup>13</sup> and is currently formulating six Global Challenge Programs (GCPs)<sup>14</sup>.

The reform agenda has proved to be a unique opportunity to further advance Denmark's strategic priority areas vis-à-vis the Bank's business model, and will continue into this current OS period. WB President Ajay Banga is overseeing progress on reform-implementation with a strong emphasis on realization of the comprehensive changes envisioned and delivery of results at country-level. The reform initiatives are expected to be finalised by the end of 2024 after which focus will be on implementation and enhancing development impact at country level.

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<sup>12</sup> The CAF-recommendations refer to a report commissioned by the G20 and prepared by an Independent Expert Group (IEG), which made a series of recommendations to MDBs regarding a more efficient use of existing resources to increase their lending capacity.

<sup>13</sup> 1) climate change, adaptation and mitigation; 2) fragility and conflict; 3) pandemic prevention; 4) energy access; 5) food security; 6) access to safe drinking water; 7) digitalization and 8) biodiversity and nature.

<sup>14</sup> 1) Access to water and climate adaptation; 2) energy transition and access; 3) health crisis prevention and response; 4) digitalization; 5) food security; and 6) biodiversity and forests.

During this current OS period, Denmark will continue to push for implementation of Danish priorities for MDB-reform being; climate without jeopardising poverty eradication efforts; increased impact at country level; fragility; PCM and; bigger bank with significantly increased lending capacity.

### 4.3 WB strengths

#### i. Leveraging capacity and an unparalleled size

As also mentioned above, the WB is the largest multilateral financial institution with total annual new commitments of USD 117,49 bill. in FY2023. 44 pct. of the Bank's total financing in FY24 went to climate. At COP28 in 2023, the WB announced a new climate finance target of 45 pct. for FY2025, equally divided on adaptation and reduction.

Central to the Bank's financing model is that it 'leverages' its financing by raising (borrowing) financing on the international capital markets by posing security in member states' capital contributions and guarantees. Denmark's capital investment thus multiplies on the way to developing countries, and support for the MDB's such as the WB is thereby one of the few venues to increase concessional finance for climate and development. In FY2023, 7 pct. of the total subscribed capital was paid in, while the remaining 93 pct. stood as guarantee (callable capital). The WB bases its lending on the paid in contributions, but not on the callable capital. One of the CAF recommendations evolves around the use of callable capital with the aim of increasing lending capacity.

The leverage of IBRD is up to 1:8, i.e. 1 DKK deposited generates up to 8 DKK of financing. IDA's leverage is up to 1:3,5/4, which is lower than IBRD's due to the greater risk of lending to the poorest countries and the higher level of grant-element in many IDA projects. From 1945-2018, IBRD and IFC have provided financing for development that equals over 50 times shareholders' paid-in capital, meaning that the member countries' paid-in capital contribution of USD 19 bill. led to lending for more than USD 900 bill. At IFC the current private capital mobilization rate is approximately only 1:1, why the WB is increasing its focus on PCM.

#### ii. Reaching those furthest behind

IDA is the world's largest financing facility<sup>15</sup> for the 77 LIC's which host 70 pct. of the world's extreme poor, offering the most favourable terms for recipient countries deemed at highest risk and thus plays a unique and crucial role in ensuring that development reaches the poorest and most vulnerable. IDA's country-based model entails that IDA directly provides financing and knowledge services to client countries based on their nationally-owned development strategies, and – as a unique feature in the wider WB governance – in IDA, the weight of a member state's voice is not tied to shares, and borrowing and donor states participate on an equal footing.

IDA-financing is always coupled with WB technical advisory service, capacity building and reforms within the client country. As such, IDA's role extends beyond service-delivery, and promotes reforms including legislation and institution building within the sectors targeted. Serving to enhance client countries' long-term economic development, IDA furthermore works with client countries on sound financial management from public budgeting to debt transparency and relief.

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<sup>15</sup> The IDA20 alone, replenished in 2021, has a financing capacity of USD 93 bill.

The WB Gender Strategy (2024-2030) affirms the WB's commitment to non-discrimination, inclusion, and acknowledges that vulnerabilities arise from the intersection of gender with poverty, ethnicity, disability, and other characteristics. For the period 2025-2030, the WB is committed to advancing and tracking inclusiveness of its support via performance indicators on gender, age and disability.

### iii. Staying engaged

A guiding principle for the WB in FCV-settings is “staying engaged”, meaning that the Bank continues to stay present in a country despite a deterioration of the context and even if bilateral partners are pulling out. WB capacity for sustained engagement is thus critical for Denmark to preserve development gains, mitigate the risk of inaction and disengagement, and continue efforts to foster peace and development in these contexts, as outlined as a priority in the Danish strategy for development cooperation.<sup>16</sup> The WB has mechanisms in place for continued engagement in contexts where the security and political situation does not allow for direct engagement. By working closely with partners e.g. the UN and rapidly adapting operations to cope with mounting risks, the Bank helps protect human capital, safeguard institutions, preserve development gains, and mitigate the risks of inaction and disengagement. The Bank also plays an important role in supporting countries affected by forced displacement and other regional FCV spillovers.

On the forced displacement agenda, and with support of Denmark, the Bank has taken crucial steps to enhance its collaboration with especially UNHCR. The creation of the WB-UNHCR Joint Data Center, located in the UN City in Copenhagen, is a testimony to the two institutions' common approach to strengthening evidence-based programming and policies, through joint data collection and analysis, on forced displacement.

Testament to the Bank's strength in FCV-settings, the share of IDA resources going to FCV-countries has increased fivefold over the past decade, reaching about 40 pct. of total IDA resources, and comprising more than half of all grants. Moreover, the IDA *window* for refugees and host communities (WHR) underpins the development approach to forced displacement, supporting commitments by host governments to enact policy change and address the social and economic dimensions of refugee situations<sup>17</sup>.

However, a mid-term review of the FCV strategy (2023)<sup>18</sup> also highlighted certain areas where the Bank needs to adjust and adapt, including by anticipating FCV challenges earlier and better, dynamically responding to challenging contexts, advancing the Bank's private sector engagement, partnering for better development outcomes, and building strong teams. Adding to this, the number of FCV-settings are increasing and becoming more and more complex which puts additional pressure on the Bank and their engagements in such contexts.

### iv. Knowledge Bank

The Bank's knowledge work (advisory services, capacity building and analytical products) enables it to amplify its impact by acting on evidence, sound data and analysis, transforming development financing

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<sup>16</sup> Denmark's strategy for development cooperation, 'The World We Share' (2021-2025).

<sup>17</sup> The WHR might be expanded to a window for global and regional challenges with cross-border externalities as part of the IDA21 replenishment.

<sup>18</sup> The mid-term review involved 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.

into development impact. In particular, the WB is known for its influential annual flagship publication, the World Development Report, which includes recommendations for development and addressing global challenges.

As recognized by MOPAN<sup>19</sup> in 2023, with its knowledge work the WB has played a key role in ramping up the alignment of its operations to global issues such as gender, fragility, and climate change. Further cementing WB's commitment to equate the importance of knowledge with financial support, the WB has launched a 'Knowledge Compact for Action' in 2024 as part of the WB Evolution with the aim to transform the WB-approach to knowledge, positioning it as a "21st century Knowledge Bank," and to create a dynamic knowledge ecosystem that facilitates knowledge flows within the WB and externally. This will enhance access of client countries to WB advice, expertise and know-how, as well as strengthen evaluation and learning, and enable cross-fertilization of experiences from one context to others.

A key component of the WB-evolution initiated "playbook" and financial model is the new Corporate Scorecard that focusses on development impact and operational effectiveness. Monitoring data will be made available through public online portal, enabling information sharing with partners including shareholders, and further strengthening the Bank's role as a knowledge Bank.

### 4.3. WB challenges

#### i. Governance/division of lenders and borrowers

The WB's 189 member states share ownership, with voting shares determined, among other things, by members' capital contributions. As such, members with the largest financial contributions formally have the greatest influence on the decision-making processes, while member states that constitute the WB client base are positioned differently. Moreover, some countries have their own seat in the Board while others are divided into constituencies that are represented by one joint executive director. For instance, all Sub-Saharan African countries are represented by three seats in total. Part of the IFA reform is the question about representation and making sure that the IFIs reflect the geopolitics of today rather than at the time of establishment. In the WB, the main process for addressing this question is through a shareholder review which happens on a five-year basis, the next one in 2025.

In the years ahead, the outcomes of a number of central multilateral negotiation process will determine whether the global trust deficit will wax or wane. A central question in this regard, is also whether MDB reform and WB Evolution will lead to real changes and enhance the delivery for developing countries in line with current economic and political demands.

#### ii. Not living up to its convening and partnership potential

As both a multilateral arena and a multilateral actor, the WB has immense potential for convening and driving partnerships. This is also highlighted in an evaluation of Denmark's bilateral (earmarked) aid to multilateral partners at country-level<sup>20</sup>, which found that the WB's unique convening power and expertise is an influential reason behind Denmark's bilateral partnership with the WB at country-level. In particular,

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<sup>19</sup> MOPAN - Multilateral Organisation Performance Network – is a network of donor countries with a common interest in assessing the general performance, results, and organisational effectiveness of major multilateral organisations.

<sup>20</sup> Evaluation of Danida multi-bilateral interventions (2013-2019), available here:

[https://um.dk/en/danida/results/eval/eval\\_reports/danida-multi-bilateral-interventions](https://um.dk/en/danida/results/eval/eval_reports/danida-multi-bilateral-interventions)



the Bank's position to influence governments and its ability to operate in FCV-contexts was very often thought to be positive factors in WB-partner-selection.

However, MOPAN (2023) found scope for enhancing the strategic management and results orientation of the Bank's other partnerships, which may not be linked to a pool of resources, but promote knowledge sharing, policy and operational coherence, joint programming, and transparency. There is thus still work to be done to realize the potential, especially in terms of partnerships and enhanced collaboration with the other MDBs, the UN and civil society organisations. This has also been highlighted as a priority in the WB Evolution. As one of the first step towards this, a coalition of ten MDBs<sup>21</sup> launched a new co-financing platform during the Spring Meetings in 2024 in order to channel additional capital and reduce the administrative burden and transaction costs.

With regards to the partnership with the UN specifically, the UN and WB entered into a Strategic Partnership Framework in 2018. However, UN reporting from 2023 revealed further scope for strengthened collaborative practices, in particular at country-level. Despite the WB's knowledge and convening role in 2022, only 62 per cent of UN common country analyses were prepared with participation of IFIs, only 38 per cent of UN country teams reported having a formal relationship with IFIs and only 31 per cent reported joint initiatives with these institutions.<sup>22</sup> The successful relationship between the Bank and UNHCR is an inspiration to other parts of the UN system, and it shows how the Bank and UNHCR together can move an agenda forward. Important to note that the relationship is non-financial, and hence builds on their respective comparative advantages and knowledge.

From the MOPAN review it was also pointed out that IFC have not adequately succeeded in implementing the 'cascade approach' to its investments, which means that private sector solutions are prioritised wherever possible in order to optimize the use of public sector resources and only spend them on challenges that the private sector is not able to address. In practice, this requires that the WB first tries to address policy and regulatory hurdles to private sector investments before public sector resources are used to fund investment. This could be viewed as part of the explanation to a low private capital mobilization rate of 1:1, which has been mentioned by President Ajay Banga should be at least 1:3.

#### 4.4. Lessons learned

Internal lessons learned during the previous strategic engagement period (2019-2024) include the fact, as mentioned above, that Denmark can indeed influence the Bank despite being a small country with a limited voting share – and not just through the NBC, but also directly. However, it is clear that this requires a targeted approach with action-oriented recommendations, meaning providing clear and well evidenced suggestions on how Bank can work to strengthen a particular agenda going forward. This is for instance the case on climate, where Denmark has succeeded in putting focus on e.g. the importance of helping to finance the Nationally Determined Contributions (NDCs) as part of the collective efforts to reach the Paris Agreement. Due to limited MFA-capacity, Denmark is not exercising such influence to the fullest. This is despite the fact that the Bank is a central actor in many different sectors that are relevant

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<sup>21</sup> Including the African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank and the European Bank for Reconstruction and Development.

<sup>22</sup> 2023 Report of the Secretary-General on the Implementation of General Assembly resolution 75/233 on the QCPR of operational activities for development of the UN system; [https://unsdg.un.org/sites/default/files/2023-06/qcpr-sg-report\\_2023-summary\\_9may.pdf](https://unsdg.un.org/sites/default/files/2023-06/qcpr-sg-report_2023-summary_9may.pdf)



to Denmark's priorities and is present in all the countries in which Denmark is represented by Embassies. In this regard, it should be noted that the abovementioned multi-bi evaluation found capacity-constraints to also manifest at embassy-level and called for caution in terms of hard-earmarking practices.

In terms of lessons learned related to the Bank itself, the various MOPAN studies outline several lessons learned which are very much interlinked with the priorities of the WB Evolution. This includes the need for enhanced representation and impact at country level, the need to strengthen partnerships between the Bank and e.g. civil society and the UN as well as internally, working as a One World Bank Group and avoiding duplication and creating easier access for client countries to the Bank. The current OS period will show whether the Bank is capable to truly incorporate these lessons learned and create real changes from the WB headquarters in Washington DC and all the way to the country level.

On FCV specifically, it has proven challenging for the WB to work in such contexts, not least considering that an increasing share of the Bank's client countries have been fragile and conflict affected putting additional pressure on the Bank. The Bank's traditional focus on stable environments and long-term development projects contrasts sharply with the unpredictable and high-risk nature of FCV settings. Key barriers include operational risks, such as security concerns and logistical difficulties; financial risks, stemming from the higher costs and uncertain returns on investments in unstable regions; and reputational risks, related to potential association with corrupt or abusive regimes. Additionally, the Bank often faces difficulties in aligning its bureaucratic and procedural frameworks with the urgent and flexible responses required in FCV contexts. These challenges are compounded by the complex political dynamics and the need for strong safeguards to prevent exacerbating existing conflicts and inequalities. Reports highlight a dichotomy between building government capacity in fragile countries and reaching the most marginalized emphasizing the importance of balancing state capacity building with initiatives aimed at benefiting the poorest and most vulnerable groups, ensuring aid does not reinforce existing power imbalances. The Bank's new FCV strategy, after the current one expires in 2025, will have to build on these lessons learned.

## V. Priority areas and results to be achieved

The following four priorities will guide Denmark's strategic partnership with the WB in the period 2025-2030, both in Denmark's direct engagement with the Bank and indirectly through the NBC, the latter being Denmark's main way of influence. The four priorities are:

1. Better, bigger and more effective Bank
2. Climate and Energy
3. Fragility, Conflict and Violence
4. Private Capital Mobilisation

These priorities have been chosen based on a consideration of continuity as well as the need to prioritize given the resources available. The priorities align with the priorities of the NBC.

In line with Denmark's approaches to development cooperation, themes such as human rights<sup>23</sup>, including rights of indigenous people, poverty reduction, gender<sup>24</sup> and social protection will remain overarching focus areas for Denmark's continued engagement with the WB. Adding to these priorities are the NBC's annual priorities.

#### i. "A better, bigger and more effective Bank"

Denmark has been a staunch supporter of the 'WB Evolution' (and the MDB-reform in general) since the beginning with the objective of getting the WB to increase its lending capacity for development and climate and engage in global challenges. Denmark was among the first 11 countries that pledged support to the new and innovative financial instruments (as described in section 4.2) during the 2024 WB Spring Meetings. Other countries included major WB shareholders such as the US, Germany, Japan and the UK. The Danish pledge was a purchase of IBRD hybrid capital worth DKK 400 mill, which with a leverage of up to 1:8 will generate up to DKK 3,2 bill. additional finance to the Bank. Hybrid capital is a "pre-capital contribution" which means that purchase will be converted into shares as part of an upcoming IBRD capital increase. The funds generated from hybrid capital will go into a newly established Global Solutions Accelerator Platform (GSAP) that will provide funding to the all six GCP's. Through the Danish purchase of hybrid capital, Denmark will thus directly support the Banks engagement in global, cross-border challenges such as climate, energy, biodiversity, forestry, food security as well as health crisis prevention and response, including Antimicrobial Resistance (AMR). Hybrid capital is also expected to provide a return of approximately 3-5%, which will be redirected into the Bank within the same purpose under the Livable Planet Fund and thus provide even more capital to the Bank. As the financing needs for IDA-countries continues to be paramount, Denmark is pushing for an ambitious replenishment of IDA21 in 2024 with a view to supporting LICs specifically.

All reform initiatives are expected to be presented by the end of 2024 after which focus will be on their implementation. The WB Evolution is thus expected to be in focus throughout the present OS strategy – first with a view on implementation and afterwards with a view on a continued adherence to the principles of being a bigger, better and more effective Bank. The reform of IFA as well as the MDB-reform agendas are also expected to continue throughout the OS period.

Furthermore, Denmark together with the NBC will continue to encourage enhanced partnerships between the WB and e.g. the UN, civil society and other MDBs. Moreover, as shown in annex 2, the responsibility for the various TFs and FIF is decentralised onto various Embassies and units. A priority for the OS period is also to create a stronger coherence within the Danish MFA across diverse engagements with the WB, TFs and FIFs to avoid fragmentation and maximize impact, see more in section VI.

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<sup>23</sup> As per the human rights-based approach (HRBA), Denmark continues to push for an inclusion and streamlining of human rights throughout the work of the Bank. both directly and through NBC. Mainstreaming of human rights is thus also a priority within the NBC.

<sup>24</sup> Gender was a priority under the past OS-period, and an area on which the WB has made considerable advances in past years. A major milestone was the 2023 conclusion of the Gender Strategy FY16-23, as well as the preparations for the updated Strategy 2024-2030 with formal consultations through which the NBC emphasized key Nordic-Baltic gender priorities, including SRHR, gender-based violence and consideration to human rights. Gender is not a stand-alone strategic priority for the present partnership period, but remains an area of attention of Denmark.

## ii. Climate and energy

The WB plays a critical role in the global fight against climate change and its repercussions, and in securing sufficient funding to reach the Paris Agreement and the SDGs. The WB has reached record levels of climate finance with its CCAP (2021-2025) and is today the world's largest financier of climate action in developing countries. For FY2025, the aim is that 45 per cent of the WB total financing will go to climate, evenly distributed between adaptation and mitigation.

The World Bank's Climate Action Plan 2021-2025 was developed in 2020 under the former WB President who rejected the negative impact of climate change. A new Climate Action Plan is to be drafted in 2024-2025 and is expected to increase the Bank's ambition on climate. Denmark will engage in the drafting process to ensure alignment with Danish priorities.

Introduced in 2022, the CCDRs capture the integrated character of climate change and development and provide a country specific analytical basis for action where development and climate align and is a tool to inform the broader WB engagement at country level. In its dialogue with client countries, the WB should continue to promote and highlight the economic benefits of the green transition – both mitigation and adaptation, the importance of gender inclusive climate action, and tackle the social and economic costs of climate change. Moreover, it should continue to engage via core activities at country level through international country platforms such as the NDC Partnership (WB partner and member of Steering Committee) and JETPs. Denmark will encourage the WB to explore regional approaches to cross border related climate change challenges, through ambitious Global Challenges Programs.

Denmark will encourage the WB to invest in adaptation solutions, devise innovative ways to raise urgently needed adaptation financing and to be build resilience against climate risks such as reduced agricultural productivity, severe water scarcity and greater occurrence of food-, water- and vector-borne diseases, and more frequent and extreme weather, affecting vulnerable countries.

Denmark will continue to engage in the multiple climate related TFs and FIFs placed under the Bank, e.g the Green Climate Fond and the new Fund for Loss and Damage announced at COP28, while at the same time seeking to enhance their collaboration with the WB.

Denmark will emphasise the importance of climate finance in Fragile and Conflict-Affected States (FCAS), in line with the COP28 Declaration on Climate, Relief, Recovery and Peace. Denmark will express preference for adaptation finance in the most affected settings, support integration of climate adaptation and development and insist that conflict sensitivity should be central. Moreover, Denmark will underscore the close interlinkage of climate change and rising food insecurity, supporting finance for food security, climate-resilient agriculture and sustainable transition of agri-food systems, in line with the COP28 Declaration on Resilient Food Systems, Sustainable Agriculture, and Climate Action.

The WB plays an important role in securing transition away from fossil fuels and access to fossil free sustainable energy as a key element in securing the green transition. The new WB Framework, 'Scaling Up to Phase Down' (2023) sets out how the WB can finance energy transitions in the power sector. It is a priority for DK that the WB realizes its full potential in relation to securing this transition by increasing access to clean energy for all, economic development and job creation, and other long-term energy policy objectives such as energy security, while at the same time mitigating climate change in line with the 1.5-degree target and climate neutrality by mid-century. Denmark will not support new investments in fossil

fuels with limited exceptions for natural gas until 2025 and clean cooking until 2030. While Denmark's position on climate aligns with the other NB-countries, Denmark has a more ambitious approach to energy.

### iii. Fragility, Conflict and Violence (FCV)

More than 60 pct. of the world's extreme poor will live in fragile and conflict-affected countries by 2030. Fragility and conflict are thus also one of the eight prioritized global challenges to be addressed by the reformed WB and will be included as a priority in all six GCPs

The diversity of country situations affected by fragility and conflict underpins the need for a targeted WB response based on the specific context as well as the need to enable the Bank to remain engaged if or once the context worsens and bilateral donors start to pull out.

Through the NBC, Denmark will continue to back the principle of "Staying Engaged" while at the same time arguing for the need for appropriate safeguards in this continued engagement to ensure that funds go where they are intended to go. Understanding the spectrum of engagements and navigating nuanced approaches that balance engagement while mitigating the risk of inadvertently bolstering illegitimate regimes, and including member states in this process, is crucial. This could include:

1. A process for coordination between the Bank and its member states pertaining to specific politically estranged contexts where member states are phasing out bilateral engagement while the Bank is staying engaged.
2. Establishment of parameters for deciding when and how to engage with central and/or local authorities, considering risks, legitimacy, credibility, and establishment of safeguards.

Denmark will engage with WB Management, directly and via NBC, on the development of a forthcoming FCV strategy after the current one expires in 2025, including pushing for an inclusion of the above-mentioned points. Moreover, Denmark will focus on the Bank's preventive work, including making sure that central drivers of fragility such as climate change, environmental degradation and food insecurity receive sufficient focus, and that the integration of FCV analysis within frameworks for investments in climate adaptation is strengthened. Part of this work will also include a focus on whether the Bank's overall structures, policies, and indicators are adequately designed to support such upstream conflict prevention which is vital for effective intervention. Furthermore, Denmark will work to ensure that gender equality is mainstreamed across all interventions and that the Women, Peace and Security agenda is prioritized.

Moreover, via the NBC, Denmark will work to ensure a development approach to displacement. This is especially important in a context where humanitarian needs are increasing, while humanitarian financing is diminishing. Especially in protracted refugee situations, the transition from a humanitarian approach to a development approach is critical, including by supporting the host government to enact policy change and address the social and economic dimensions of refugee situations. A further strengthening of the already existing collaboration between UNHCR and the Bank is in this regard essential.

Denmark will also encourage effective WB cooperation and coordination with national/local authorities, CSOs, UN, regional organizations, private sector and other MDBs in FCV settings. To this end, IDA's 'Remaining Engaged during Conflict Allocation' (RECA) has proven to be an important tool in contexts

with high-intensity conflict and extremely limited government capacity, as it enables the Bank to continue its engagement by engaging with other implementing actors. Bank-specific tools of engagement in such contexts, include financing, analytical work, and dialogue with governments, with a mix that is best informed by conditions on the ground.

As part of the decentralisation efforts, Denmark will also seek to support measures that incentivise staff to engage with FCV and fragile and conflict-affected situations (FCAS) more broadly. Incentives should encourage greater focus and expertise and enhance the Bank's capacity to address FCV more effectively.

Building on existing Danish WB-engagement, Denmark will furthermore set out to ensure that data and analysis streaming from the Copenhagen-based WB-UNHCR Joint Data Center are effectively used and incorporated in FCV design and programming, with attention to covering data gaps to enable design of effective interventions and policies.

#### iv. Private capital mobilization (PCM)

The financing gap to achieve the SDGs and implement the Paris Agreement by 2030 is well beyond the public financing available. The mobilisation of private capital is thus pivotal in closing the financing gap, and here the WB plays a central role. In 2023, the WB mobilised USD 43,7 bill. in private capital<sup>25</sup>, but the needs are much higher.

Private capital mobilization is well-anchored within the WB Evolution process, and it is a priority for president Ajay Banga. Several initiatives have been launched already with the establishment of the Private Sector Investment Lab (PSIL) as the most prominent initiative so far. The first concrete outcome of PSIL is a strengthening of MIGA by streamlining the Bank's more than 20 guarantee products under one single guarantee platform in MIGA, with the aim of tripling the Bank's guarantee issuance to USD 20 billion by 2030, which will significantly increase PCM.<sup>26</sup> Another high priority flagged by president Ajay Banga is finding solution to address foreign exchange risks.<sup>27</sup>

Achieving a substantial increase in the Bank's mobilisation of private capital rests among other things on the institutions' ability to systematically act as 'One World Bank' and devise a coherent operational plan that effectively integrates all the different initiatives. In its leadership position, the WB should improve sharing of investment data, development of pipeline, assume more risk in the individual investment, act faster on investment opportunities, contribute to addressing market errors, increase the use of guarantees and better address local currency risk.

To this end, Denmark will continue to push for an ambitious PCM agenda through a reformed WB model, placing emphasis on the design and implementation of new and existing instruments in an integrated manner in line with the strengthened 'One World Bank' and Cascade approaches. Moreover, as IFC is the WB's facility for the private sector, Denmark will continue to push for an enhanced mobilisation rate of the IFC.

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<sup>25</sup> IFC Annual Report 2023, <https://www.ifc.org/content/dam/ifc/doc/2023/ifc-annual-report-2023-building-a-better-future.pdf>

<sup>26</sup> The platform will be launched on 1 July 2024. Within three years after the launch, the number of staff working on the guarantee platform is projected to increase by at least 30 percent, and staff working on guarantees outside of Washington, D.C., is projected to grow by 40 percent.

<sup>27</sup> The risk that an investment's value may decrease due to changes in the relative value of the involved currencies.



Via the NBC, DK will furthermore advocate for an effective revision of the WB staff incentive structure that fosters systemic cooperation on PCM across WB institutions and emphasizes shared responsibility, and argue for a strong focus on private capital enabling reforms through the revamped approach to country engagement, including mainstreaming updated Country Private Sector Diagnostics 2.0 (CPSD) across CPFs, development policy operations and other WB interventions and advisory work.

## VI. Monitoring

Denmark will, including via NBC and the WB Committee on Development Effectiveness (CODE), continue to monitor WB results and strengthen the focus on development outcomes and impact (rather than inputs and activities). Emphasis will be placed on ongoing WB Evolution discussions which includes both further development of the new Corporate Scorecard and in the discussions on enhancing operational effectiveness. Denmark will support and continuously monitor enhanced outcome orientation of WB operations – especially in IDA countries -, based on the new Corporate Scorecard with clear links to the SDGs, the WB’s Climate Change Action Plan (CCAP, 2021-2025) and the WB’s new Gender Strategy (2024 – 2030).

### 6.1. Streamlining of Denmark’s engagement across the Bank

Due to the diversity of Denmark’s engagements with the WB, various MFA entities are involved in the management of these. A MFA-internal ‘contact group’ (see annex 3) has accordingly been established with the aim, among other things, to seek alignment and synergy between Denmark’s core and bilateral engagements with the WB across thematic areas as well as in the various TFs and FIFs, and to share information related to WB performance within these. With lead responsibility for the overall strategic partnership the Department for Multilateral Cooperation convenes this contact group as relevant, and facilitates its formulation of a stocktaking report on an annual basis taking note of WB progress within Denmark’s priority areas a.o. based on MOPAN, WB internal evaluations and progress reporting against the WB corporate scorecard. Based on the conclusions of the annual stocktake report, annual action plans will be formulated for the contact groups collective engagement in a given calendar year.

In addition to this contact group, the Department for Climate is leading a contact group related to the green TF/FIF that are supported by Denmark with the purpose of coordinating positions on joint Danish policy priorities, support preparations of organization strategies, improve synergies and coherence between HQ and embassy efforts, and exchange information across the funds including on results, outcome of MOPAN assessments, annual action plans. The Department for Multilateral Cooperation and the Department for Climate will work to combine the work in these two groups and a way to further strengthen coordination and streamlining.

Evaluations and assessment of relevance to Denmark’s strategic engagement with the WB will inform the annual plans for Denmark’s engagement with the WB going forward. For example, a joint Nordic evaluation of trust fund engagements (2024) and a G20-evaluation of trust funds and the complexity of the global climate architecture (2024).

### 6.2. Sustainable procurement

With a total annual disbursement in FY24 amounting to USD 80 bill, large sums go from the WB and into the procurement of various goods and services at country level. The Bank’s procurement policy is



outlined in the WB’s Procurement Framework<sup>28</sup> with the purpose of supporting countries in delivering sustainable development guided by seven core procurement principles: value for money, economy, integrity, fit for purpose, efficiency, transparency, and fairness. The Bank supports countries in developing procurement strategies and plans by e.g. helping with market research, needs analysis, and project-specific risks, including environmental and social issues. The Bank thus plays an important role in promoting environmentally conscious and responsible procurement. Through the NBO, Denmark will seek to push for further advancement of this.

### 6.3. Anti-corruption

The MOPAN assessment of IBRD/IDA (2023)<sup>29</sup> concluded that the Bank has strong safeguards and internal control systems for fraud and corruption, procurement, and environmental and social safeguards, including prevention of and response to Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH). According to MOPAN, safeguards are fully integrated throughout the CEM. Increasingly, internal control functions are adopting a proactive approach focused on prevention and outreach.

## VII. Budget

Table 1 includes the already-known Danish commitments to WB during this OS period. This strategy period will also cover the negotiations of both the 22th (2027) and 23rd (2030) IDA replenishments. A capital increase of IBRD<sup>30</sup> and IFC<sup>31</sup> subsequently are also expected during this OS period.

**Table 1: Already-known Danish commitments to the WB from 2025-2030**

DKK mill.	2025	2026	2027	2028	2029	2030	TOTAL
IDA 19	362	325	289	234	53	0	1263
IDA 20	401	408	358	309	287	185	1948
IDA 21	0	145	356	531	554	498	2084
IDA MDRI	176	174	171	175	169	157	1022
IBRD	150	0	0	0	0	0	150
IFC	237	0	0	0	0	0	237
<b>TOTAL</b>	<b>1326</b>	<b>1052</b>	<b>1174</b>	<b>1249</b>	<b>1063</b>	<b>840</b>	<b>6704</b>

*All commitments are in million DKK. Noted in round numbers.*

In addition to the commitments to the core budgets, Denmark provides considerable funding for the WB’s thematic and crosscutting work through TFs, that either are run directly by the WB or where the Bank is the caretaker of FIFs (see annex 2).

<sup>28</sup> [Bank-Policy-Procurement-in-IPF-and-Other-Operational-Procurement-Matters.pdf](#)

<sup>29</sup> MOPAN (2023): Review of IDA and IBRD; [available here](#)

<sup>30</sup> DK’s payment to the latest IBRD capital increase (2018) was finalized in 2024.

<sup>31</sup> The payment to IFC in 2025 (237 mill. DKK) will be the last payment in this current capital increase (2018)

## VIII. Risks and assumptions

### Internal risks

According to MOPAN (2023), the IBRD, IDA and IFC scored satisfactory and highly satisfactory on all measured parameters of organisational performance. IBRD and IDA risk management frameworks and safeguarding practices are fully integrated into the operating model and increasingly go beyond good practice to reflect a proactive and preventative approach. Internally, integrity and ethics functions conduct outreach to staff to reinforce awareness and trust in reporting and whistleblowing systems and use evidence to prevent risks before they materialise. MOPAN however points out that proliferation of FiFs add to the fragmentation of the aid infrastructure, with risks of inefficiency and duplication as large secretariats tend to develop with policy and procedures that overlap with those of existing institutions.

On IFC, MOPAN concludes that it has both a comprehensive operational risk management framework and a strong financial framework (regarded by ratings agencies as “best in class”) as well as robust processes for resource allocation, internal control, accountability and risk management. There is scope for further strengthening of IFC’s “One Bank Group” approach to mobilising private finance and creating an enabling environment for investment. While recognizing that progress has been achieved in implementing joint CPFs, including through the Country Private Sector Diagnostic, opportunities remain for ensuring that IFC’s upstream, investment and advisory activities are better reflected in WB Country Partnership Frameworks, including results frameworks.<sup>32</sup>

### External risks

Elevated debt and high borrowing costs constitute a drag on development. International cooperation needs to be strengthened to address debt challenges, especially in the poorest countries, to create fiscal space for investments in development. Slow and insufficient restructuring increases the risks of government debt defaults. Eventually this results in a higher burden also on the international financial institutions such as the WB.

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<sup>32</sup> MOPAN (2024): Review of IFC; [available here](#).

## Annexes

### Annex 1) DK contributions to the WB (2019-2024)

	2019	2020	2021	2022	2023	2024	TOTAL
<b>IBRD*</b>	0	174,8	25,38	74,85	92,1	250	<b>617,13</b>
<b>IDA*</b>	564,4	1,035	606,73	412	773,67	823	<b>3180,835</b>
<b>IDA Crisis Facility</b>	0	0	0	0	200	100	<b>300</b>
<b>IDA MDRI</b>	106,2	126,03	149,04	164,75	173,77	174,37	<b>894,16</b>
<b>IFC</b>	20	177,6	0	0	0	0	<b>197,6</b>
<b>Trust Funds/FIFs</b>	2.651,43	2.415,00	2.333,86	2.256,08	1.429,36	TBC	<b>11085,73</b>
<b>TOTAL</b>	<b>3.342,03</b>	<b>2.894,47</b>	<b>3.115,01</b>	<b>2.907,68</b>	<b>2.668,90</b>	<b>1.247,37</b> (NB. excluding support to TF/FIF)	

All contributions are in millions DKK.

\*The contributions are paid-in capital for the capital increases in IBRD (for the period of 2019-23. The contribution to IBRD in 2024 is the purchase of hybrid capital) as well as IDA replenishment. Callable capital was DKK 2,112 mill for IDA17 (2015-2020), DKK 2,149 mill. for IDA18 (2018-2024), and DKK 2,291 mill. for IDA19 (2021-2029), as well as DKK 2,376 mill. for IBRD (2020-2024).

### Annex 2) DK contributions to WB trust funds and FIFs

For contributions, see the [Directory of Programs](#) and Openaid.

Trust Fund title and period for support	Responsible unit (MFA)
Afghanistan Resilience Trust Fund (2002-2025)	ASILAC
CGIAR Trust Fund (2017-2030)	LÆRING
Clean Technology Fund (2009-2049)	KLIMA
Consultative Group to Assist the Poor (CGAP) Multi Donor Trust Fund (2018-2029)	KLIMA
Cooperation in International Waters in Africa (CIWA) Multi Donor Trust Fund (2010-2026)	AFRPOL
Danish International Development Agency (DANIDA), Ministry of Foreign Affairs - Refund to Donor Account (1998-)	MULTI
Denmark - Donor Funded Staffing Program (2006-2025)	MULTI
Digital Development Partnership (DDP) Multi-Donor Trust Fund (2026-2026)	AFRPOL
Donor Committee for Enterprise Development Program (DCED) (2006-)	KLIMA
Energy Sector Management Assistance Program Multi Donor Fund (2015-2023)	KLIMA
Energy Sector Management Assistance Program Umbrella 2.0 Multi-Donor Trust Fund (2020-2027)	KLIMA
Food Systems 2030 Multi-Donor Trust Fund (2020-2025)	KLIMA
General Education Quality Improvement Program for Equity Multi Donor Trust Fund (2018-2025)	Addis Ababa
Global Concessional Financing Facility (2016-2031)	MIGSTAB
Global Environment Facility (2001-)	KLIMA
Global Environment Facility (GEF) Secretariat Budget Trust Fund (2002-)	KLIMA
Global Infrastructure Facility (2015-2025)	KLIMA

Global Financing Facility for Women, Children and Adolescents Multi-Donor Trust Fund (2019-2030)	MULTI
Global Partnership for Education Fund (2023-26)	MULTI
Global Program for the Blue Economy Multi-Donor Trust Fund (2018-2026)	KLIMA
Global Tax Program Multi-Donor Trust Fund (2017-2028)	MULTI
Global Water Security and Sanitation Partnership Multi-Donor Trust Fund (2016-2030)	KLIMA
Green Climate Fund (2024-27)	KLIMA
Indonesia Oceans, Marine Debris, and Coastal Resources Multi-Donor Trust Fund (2017-2027)	ASILAC
Kenya Accountable Devolution Program - Phase 3 Multi-Donor Trust Fund (2020-2026)	Nairobi
Kenya COVID-19 Emergency Response Project (2020-2024)	Nairobi
Kenya Development Response to Displacement Impacts Project (DRDIP) Multi-Donor Trust Fund (2017-2024)	Nairobi
Khyber Pakhtunkhwa Province (KP)/Federally Administered Tribal Areas (FATA)/Baluchistan Multi Donor Trust Fund (2010-2023)	ASILAC
Least Developed Countries Fund (2002-)	KLIMA
Lebanon Financing Facility for Reform, Recovery and Reconstruction Multi-Donor Trust Fund (2020-2025)	Beirut
Mali-Conducive Environment for Growth Entrepreneurship Multi-Donor Trust Fund (2018-2024)	Bamako
Middle East and North Africa Transition Fund (2012-2022)	MENA
Multi-Donor Trust Fund for Co-financing of the Ukraine Second Economic Recovery Development Policy Program (2022-2023)	EUNABO
Multi-Donor Trust Fund for Forced Displacement (2016-2025)	HUMCIV
Multi-Donor Trust Fund for the Global Financing Facility (GFF) in Support of Every Woman Every Child (2016-2030)	MULTI
Multi-donor Trust Fund for the Sahel Adaptive Social Protection Program (2017-2028)	MIGSTAB
Multi-Donor Trust Fund to Strengthen Ethiopia's Adaptive Safety Net (2021-2025)	Addis Ababa
Readiness Fund of the Forest Carbon Partnership Facility (2008-2023)	KLIMA
Social Sustainability Initiative for All Umbrella Multi-Donor Trust Fund (2021-2031)	MULTI
Somalia Multi-Partner Fund (2014-2024)	Mogadishu
Somalia Multi-Partner Fund 2 (2018-2024)	Mogadishu
Somalia Private Sector Development Trust Fund (2017-2024)	Mogadishu
Special Climate Change Fund (2004-)	KLIMA
Special Initiative of the Global Environment Facility (GEF) Evaluation Office (2007-2020)	KLIMA
State- and Peace- Building Multi Donor Trust Fund (2008-2022)	MIGSTAB
State and Peacebuilding Fund 2.0 Umbrella Anchor Multi-Donor Trust Fund (2021-2028)	MIGSTAB
Strategic Climate Fund (2009-2049)	KLIMA
Support for Small Island Developing States (SIDS) DOCK Support Program Multi Donor Trust Fund (2011-2025)	KLIMA
Support to Energy Access and Quality Improvement Project (EAQIP) in Rwanda Single-Donor Trust Fund (2021-2027)	KLIMA
Sustainable Urban and Regional Development (SURGE) Multi Donor Trust Fund (2019-2030)	KLIMA
The Global Fund to Fight AIDS, Tuberculosis and Malaria (2002-)	MULTI
Umbrella Facility for Gender Equality (UFGE) (2012-2027)	MULTI
Urban Productive Safety Net Program Multi-Donor Trust Fund (2020-2025)	Addis Ababa
World Bank-United Nations High Commissioner for Refugees (UNHCR) Joint Data Center Multi Donor Trust Fund (2028-2024)	HUMCIV

## Annex 3) Terms of Reference: DK MFA WBG contact group

### **1. Objective**

With the overall goal of ensuring synergy between Denmark's diverse core and bilateral engagements with the WBG, the purpose of the DK MFA internal contact group is to:

1. Ensure strategic coherence across diverse WBG engagements;
2. Facilitate exchange of experience and relevant information stemming from the diverse Danish engagements with the WBG anchored by various MFA entities.

### **2. Format**

The contact group will be convened as relevant, with a point of departure in an annual action plan which will be formulated at the onset of a new calendar year (using the annual action plan template of the Danida AMG), based on a stocktake of WBG progress within Denmark's priority areas in the preceding calendar year (using the stocktaking report template of the Danida AMG) a.o. drawing on MOPAN, WBG internal evaluations and progress reporting against the WBG corporate scorecard as well as relevant information from bilateral engagements between Denmark and the WBG for example via TFs/FIFs or at embassy level. Based on the conclusions of the annual stocktake report, the annual action plans for the following calendar year will outline the direction for the collective engagement of diverse DK MFA entities anchoring WB engagements in a given calendar year.

The contact groups will have a lean, informal structure and meet on a quarterly basis (i.e. in conjunction with spring and annual meetings) and as and when needed at the initiative of the unit, which manages Danish cooperation with the organization in question (i.e. in conjunction with high-level WBG-missions to a given country, when new strategic policy directions are tabled or similar). As relevant external experts may be invited to brief the contact group.

Due attention will be paid to ensuring information flows between the WBG contact group and other relevant contact groups and/or task forces (such as the general trust fund task force managed by KLIMA at the time of writing).

### **3. Scope of work**

The work of the contact group will include:

- Assess developments in the WBG and resulting impact on DKs partnership (i.e. cross-cutting messages);
- Exchange of experiences from diverse WB engagements a.o. preparing and debriefing on WB Spring meetings, meeting in the board and in fund steering committees etc.
- Discuss proposals for new initiatives/earmarked grants to the WB as deemed relevant for the unit responsible for the grant.

#### **4. Management and members**

Contact group communication and collaboration is facilitated by the Department for Multilateral Cooperation (MULTI), which anchors Denmark's overall strategic partnership with the WBG.

Members of the contact group are, apart from the responsible unit, relevant MFA entities with significant and diverse WB engagements.

#### **5. Timing of meetings**

MULTI will announce contact group meetings with minimum 1 weeks' notice and include in the meeting invitation an agenda and description of expected meeting outcome, which will clearly state how contact members are expected to contribute. MULTI is responsible for drafting the annual stocktaking report and annual action plan with input from the contact group.

Members can ask the chair to call a meeting if/when issues within their respective portfolios warrant a discussion.