Statement by

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SEVENTY-THIRD MEETING
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1. Key messages

The Nordic-Baltic countries welcome the opportunity to focus, once again, our attention on the progress made in reaching the MDGs and on the steps needed to further intensify our joint efforts. Recognizing the significant progress made in increasing ODA and debt relief, we believe that delivery and monitoring remain issues of concern. Nevertheless, we agree it is time to give special attention to other important topics, such as access to clean energy, climate change and governance. We emphasize the following messages.

- Access to energy in the poorest countries is a fundamental prerequisite for reaching the MDGs. Therefore, we welcome the plan to develop a strategic work program for Clean Energy and Development. We encourage the Bank to maintain a fair balance between access to clean energy, mitigation of climate change and efforts to adapt to the impacts of climate change.

- The Bank Group has an important role to play in mainstreaming concerns that would ensure access to clean energy for poverty reduction and adaptation to the threats of climate change. The Bank Group should complement the work of other actors and focus on its areas of comparative advantage. The emphasis of the Bank Group’s work should be put on investment climate in order to attract private investments in the energy sector.

- On GMR 2006 we welcome the focus on governance and emphasize the importance of mutual accountability. The slow progress towards the MDGs in Sub-Saharan Africa is a cause of concern and we urge all donors to deliver on their commitments and increase aid to Africa. We also note with concern the mixed progress on gender equality and propose that gender is made a special theme for next year’s GMR.

- We fully support the renewed focus on anti-corruption measures in the Bank’s work and recognize the need for the Bank to create a framework to deal with this issue in a coherent way. We welcome a more thorough discussion on governance and anti-corruption measures at the Annual Meetings in the fall of 2006.

- While welcoming the agreement on the Multilateral Debt Relief Initiative we are, however, disappointed that some key initiators have not yet lived up to their commitment in securing the financing of the initiative. Keeping in mind the fundamental purpose of the MDRI we have supported it as proposed. In moving forward, it is vital that IDA’s financial viability is preserved. Thus, it is essential that political commitments are translated into binding financial commitments and that these are monitored.
2. **Clean Energy and Development: Towards an Investment Framework**

We welcome the efforts to enhance access of the developing countries to clean energy and to mitigate and to adapt to climate change. We look forward to the more detailed proposal for new financing facilities to be discussed at the Annual Meetings in September in 2006.

The paper correctly highlights the need to address both access to clean and reliable energy for poverty reduction and the threats of climate change. With regard to ensuring access to clean energy, the use of renewable energy and innovative low emissions technology as well as enhancement of energy efficiency are important means. Significant aspects of the Bank’s involvement include the need to renew efforts in mainstreaming these concerns and the need to ascertain that projects in this area are in conformity with PRSP’s or other national strategies and robust for climate change.

Access to basic energy services in the poorest countries is a fundamental prerequisite for making progress towards the MDGs. Although some efforts would be geared towards the more developed of client countries we find it important that the intensified focus on clean energy does not divert the Bank’s attention from the energy needs of the poorest countries. We want to emphasize that lack of access to energy is a huge problem in Africa. Therefore, specific measures should be taken in African countries.

We would like to see the Bank’s comparative advantage spelled out more explicitly in order for it to play a complementary role to other actors and not risk duplicating them. The financing costs of developing countries to meet their energy needs are estimated at $300 billion yearly until 2030. The Bank has an important role to play in providing policy and technical advice to developing countries on how to fulfil these needs, whereas the bulk of the financing needs to come from the private sector. Within the Bank Group IFC should play a key role in strengthening the private sector involvement. In this context we would like to stress the importance of improving the investment climate and governance in the client countries in order to attract private investments in the energy sector.

In our view the outline of the investment framework for clean energy and development needs further scrutiny. It is important that the World Bank draws on the expertise and knowledge of the relevant experts and complements existing frameworks. We stand ready to work with the Bank in the coming months to further this agenda. It is also important that this work complements the work of other development partners, such as OECD and GEF (Global Environmental Facility).


**Strengthening mutual accountability**

We commend the Bank for the Global Monitoring Report, which is well structured and offers a comprehensive overview of the progress towards the MDGs. The focus of the report on the
principle of mutual accountability is crucial and in line with the outcomes of last year’s high-level meetings. We agree with the key messages of the report, some with satisfaction, some with concern. We hope that the report will, over the coming years, develop into a strategically oriented and more focussed paper.

We welcome the reported increase in commitments to increase ODA and aid effectiveness but note with concern the discrepancy between commitments and disbursements. As the delivery of the promises remains a challenge, we reiterate our plea to translate these promises into actions to reduce poverty in all its dimensions. We also agree that it is important to increase the predictability and flexibility of aid resources and we welcome efforts to improve monitoring of the increasing commitments and flows. It is equally important that development partners cooperate in this monitoring work and avoid duplication of efforts. The OECD/DAC has an important role to play in this context.

Scaling up of aid requires timely implementation of the harmonization, alignment and results agenda. The lack of progress towards selected targets contained in the Paris Declaration is very disappointing as the commitments made in Paris are crucial to achieving the MDGs. We encourage all donors to intensify efforts to harmonize and align development assistance procedures at the country level and to improve staff incentives to work for these goals. While positive trends in the performance of IFIs can be noted, such as increased and joined efforts to improve development results, these efforts are still in initial stages and further efforts are needed.

We urge the Bank to further strengthen its trade-related support and to integrate it into country programs. We call for close cooperation between the Bank, the OECD, and the WTO Aid for Trade Task Force in analysing how the Bank, in collaboration with other development partners, can most effectively contribute to the development dimensions of the Doha Round. As strong supporters of the Integrated Framework for Trade Related Technical Assistance (IF) we welcome the commitment of the Bank to participate in the ongoing work to enhance the IF and urge the Bank to work with other stakeholders to find creative ways of making IF process more effective. We look forward to reviewing the recommendations of both the Aid for Trade and IF Task Forces and welcome the Bank’s commitment to respond to them.

The progress towards reaching the Millennium Development Goals on human development, in particular on health and education, remains disappointing. The challenges are greatest in Sub-Saharan Africa. Thus, we urge all donors to deliver on their commitments and increase aid to Africa.

We note with concern the mixed progress on gender equality. In our view the GMR should devote more attention to the gender dimension, focussing more on sexual and reproductive rights and health and also assessing the performance of the development partners with regard to implementation of strategies for gender equality. We propose that gender equality is made a special theme for next year’s GMR.

We would also like to see more references in the GMR to inequality within developing countries and to the important link between human rights issues and development. Persistent inequality is a basis for the lack of opportunities for poor people to improve their livelihoods.
Governance

We strongly welcome the focus on governance in the GMR and the efforts made towards addressing the challenge of monitoring governance. Last year’s task force report “Building Effective Societies, Forging Engaged Societies” clearly spelled out the importance of good governance and made a number of useful recommendations, which we encourage the Bank to implement. The discussion on the subject in the GMR is also an important contribution to the commitments made in the Paris Declaration and provides a valuable input towards fortifying the principle of mutual accountability. Therefore, it also provides a useful basis for the scaling up of aid in a responsible manner. However, to make progress on good governance at the country level is a complex process and we emphasize the need for a long-term approach.

We note with concern the general lack of references in the GMR to the responsibility of developing country governments for their own development, using their own national resources. The principle of mutual accountability must include such a perspective. We also note with concern that the references to governance in developing countries seem to be confined to the management of aid and other external resources, thus excluding the absolutely vital governance and accountability aspects of the management of national resources. Global programs, measures and policies aimed at expanding the development opportunities of developing countries should be complementary to national efforts.

We find the chapter in the GMR on strengthening global checks and balances particularly useful. We welcome that the GMR acknowledges the responsibility of all donors and IFIs in strengthening good governance, including improvement of their own transparency and anti-corruption controls. On the other hand, we note that work needs to go on. We urge all countries to give their support to relevant regional and global anticorruption conventions. One concrete example of good initiatives that need to be completed is the African Union Convention on Preventing and Combating Corruption, which so far has been ratified by 10 countries, 5 short of the minimum needed for the convention to enter into force.

Finally, we strongly support the Bank’s increased efforts to fight corruption. Anti-corruption measures are essential to ensure that development resources are used efficiently. We thus welcome a full-fledged discussion on these issues in the Annual Meetings in the fall of 2006. Good governance and anti-corruption have been a priority area in the Bank’s work for over a decade. Hence, the Bank possesses a solid analytical and operational knowledge about these issues, which should feed into the upcoming work on a framework for anti-corruption measures.

The Nordic-Baltic countries have always attached great importance to multilateral cooperation and we believe that well governed multilateral institutions are key to promote development and fight poverty on a global level. A transparent and rules-based approach, which enjoys widespread support among shareholders, must also govern the internal work of the multilateral institutions.
4. **Multilateral Debt Relief Initiative (MDRI)**

We look forward to the implementation of the Multilateral Debt Relief Initiative (MDRI). We applaud the fact that it emphasized both debt relief and the need for new and additional resources to reach the MDGs. The strong commitment from the G-8 to compensate IDA “dollar for dollar, as shown in the finance ministers’ letter to President Wolfowitz, were key to ensuring the support of the Nordic Baltic countries.

Against that background, we are deeply disappointed that some of the key initiators of the initiative have not yet lived up to their commitment in securing the financing of the MDRI. We are concerned that the proposed financing framework does not provide sufficient assurance regarding the future financial viability of IDA.

Monitoring of donor financing is crucial, both to preserve the principle of additionality of donor commitments to the MDRI, and to maintain a fair burden sharing. We fully agree that donor contributions for MDRI financing should be recorded separately from IDA regular replenishment contributions.

Keeping in mind the fundamental purpose of the MDRI and the role it might yet play in the poorer countries’ quest for development, we have supported the MDRI as proposed. In moving forward, it is vital that impressive political commitments are, to a greater extent than currently, translated into binding financial commitments.