Statement by

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on behalf of
Denmark, Estonia, Finland, Iceland,
Latvia, Lithuania, Norway and Sweden
Robert Zoellick’s presidency of the World Bank is coming to a close, and we, the Nordic Baltic countries express our sincere appreciation to Bob for his tireless and skilful efforts to ensure that the institution remains a frontrunner and preferred partner in development. Your vision, energy and engagement have been an inspiration to all of us and a key to bringing the Bank successfully through a period of comprehensive and continuous reform. We wish you all the best.

We express our great appreciation to Lars Thunell for his work as Executive Vice President of IFC. Under the steadfast leadership of Mr. Thunell the IFC has made immense strides forward in product innovation, partnerships and results-orientation. The fact that nearly 50% of IFC's activities now take place in the poorest countries and in countries affected by conflict is a very impressive and important achievement.

We congratulate Jim Yong Kim on his selection as the next President of the World Bank. He can count on our full support in his efforts to maintain the Bank as the World’s leading development financing institution. Developing countries have made significant progress over the past decade. Yet, we face huge challenges in terms of fostering inclusive growth and connecting the large number of poor and disadvantaged men and women to the opportunities for prosperity. In addition, solutions must be found to address the effects of the global economic and financial crisis, build security in conflict-affected countries, repair the damage inflicted on the biosphere by human activity, address excessive volatility in commodity and food prices and create equal opportunities for men and women. In confronting all of these challenges, the Bank has a central role. We look forward to working with the new President on the design and implementation of the reforms and policy adjustments required to ensure that the Bank stays relevant to these challenges and ahead of events.

For the first time the World Bank presidential selection process has been open and with more than one candidate. The Nordic-Baltic countries strongly welcome this change in approach and procedure and the fact that three extremely competent candidates from different parts of the globe were nominated. We wish to thank Minister Ngozi Okonjo-Iweala and Dr. José Antonio Ocampo for having accepted nomination and for participating in the process.

Food prices, nutrition & the Millennium Development Goals.

As we approach 2015 it is encouraging to note that the two Millennium Development Goals on halving extreme poverty and the proportion of the population without access to safe drinking water have been met ahead of time and that several others are likely to be met on time. But we are lagging behind on others – especially those related to food and nutrition.

We are concerned over the impact of the 2011 food price spikes on the poor and the associated potential set-backs to progress. Large price fluctuations undermine food security, reduce the nutritional quality of
food intake and lead to cut-backs in household expenditures in areas that may impair their ability to recover, particularly for net buyers of food. Over time, farmers will respond to food price increases by raising their output and shifting to more profitable crops and products. They need to be supported by research, extension service, well-functioning input markets and by removal of the constraints that prevent markets from effectively responding to surplus and deficit situations. We expect the Bank to further reinforce its effort to ensure that food production and trade works for the poor, both as producers and as consumers, and that instruments are developed that can help level out food price fluctuations and cushion vulnerable groups against price volatility.

The international community will need a new compass to integrate and steer its efforts from 2015 and onwards. We encourage the Bank to stay focused on this topic and engaged in the UN process to formulate and agree a set of post 2015 goals that maintain the focus on outstanding development challenges and provide the necessary orientation and appeal for harnessing of ideas and finance for development, as the current MDGs have done.

An additional challenge will be to better balance the economic, social and environmental dimension of development. This can be addressed through agreement on goals for sustainable development that would complement and strengthen the development agenda post 2015 and address key challenges in a holistic and coherent way. The Rio+20 preparations and conference provide momentum for this agenda. We are supportive of the Bank’s analytical and practical work in this field, including its efforts to help create a better methodological framework for integrating the three dimensions of sustainable development and green growth in economic analysis and accounting and for showcasing how this would work in practice. We encourage the Bank to stay engaged in the preparations and follow up to Rio+20 and expect this work to also feed into the Bank’s operations in the future.

**Safety nets during crises and prosperity**

Creating productive employment for the majority of people must take centre stage in the effort to foster more inclusive and shock resilient patterns of growth. We look forward to timely discussions of the forthcoming World Development Report on jobs. Gender equality is vital for inclusive growth and productive employment. In this regard, we call on the Bank to resolutely act on the lessons and recommendations from 2012 World Development Report on Gender Equality and Development.

Persistent poverty and frequent shocks such as the recent financial crisis underscore the need for safety nets. Yet affordable safety nets that effectively target the poor and most vulnerable against shocks remain an issue in many countries. Well-designed safety nets complement macro level efforts to stabilize the economy. Affordability is a key concern because of the trade-offs with other investments aimed at enhancing poor people’s resilience to shocks. And safety nets must be designed to avoid creating disincentives for people to engage in productive economic activity when the opportunity arises.

We expect the Bank to ensure systematic scrutiny of experience with different approaches of safety net provisioning and accumulation of knowledge through exchange of information, and to support capacity-building in low-income countries, as envisaged in the recently approved social protection and labour strategy. This would help to foster financially sustainable, well-targeted and cost-effective solutions.

The political will to build safety nets is important and in many countries safety nets are part of a social contract. The linkage between societies’ expectations towards safety nets and the readiness of societies to finance them is important to social cohesion. Well calibrated and efficient tax systems and distributional policies are important in this respect.
Safety nets must be put in place during economic upturns to avoid quick and expensive fixes when shocks occur. Integration of gender sensitive safety nets in government services therefore needs to be a feature of the overall decision-making on public expenditure and budget planning.

**Leveraging the private sector**

The private sector is the engine of growth and the single most important source of finance for development. Building an enabling environment for the private sector is pivotal to creating good jobs and business opportunities for the many. A healthy and well-educated work force is part and parcel of creating the basis for private sector growth. The private sector has a key role in fostering a more inclusive and green economy including by ensuring a sufficient tax base for public investment and services. We expect the World Bank Group to play a leading role by identifying and addressing constraints. There is a need to focus on policies to support sustainable and inclusive private sector development.

The need to create conditions for productive employment takes on particular significance because of the growing number of young people entering the labour market in many low-income countries and the tendency to rising youth unemployment around the world. This challenge must be responded to resolutely and forcefully. We cannot afford to let the talent of whole generations go to waste in any part of the world. Providing incentives and opportunities for young people to play productive roles in their societies through employment and entrepreneurship is crucial for both short and long term development.

Gender related challenges are present across the board, including in the investment climate, in the market, in the financial sector as well as in agriculture and in private provision of basic services. These challenges need to be addressed vigorously.

It is important that the Bank Group recognizes and addresses the severe challenges that still persist for creating an enabling environment for the private sector. This is particularly the case in fragile and conflict affected states where the private sector can contribute to stabilization through the creation of jobs and business opportunities. This requires a focus on leveraging and mobilizing private sector finance and mitigating risks in fragile environments characterized by pervasive market and government failure as well as severe fiscal constraints. We call on the Bank Group and other partners to follow up on the recommendations made in the World Development Report 2011 on conflict affected and fragile states and in the New Deal for engagement in fragile states. Operating policies and procedures should be reviewed and revised to enhance the Bank Group’s ability to deliver results.

We recognize and applaud that the IFC plays a strong role in private sector development, and increasingly so in IDA countries and as regards small and medium size enterprises. We welcome the IFC’s strengthened focus on development effectiveness and the work on IFC’s Development Goals, and look forward to its implementation. We expect the IFC, under the leadership of its new Executive Vice President, to continue to be in the forefront of product innovation, partnerships and results-orientation, as well as in global standard setting.

There is also room for improvement in the World Bank Group approach, especially as regards coherence and exploiting synergies across the Group. An agreement to apply a common diagnostic approach to growth, employment and private sector development in a country would seem to be a natural starting point for better orchestration of the Bank Group’s supporting interventions.

**Results, openness and accountability**

Once a relatively closed institution, the Bank is now in the forefront in terms of openness and access to information about its business – a remarkable feat indeed. To keep abreast of demands put on it in a
rapidly changing global landscape the Bank must continuously adjust what it does and the way it does it. Staying focused on modernization of the Bank’s business model is the key to maintaining the relevance of the institution.

Delivering results is the essence of relevance. The results agenda must also drive the internal reform agenda, the management of its human resources and adjustments in the way the Bank interacts with external partners and develops and evaluates its own instruments. In this context we reiterate that the Corporate Scorecard is a main mechanism for the Bank’s management to demonstrate accountability for delivering results. We further stress the importance of improving the quality of the indicators integrated in the Scorecard and the need to align it with IFC.

The Bank is also a primary source of information about what works and why through the Open Data Initiative, Mapping for Results and other open access initiatives. We strongly encourage the institution to continue and reinforce these efforts aimed at building its utility as a knowledge Bank.

External and internal accountability go hand in hand and we encourage management to further refine and focus the instruments supporting accountability to shareholders and partner countries.

We welcome the updated strategy on Governance and Anti-corruption. With it, the Bank is moving towards a leadership role in the global fight against corruption. We highly appreciate the integrated approach to governance and anti-corruption as well as the emphasis of demand side initiatives and the stronger focus on local capacity and institutions.

Organizational reforms have become a permanent feature of the global institutional landscape in a rapidly changing world. The World Bank is no exception. In this regard, we particularly welcome the steps taken to improve the gender balance internally in the Bank not least in senior management. We expect to see the institution continuously adjust to emerging needs by ensuring that the right people with the right knowledge and authority are in the right places at the right time and that the internal flow of information supports a relevant and responsive Bank.