Statement by

Governor Christian Friis Bach
Minister for Development Cooperation
Denmark

on behalf of
Denmark, Estonia, Finland, Iceland,
Latvia, Lithuania, Norway and Sweden
Statement by

Governor Christian Friis Bach
Minister for Development Cooperation
Denmark

on behalf of
Denmark, Estonia, Finland, Iceland,
Latvia, Lithuania, Norway and Sweden

at the Development Committee, October 13, 2012

First of all, on behalf of the Nordic-Baltic constituency, I would like to welcome Dr Jim Yong Kim to his first DC-meeting as the new WBG President. The Nordic-Baltic constituency looks forward to a close collaboration with you in the years to come.

I. Future Strategy for the World Bank Group

The Nordic-Baltic constituency welcome the plans for a renewed overall strategy for the WBG. The overall strategy will have to be selective in order to deliver results on the core mission of the WBG and we agree with President Kim that the overarching goal should be poverty eradication. In order to reach this goal, the NBC would like the WBG to focus on carefully selected core areas:

- The WBG needs to accelerate its efforts in achieving the Millennium Development Goals in partnership with member states and other multilateral agencies, including the IMF and regional development banks. We also encourage the World Bank Group to contribute actively to the design of and deliberations on the post-2015 development framework.

- Sustainable and inclusive growth that builds on the recognition of the private sector as the most important driver, not least to create jobs. In order to create an enabling environment, the foundations for growth, such as macro-economic stability and sound institutions are fundamental. Building on its comparative advantages within these fields the WBG is in a unique position to contribute to the development agenda as it looks today.

- In its contribution to eradicate poverty, the Bank will have to address inequality within countries. The Bank has played a central role in highlighting the importance of equal access to opportunities as the starting point for equality. With increasing income inequalities within many countries it is of utmost importance that the Bank broadens its policy advice on distributional policies, including social protection and taxation.

- The on-going internal reforms of the WBG must be forcefully implemented. This includes a focus on results, decentralization, transparency and financial sustainability.

- The WBG must prioritize meeting the key challenges of lacking gender equality, climate change and fragility and conflict.

- We note with interest President Kim’s intention to transform the WBG from a “knowledge bank” to a “solutions bank”. The WBG has much potential for combining academic research with
practical development experience. We look forward to see how this process will translate into new concrete development initiatives benefitting our common goal of poverty eradication.

II. Creating Good Jobs for Development (WDR13)

The World Development Report 2013 (WDR 13) could not have been published at a more appropriate point in time.

We agree with the simple, yet important point made in the report: “Development happens through jobs, but some jobs do more for development than others.”

Although the bottom line can be summarised in simple terms, the underlying processes as well as the policies needed to manage them are not. Here the World Bank has a particular role to play in assisting partner countries in finding the best path possible as regard policy choices. The Nordic-Baltic constituency strongly encourages the WBG to start considering operational implications of WDR13 in terms of both the overall strategy and lending operations. It is important that the knowledge from WDR13 is utilized sooner rather than later, both by the World Bank Group itself and by governments and other stakeholders.

One of the reasons why WDR13 is so relevant right now is of course its linkage to the inclusive growth-agenda. The Nordic-Baltic constituency strongly agrees with WDR13’s message that jobs are primarily created by private actors while governments at the same time need to establish an enabling business environment. A conducive policy environment should aim to promote both formal jobs as well as favourable conditions for the many who are entrepreneurs or self-employed. We need to deal much more with the informal sector as well. It is challenging but the reality is that many people derive their livelihood from informal employment, in many cases because of lack of incentives to become integrated into the formal sector.

One of the benefits of formalising employment into jobs is that this creates a source of public revenue via income tax. Such financing can and should be used as the basis for financing broader social goals such as investing in health and education to improve employability for future generations. We agree on the need for education that is stressed throughout WDR13 both in general terms and in connection with Technical and Vocational Education and Training as a means to invest into the continuous education and training of the labour force.

Another very relevant interrelationship exists between jobs and green growth. The world’s current growth patterns are not only unsustainable, they are also deeply inefficient. Here the private sector has a key role to play in terms of innovative financing and business models that can lead to sustainable growth with less waste, pollution and energy use. We welcome the collaboration between the WBG and the UN in the Secretary General’s initiative SE4ALL. The WBG should identify bottlenecks for financing and develop ways and means to mitigate these, in order to mobilize private capital to develop renewable energy.

It is hard to overestimate the importance of jobs, formal or informal, when it comes to reduce exclusion, promote social cohesion and improve quality of life. This is especially important when it comes to welcoming new generations into the labour market and thus accommodating “the idle youth problem”. In a similar vein, entering the labour market is often the best way to include people with disabilities into society.

We all know that jobs for women equal empowerment and development. Last year’s report, WDR12 on gender and development, clearly demonstrated that when women earn wages, societies benefit. It is therefore disappointing that WDR13 underplay these aspects of development. We expect to see a much
stronger integration of the gender aspects, when the Bank starts translating conclusions from WDR13 into concrete action. As the Bank operationalizes the jobs agenda, a prioritised task must be to reduce and remove the well documented barriers which impede societies from unleashing the vast resources of women. Everything else would be a missed opportunity in terms of pronouncing the WBG's support for women's economic opportunity and gainful employment.

Likewise, we strongly encourage the Bank to also draw on conclusions from WDR11 on fragility, when operationalizing the jobs agenda. In that report the relationship between job creation and stability was clearly established.

III. The Gender Equality Agenda

The World Bank Group has done much to scale up efforts on gender equality over the past years. The commitment demonstrated by Management has been extremely valuable, and we see important increases in the number and scale of operations with a gender equality focus.

We are particularly impressed with the work that has gone into the development of data and indicators for gender equality, not least for women’s economic empowerment. However, some challenges remain and as just mentioned we hope to see that gender equality is more thoroughly reflected in the private sector work, where the Bank has a considerable comparative advantage vis-à-vis other development actors.

The Bank must now ensure that all commitments, tools and strategies developed for gender equality are translated into concrete improvements in the lives of girls, boys, women and men on the ground. And the Bank must ensure that its country offices have the capacities necessary to deliver those results. We look forward to sustained commitment of the Bank’s leadership in taking the gender equality agenda even further in more operational terms.

IV. Resilience

The Nordic-Baltic constituency welcome the call for disaster risk management (DRM) to be more extensively mainstreamed into all aspects of development. DRM is essentially a development issue, and while the work of humanitarian actors is crucial, they cannot and should not address resilience on their own. It is important that the WBG takes a broad, coordinated approach among all donors and institutions. This includes more coordination with the United Nations, with humanitarian actors and, not least, with national counterparts.

V. The Work Ahead

Since the turn of the Millennium, the WBG has served as an important financing channel to assist developing countries reach the MDGs. As the discussion on post-2015 development agenda is picking up speed, we hope to see the WB taking an active part in it. The global financial crisis has further amplified the WB’s relevance and highlighted the urgent need for concerted efforts to meet the 8th MDG on global partnerships. In view of the post 2015 agenda we would also like to encourage the Bank to continue its analytical work on innovative financing mechanisms as a source for development financing.

As we commence the IDA 17 replenishment, we urge all of us to approach it with ambition and resolve. We need a concerted effort from all, traditional and emerging donors alike, as well as from the World Bank Group if we are to effectively address the acute needs of the poorest.
VI. Closing remarks

Let me finish where I started by welcoming once again President Jim Kim and inviting you to a close and sincere cooperation. Since its establishment the WBG has continuously evolved and reinvented itself to meet emerging needs in development finance. It has steadily sharpened its focus on poverty eradication through inclusive and sustainable growth. During his first 100 days in office President Kim has signalled a strong commitment to the WBG’s mission statement: A world without poverty. That requires the creation of millions of new jobs and strengthening the foundations for developing countries’ inclusive growth. The Nordic-Baltic constituency stands behind you in this endeavour.