Statement by

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When the issue of jobs was discussed at our Fall 2011 meeting, we underscored a number of critical aspects.

We emphasized a special role of the wage employment in the developing countries. In our view, to many developing countries expanding this form of employment remains one of the most challenging issues.

Another aspect which deserves our attention is different capital and labor intensity of various job models. For instance, when we support the modernization of agriculture and rising productivity in this sector, we should be mindful that it is likely to result in a lower labor demand, so the rural population will have to be provided with an alternative employment. The same effect takes place in the capital-intensive extracting industries. Therefore, it is processing industries and service sectors which make sure that the jobs problem is addressed in a sustainable manner. This is the logic of development experienced by most countries, and the World Bank should fully take this into account.

Employment, growth and poverty reduction issues are to the great extent identical. Indeed, poverty cannot be eradicated without sustainable growth, and expansion of productive employment is the only means to support growth. It is only within this framework that one can develop and maintain viable social protection and equitable social modernization.

I believe that in this context the key conclusion of our discussions can be summarized as follows: the Bank has to turn back to its basic goals, that is to assisting its members who address the problem of sustainable growth and employment. Unfortunately, over the past years the Bank has not been sufficiently clear about this. Too often some specific aspects of development were brought at the forefront and declared a priority for all Bank activities, country programs and operations. As a result, basic priorities of the client countries themselves were given less importance. All client countries, both lower income and middle income ones, felt these imbalances.

When we agree that poverty reduction based on sustainable growth driven by productive employment should be placed at the heart of all activities of the World Bank, we should always take into account that these problems have no standard solution common to all countries regardless of their income level and other specificities. This point is made very clear in the paper submitted to us. In order to address these issues the Bank has come up with country-specific approaches anchored to the countries' priorities. Although this principle has been announced quite long time ago, it should be adhered to more consistently.
We are glad to see that a number of innovative and flexible country strategies designed for some large middle income countries proved their efficiency. This approach should be mainstreamed and applied across the full spectrum of Bank work. For instance, it is time, in our view, to revisit and reduce the list of sectors which are declared to be of secondary importance to, or simply excluded from, the Bank’s operations. Poverty reduction, economic growth and productive employment cannot be held hostages to short-lived political campaigns.

Particular attention should be paid, in our view, to further refinement of national strategies aimed at development of professional skills.

Specifically, we believe that states, specialized institutions and NCOs should combine their efforts in order to enhance the analysis of priority sectors of their economies, to identify gaps between the labor markets’ demand and education systems’ supply, and to develop institutional coordination between the employers and state training systems.

In this regard, it is important to develop a database of internationally comparable indicators of labor skills in the low income countries. Such a database will make it possible to evaluate local demand for particular skills and to increase employment.

Also, it is critically important to link the skills agenda to the economics of innovation, as well as to the needs of export growth, economic diversification and creation of decent jobs. And, of course, we should continue to pay attention to the development of national systems of quality control and evaluation in primary secondary, and vocational education, and to the issue of management in the education sector.

**The Sendai Dialogue on Managing Disaster Risks**

We welcome the initiative by the Government of Japan to focus international attention on the topic of disaster mitigation as much as possible and to uplift cooperation in that area by international community. According to many multilateral institutions, including the World Bank, there is a persistent trend of growing economic costs resulting from natural calamities.

At the same time, aside from increased economic and financial risks associated with disasters, there are also some noteworthy positive developments at global level. A lot of experience has been gained in the practical application of various financial instruments, as well as in risk assessment and modeling exercise, along with developing risk transfer mechanisms that include insurance and re-insurance tools. We consider that we all can learn from each other so as to replicate the most innovative solutions from the leaders in disaster risk management.

In this regard we would like to confirm that the theme of an adequate financial response to natural disasters is definitely a priority for Russia, in much similar manner as it is for Japan, and this consideration explains why we promoted it to the agenda of a number of meetings during Russian chairmanship of APEC in 2012.

Our approach to the topic is currently based on the intention to develop universal guidelines for national authorities to inform them on financial policy options and instruments for efficient disaster risk assessment and practically-oriented risk management. This tool should provide a more systematic framework for decision-making and could be useful for many countries, inside and outside APEC membership. Of course, this could be of interest to countries at different levels of economic development as they all have a stake in evaluating the menu of available options and instruments from the angle of top-notch global practice. Additionally, one of the major challenges that are facing international community in the near-term perspective, is the expansion of the toolkit accessible by the least developed nations.
Our concept on further work in disaster risk management area is based on the need to shift attention towards quality preparations that will help to reduce negative impact of natural disasters including also in terms of financial implications. The crucial element of that strategy consists in assessing potential risks and their budgetary impact, especially in view of the traditional expectations for central government assistance by far exceeding the limits that might be set by legislation. Hence, ex ante efforts are usually required to define the extent of liabilities by all the parties involved in shouldering the impact of natural disasters, as well as providing incentives for adequate risk mitigation. This is just one example of what is going to be detailed in the proposed guidelines.

In the light of the forthcoming Russia’s presidency in G20 we are also committed to further work on disaster risk management within the framework of various international fora and organizations. We hold the view that the importance of this topic calls for using most innovative and unconventional instruments.