Statement by

H.E. Magdalena Andersson
Minister for Finance

Sweden

on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden
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Current Global Economic Context – impact and prospects going forward

We meet at a time when the global growth rate is declining. The outlook for advanced economies is more subdued than expected, while growth in emerging markets and developing economies is estimated to strengthen slightly, though it will be uneven and weaker than in the past. Even though recovery is expected to pick up in 2017, we face the risk of stagnation. Low income countries face challenges to rebuild fiscal buffers and strengthen debt management in order to be able to implement reforms that are necessary for economic diversification and higher productivity.

Inequality of opportunities and inequality of outcomes across individuals, countries and regions are increasing challenges that we face in achieving sustainable global economic growth and more cohesive societies. The World Bank Group’s reconfirmed twin goals, of ending extreme poverty by 2030 and promoting shared prosperity, are crucial in combating rising inequalities. To achieve the twin goals by 2030 and make it possible for poorer citizens to increase their incomes, productivity growth and economic diversification will be needed. While some countries have adopted this approach systematically and successfully, others have not. As one solution does not fit all, there is scope to learn from each other. The Nordic Baltic countries would like to emphasize three areas where the Bank has a clear role to play:

a) **First, in order to contribute to sustainable and inclusive growth, private sector development and increased job opportunities**, by developing the labor market and promoting the creation of decent jobs, will be essential. For example, by lifting constraints on productivity and growth in small-scale farming and small and medium sized enterprises better paid and more decent jobs could be generated, in a pattern of sustainable and inclusive growth.

b) **Second, in order to promote increased equality, it is vital to expand social safety nets.** This will protect the most vulnerable and increase their opportunities and outcomes.

c) **Third, in order to contribute to equal opportunities and outcomes, it is crucial to promote access to labor markets and education for all.** For example, there are economic and social gains in increasing female employment. The participation of women in education and in the labor market must therefore increase. The Nordic-Baltic countries welcome the gender strategy of the World Bank group and look forward to its full implementation. We also encourage strengthened gender focus in the World Bank Group’s research.

To sum up, we continue to face major risks and challenges to improve the global economic outlook. The Nordic Baltic countries strongly support the continued work to meet these challenges and to achieve the
Bank’s twin goals. In doing so, the World Bank Group must strengthen its efforts to promote equal opportunities and outcomes for all.

Forward look

The World Bank Group’s role and capacity are crucial in order to fulfil the three grand agreements from 2015: the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Paris Agreement. Ending extreme poverty by 2030 and boosting shared prosperity in a sustainable manner is the only basis on which these agreements can be achieved. We look to the Bank, not only as a source of finance, advice and ideas, but also as a convener and catalyst of the large efforts required. The Nordic Baltic countries welcome that the Bank’s mandate is reestablished and formulated in the Forward Look Report. This report provides a good basis for the future work.

The World Bank Group has a clear role working with both country level challenges and global public goods. This will contribute to the economic development and ensure that the development work is built on an in-depth analysis of each country’s individual circumstances and needs.

The Nordic Baltic countries support the strategic priorities presented in the Forward Look Report. In particular, we believe that the following four development challenges, mentioned in the report, are crucial to achieve the agreements from 2015 and are areas where increased World Bank Group ambitions are needed:

a) First, the World Bank Group must work to enable inclusive development and growth, with an even stronger emphasis on private sector development and the creation of better paid and more decent jobs.

b) Second, this can never be done excluding part of the population or whole groups based on gender, class, culture or age. Therefore, it is key to raise the bar on gender equality and inclusion of disadvantaged groups and young people.

c) Third, there is a need to intensify efforts to address the climate challenges and to achieve environmental sustainability. This must be integrated in all development work to ensure long term sustainability. The World Bank Group’s goal to expand climate financing from 21 per cent to 28 per cent of the lending portfolio must be met.

d) Fourth, increased ambition is needed in the prevention of fragility, conflict and violence and to address poverty in fragile and conflict affected states. Inclusive growth, gender equality, human rights, and environmental sustainability are essential aspects in the work on fragility and violence. The gap between humanitarian aid and development must be closed.

The Bank has to be selective in its work if it wishes to lever the enormous development and climate effort envisaged. Its selectivity and prioritization should be based on its unique competences. The quality and additionality of operations are crucial. This is especially important now as we scale up work and move from billions to trillions.

It is more important than ever to partner with others, private sector, civil society and public actors. It will be crucial to work closely with the IMF, the other Multilateral Development Banks and the UN in a range of countries, including in conflict affected and fragile states and in countries in transition.

It is crucial to leverage resources, but this has to be done in a way that benefits low income countries, does not jeopardize debt sustainability of client countries, and protects the World Bank Group’s long term financial sustainability and ability to support its client countries.
Millions of people are forcibly displaced due to poverty, fragility and conflict. This requires a global response, where the World Bank Group has a clear role to play in partnerships with humanitarian and other actors, as outlined in the joint statement by the Multilateral Development Banks released during the World Humanitarian Summit. We support the establishment of a Global Crisis Response Platform and recognize the importance of a systematic and coordinated approach to crisis response. Unquestionably, the most significant achievement of the Global Crisis Response Platform would be to move money and efforts quickly to where it is needed in a way that does not compromise the ability to meet the medium and long term development needs.

The current year must deliver a strong replenishment of the World Bank’s International Development Association (IDA 18), both financially and substantially. Now is the time to scale up IDA’s financial capabilities in order to respond to the commitments made by the international community. With the IDA+1 reform comes the responsibility to deliver on climate change, gender equality, fragile states, governance and inclusive growth.

It is important that the World Bank Group fulfill its commitments to assist developing countries to develop national capital markets, to increase the role of the private sector, to strengthen domestic resource mobilization, and to counteract illicit financial flows. This is crucial to be able to reach the ambitious goals of the 2030 Agenda and the Paris Agreement. A proper Plan of Action on the Bank’s role in preventing illicit financial flows is needed.

We look forward to the continued discussions on the proposals brought forward in the Forward Look Report, including pricing policies, efficiency gains and strengthened resources. It is also important to continue the discussion on division of labor of the World Bank Group and how IDA, IBRD, IFC and MIGA inter-connect.

Dynamic formula (voice)

We appreciated how efficiently and transparently the shareholder review has been carried out so far. We look forward to a continued fruitful discussion on how to practically implement the formula.

We fully support the suggested compromise proposal on a dynamic formula which implies a transparent system in the World Bank Group, while protecting the smallest and the poorest countries through a compression factor. We welcome that financial contributions to IDA are embedded in the formula, together with economic weight. This acknowledges and creates incentives for future contributions.

The implementation of the formula and the shareholding review will be as important. The final outcome must reflect a fair representation of all members, including the smallest and poorest.

Conclusion

Finally, we have started the journey to realize the goals of the 2030 Agenda for Sustainable Development, the Addis Ababa Agenda and the Paris Agreement. It is now time to implement these visions and plans. The World Bank Group plays a crucial role in this endeavor and we believe that the Forward Look Report creates a very useful and welcome foundation for this work.

The Nordic Baltic countries also want to congratulate Dr. Kim on the re-election. We look forward to a continued close collaboration.