Statement by

H.E. Ulla Tørnæs
Minister of Development Cooperation

Denmark

on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden
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The global economic recovery continues with respectable rates of growth overall, providing the world community with much needed tailwind for accomplishing the Sustainable Development Goals and the Paris Agenda. We therefore now need to fully focus our attention and effort to realize the promise of the much more prosperous, equitable, stable and climate safe future, that these landmark agreements hold out.

The World Development Report 2018 “Learning to realize education’s promise” is a stark reminder of the size and complexity of the tasks we have set ourselves. The learning crisis affects billions of children around the World, where hundreds of millions of children reach young adulthood without even the most basic life skills. And the ones most affected are the poor and disadvantaged, who most need a good education to succeed. We must heed this clarion call for action to ensure that children develop the human potential to be able to build and thrive in societies that deliver on the 2030 Agenda.

We can do it - together. The unprecedented advances made in getting children to school over the last 20 years are a proof of the value of concerted action. With the same degree of resolve, we can ensure that – once in school – all children acquire essential skills to be able to cope successfully in life. The learning crisis was also extensively debated during UNGA in New York in September. There, private sector representatives were keenly interested in how the large youth generations can learn the skills required in the future labor market.

Failing to meet the right of everyone to quality education would have grave consequences, particularly for the underprivileged that education fails the most. Educating children from poor households is the only measure known to us which is capable of changing the transmission of poverty from one generation to the next even in adverse environments. When education fails to reach poor children or to provide them with basic skills, they may lose the only key to their exit from poverty.

Education helps children gain control over the life they want to lead. For instance, women with more education stand a better chance of becoming successful economic agents, with each year of additional schooling on average raising their future income by 10-20 %. They also become stronger social agents overall - influencing decision-making at home, at work and politically. To reap the full benefit of learning, however, girls need to stay in school and complete their education.

Education systems tend to fail where unrelated political, economic and private motives pull incentives out of line with learning - with huge consequences in term of lost opportunities for human development and long term growth. The responsibility for remedying this state of affairs rests with governments. The WDR18 offers entry points for countries who wish to reshape their education system and align incentives around learning.
The World Bank is a large player in the field of education and we strongly encourage the Bank to provide leadership in the all-out effort needed to put education on track to learning. With its combined role as a source of support for longer term reforms and institution building and of funding for transformative projects, the Bank is uniquely placed to help countries deal with the difficult dynamics that frustrate attempts to align education with learning.

We support the vision outlined in the Forward Look, assigning a central role to the World Bank Group in the accomplishment of the goals on the 2030 Agenda. As we stressed during the Spring Meetings, in the face of this and other global challenges - multilateralism is more important than ever.

We need to see the private sector as our SDG partner and are encouraged by the successes of the World Bank Group in leveraging finance for development through the use of balance sheets to attract private capital and finance. Yet the task of getting from “billions to trillions” is enormous, and much more needs to be done. The World Bank Group has the convening power, competence and key instruments to help us advance further in this direction. The approach proposed by the Bank under the name of the “Cascade” is a promising next step in the effort to attract additional financing for the 2030 Agenda.

As simple and intuitive as it is, the Cascade appears potent for aligning not just the WBG itself internally, but indeed the broader community of governments, other multilateral organizations, the private sector, civil society and development partners around the common goal of ensuring maximum leverage of scarce public funds. The Cascade approach demands careful consideration of whether a given constraint to attracting finance can be overcome through direct leverage to de-risk investment, or needs to be removed through reform. The value added by the Cascade is the additional effectiveness with which finance can be raised for development. To become both socially and environmentally sustainable these investments must be anchored in good investment plans and frameworks.

Using the balance sheets of the multilateral development banks to de-risk and leverage investment and finance can get us part of the way to realizing the “trillions of dollars”. But the strongest force of attraction comes from the quality of policies and institutions of individual countries themselves. This determines their ability to raise funds from all sources – including domestic resource mobilization and combat of illicit financial flows, internal and external investment and finance, remittances and development budgets. And – critically – it determines how effectively funds are used.

Countries pursuing inclusive economic models based on productivity growth and diversification have the best chances of developing into prosperous and peaceful societies, where the disadvantaged have real opportunities for a permanent exit from poverty. And pursuit of inclusive economic models requires investment not just in physical capital but also in human development and institutions.

We need a stronger IBRD and IFC, capable of playing their roles alongside IDA and MIGA as principal partners for the many countries that still need to work their way up the ladder of development, and as a key catalysts of production of global public goods.

In the discussions since Lima, the Bank has also been responsive to some of the priorities of our constituency – notably gender equality, climate change and the needs to create resilience through better integration of humanitarian and development work. We call on the Bank to play an even stronger leadership role on these dimensions.

We will now engage with other shareholder and management to agree on the outstanding questions related to the capital base of the IBRD and IFC. Thus prepared, we expect to be ready to decide at the Spring Meetings next April on a package - including internal levers and a capital increase - to secure the financial strength the IBRD and IFC need, to be able to play the roles we want them to play.