



DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

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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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95th Meeting of the Development Committee

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The passage to a more prosperous and stable future for all goes through the realization of the SDGs and the Paris Agenda. Multilateralism is more important than ever as we need to respond to the global challenges, achieving the goals set out and making globalization work for all.

The global economy is recovering but growth is expected to be lower in the foreseeable future compared to the past 15 years, providing a less auspicious economic environment for the 2030 agenda.

Protectionism and the demise of multilateral trade agreements threaten international trade and investments and may further lower global economic growth.

The long-term decline in the incidence of armed conflict has seen a reversal in recent years, causing considerable disruption to economic and social life and forced displacement of people, domestically and well beyond the conflict areas.

The human rights agenda is under attack from several quarters. This includes attempts to curb the rights of women, the enjoyment of which is indispensable to accomplishing the SDGs. We oppose these attacks.

Climate change can roll back decades of progress on poverty and stability and create fertile ground for social tensions and conflict.

New uncertainties and risks only serve to underscore the importance of the 2030 agenda, while at the same time making it more difficult to accomplish it.

The World Bank and the IMF have crucial roles to play in repairing the confidence in multilateralism and open economies, as well as in advocating for inclusive growth to counter skewed distribution of resources and opportunities that corrodes societies and the sustainability of growth. And only through international collaboration can global challenges such as climate change be tackled.

Confidence in globalization must be built through policies that enable people from all walks of life, including those left behind in advanced economies and the large generations of young labor market entrants in many low income countries, to both contribute to and benefit from economic growth.

The international development and humanitarian machineries still work in relative isolation, missing the contribution to resilience and stability that would flow from an integrated approach, at huge opportunity

costs. There has been ample talk, but too little walk. This must change. The Bank is a principal actor together with the UN in merging the humanitarian and development agendas.

Forward look

The World Bank Group - with its unique role, capacity and experience - helps drive global action towards the achievement of the Sustainable Development Goals and the Paris Climate Agreement.

We welcome the focus on low income countries, lower middle-income countries and the fragile states as well as the recognition that many middle income countries grapple with major welfare and environmental challenges where access to Bank support could make a great difference.

While the World Bank Group Climate Action Plan is a big step in the right direction, we think the Forward Look presents an opportunity to further raise the level of ambition, going beyond the 28 % target for climate related lending and with a more ambitious target for private capital mobilization – particularly in the case of a capital increase.

On gender, we call for a commitment to closely monitor and report progress on the systematic implementation of the gender strategy. We encourage the Bank to further step up its advocacy on the key importance to the SDG agenda of resolute advances on women’s rights and economic empowerment.

We welcome the establishment of the Global Crisis Response Platform as a means of securing a more vigorous and adequate response to crises and the doubling of support to fragile and conflict affected states in IDA18.

We are encouraged by efforts undertaken by Management to work more closely with UN on the humanitarian and development nexus and encourage it to continue resolutely in this direction.

Enhancing domestic resource mobilization and combatting illicit financial flows are essential parts of the Financing for Development Agenda, and indeed two sides of the very same coin. We call for a World Bank Group Plan of Action on combatting illicit financial flows.

Considering the large positive externalities associated with economic and other forms of regional integration, we would like to see the Bank engage more in support of regional collaboration.

A Stronger World Bank Group for All

Both IBRD and IFC have important roles to play in middle-income countries. Most of the world’s poor are located in these countries and their climate and environmental challenges are often staggering. To add value effectively, however, IBRD’s policy role should become stronger than it is today.

We are committed to help ensure that the Bank is also financially fit for the key role we envision for it, and we are encouraged by the strong IDA18 replenishment that we helped put together. The financial strengthening of IBRD, and possibly of IFC, should be obtained through a package, with the options being internal measures and a capital increase.

We view the transfers to IDA as an essential feature of the cooperative nature of the WBG.

Shareholding review

The effectiveness and convening power of the World Bank Group depend on the support it commands from its shareholders.

We appreciate the progress on the Voice reform to date and expect that the application of the formula itself will lower under- and over-representation of countries. The formula should be applied in a transparent and rules based way, so that shareholding reflects both financial contributions to IDA and economic weight.

We recognize, however, that adjustment of the shareholding of over-represented countries may need some mitigation so as not to call the support for the reform into question, while at the same time protecting the smallest-poorest countries. And we underscore that forbearance must be voluntary.

Conclusion

The conditions that underpinned the positive development trajectory of the MDG era are no longer so strong, and they may deteriorate further if countries resort to protectionism and unilateralism. The World Bank has a pivotal role to play as an advocate of policies that allow people to capture the benefits of globalization and as a funder of transformative programmes in support of the SDG and the climate agenda. And it is part and parcel of the effort to combine humanitarian aims and development aspirations to build resilience and stability.

Given the added uncertainty and risk today, it is highly appropriate that we are now debating the three fundamental questions of representation, direction and strength of the institution, as the outcome will determine the Bank's possibilities for stepping up to the plate.