Statement by

H.E. Borge Brende
Minister of Foreign Affairs

Norway

on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden
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Human Tragedy in Motion: The Syrian Refugee Crisis

- 12 million Syrians have fled their homes. More than 4 million have fled the country – to Lebanon, Jordan, Iraq, Egypt, Europe, other destinations. We are witnessing shocking pictures of brutal reality and human catastrophe.

- We must be conscious that the Syria refugee crisis is one among many. In many countries and corners of the world – such as South Sudan, Afghanistan and the Horn of Africa – protracted crises have unfortunately become common.

- The refugee crisis in the Middle East is a global challenge in need of a global response – much like global warming, global epidemics and the global financial crisis. The World Bank Group’s broad mandate, economic weight and convening power translate into comparative advantages. We urge and expect the WBG to urgently put in motion its capacities and competencies, using all available tools including multi-year programs, to respond to this crisis.

- The imperative to partner with other institutions, including UN and regional organizations, relevant civil society and humanitarian organizations, is obvious. All countries that can bring support to the table must join in, to the very best of our abilities. We must all work towards the same goals, in a coordinated manner, respecting each other’s mandate and roles.

Agenda 2030, Financing for Development, COP 21 and the World Humanitarian Summit

- In 2015 three major events push the agenda for sustainable development: The Third Financing for Development conference in Addis Ababa, the SDG Summit in New York and COP 21 in Paris. With a job well done on the SDGs and the Addis Ababa Action Agenda we must not stumble in Paris.

- In 2016, the World Humanitarian Summit will follow. The Summit aims at setting a new vision to meet the needs of the millions of people affected by conflicts and disasters. A key challenge will be how to respond – and balance simultaneous responses – to urgent and protracted displacement crises.

- The WBG has set overarching targets which fit well with Agenda 2030 – the eradication of extreme poverty by 2030 and increased shared prosperity. Strong, inclusive and sustainable economic
growth is a necessary condition to achieve these targets. Countries that get it right on private sector development, job creation, taxing the taxable, sharing the wealth from natural resources and effective and accountable use of public funds, lay key foundations for growth, macro-economic stability and sustainable poverty reduction.

- Free and fair trade is essential for economic development and integration of developing countries in the global economy; the world needs to demonstrate political will and deliver results at the forthcoming WTO Ministerial Conference in Nairobi.

- Ahead of us are a mere 15 years to deliver. Among the multilateral financing institutions, the World Bank will be head, heart and center of those efforts. In pursuing the SDGs the bank must be particularly ambitious where its comparative advantages are the most obvious. Sometimes the WBG must also be humble – and perhaps show restraint – where others have a strong mandate and can do an even better job.

- A main strength of the WBG is its ability to work along the entire development spectrum, at country as well as regional levels. Keeping an integrated perspective of the whole agenda is key. However priorities are of the essence. We agree that crisis prevention, infrastructure, job creation, enabling environments for inclusive growth, climate change and data/statistics are key areas in which the WBG can make a big difference. These selected focus areas must, however, be clearly linked to the SDG follow-up and the strategic goals of the World Bank Group itself. We are not quite there yet and further work is needed.

- The “Billions to Trillions” paper – remarkably the first of its kind in terms of joint work between the World Bank Group, the regional investment and development banks and the IMF – has the potential of being a game changer in financing for development. It points to the fundamental importance of domestic resource mobilization and private sector development in order to boost growth and job creation. It offers a timely reality check on the role of ODA, which heavily depends on country context. In addition, it spells out the imperative and potential of smart, catalytic ODA. It was gratifying to see how these elements also fed into the Addis Ababa Action Agenda.

- We urge the WBG to step up its work on domestic resource mobilization, including broadening of the tax base by eliminating gender barriers, in partner countries. We equally urge partner countries to embrace this agenda, in the spirit of Addis. Having said this, the strengthened – and completely warranted – focus on domestic resource mobilization must not become a donor countries’ excuse to exit from ODA.

- We warmly welcome the WBG’s significantly stepping up its engagement on illicit financial flows, which we find to be a very timely move. We look forward to concrete WBG deliveries within this agenda, addressing the issue both as a whole and decomposed in its different parts. A natural next step would be a concrete, spelled-out Plan of Action.

- There is increasing recognition of infrastructure financing as vital for enhanced economic growth. The global financing gaps are stunning. For various reasons, such financing has fallen out of favour with commercial banks, after the financial crisis. With strained public finances governments are unable to make up the shortfall. There is ample room for new multilateral actors. We reiterate our welcoming the Asian Infrastructure Investment Bank (AIIB) and applaud the WBG support and sound advice to the AIIB. Existing and new multilateral development banks must cooperate and complement each other, based on high-quality, state-of-the-art international standards.
Climate finance cannot be separated from the Agenda 2030 and the Financing for Development agenda. The 2009 Copenhagen Accord established the goal to mobilize USD 100 billion per year by 2020. This will be achieved through a mix of public and private funds. One of the main challenges of public climate finance is to unlock private finance at scale and move from business-as-usual investments towards renewable and climate-resilient alternatives. An important subsequent challenge is to track and measure this unlocking of private finance in a credible way. We are working hard on the definitions, hard on the math. We appreciate the WBG’s important contributions in this respect.

The WBG is a major source of multilateral climate financing. To assist implementing the COP 21 agreement, the Bank should step up its work, working constructively with the Green Climate Fund. We would particularly like the bank to raise its ambition on investments in renewable energy – a key element in a necessary global push for sustainable infrastructure.

An international price on carbon and the increased issuance of green bonds hold the potential of providing key incentives for the private sector’s mobilization of climate finance. We applaud the WBG engagement on these issues.

The ambitious aim of eradicating extreme poverty by 2030 is a clarion call for getting ”all on board”. Achieving the SDGs by 2030 will require governments to reduce all human vulnerabilities, build resilience and reduce the humanitarian needs of groups affected by protracted crises. Development and humanitarian actors must work jointly to reduce vulnerabilities. Solutions to forced displacement must be introduced as early as possible. Refugees and internally displaced populations must be enabled to become self-reliant through access to livelihood opportunities. Longer-term financial packages for refugees and internally displaced, and for hosting populations, should be put in place. However, we must maintain a clear division of labour. Humanitarian efforts and developmental efforts should complement each other, not duplicate. We welcome the WBG’s updated Strategy for the Middle East and North Africa.

The need for inclusive and sustainable growth has become so self-evident that it almost goes without saying. Yet it must be stressed, again and again. In this global, common endeavour, the use of the entire pool of human capital is key. Women are half of the world’s workforce. Fostering gender equality is vital not only because it is an essential intrinsic value, it is also the clever thing to do. Women must be empowered as economic agents and their ability to access labour and capital markets must be increased. Financial inclusion of women is smart economics. Make no mistake: We will not get to 2030 the way we solemnly aspire to without smart economics and women’s economic empowerment. We welcome and look forward to the new WBG strategy for gender equality and encourage the focus on how to achieve concrete results in client countries. The WBG should be a world-wide promoter of gender equality.

World Bank Group Reforms: IDA and the 2015 Shareholding Review

The Nordic-Baltic countries largely agree with the proposed main elements of the 2015 Shareholding Review and roadmap. We reiterate our call for a rules-based, transparent, dynamic formula, to reflect countries’ evolving economic weight and contributions to the World Bank’s development mission, while protecting the smallest and poorest countries.

As regards the WBG’s capital resources, we should follow the steps agreed in the Shareholding Review; vision and formula work by shareholders first. We need to see a thorough analysis of
WBG capital needs including links to IDA reforms before we can support requests for further capital resources.

- The Nordic-Baltic constituency welcomes discussions about financial innovation in IDA, as well as in the WBG as a whole. We must aim at making optimal use of available resources to mobilize additional WBG financing, using equity and balance sheets creatively while securing prudent risk management and debt sustainability in partner countries. If idle capital can be capitalized upon in a fashion that is compatible with the long-term financial sustainability of the bank, we must look at all options, with 360 degrees vision. We must look for smart ways of leveraging IDA financing without undermiming the willingness of traditional and new donors to contribute with unearmarked financing to IDA. It is also important to use Bank resources in a clever way to ensure smooth graduation and sufficient resources for both LICs and MICs. The 18th Replenishment of IDA will be an important step in this process.

**Leave No-One Behind: States Affected by Fragility, Conflict and Violence**

- Poverty – and extreme poverty – is increasingly concentrated in countries where fragility, conflict and violence (FCV) deprive citizens of their opportunities. Indeed complex and protracted crises have become the new norm in many states and regions affected by fragility, conflict and violence.

- More efforts should be put into disaster risk reduction and towards building resilient societies. Earlier and more robust engagement by development actors in humanitarian contexts and fragile states is necessary to break chronic crises and rebuild societies after natural disasters or conflicts. Development actors can – and should – also play a much larger role in supporting societies hosting large groups of refugees or IDPs in finding durable solutions to long-term displacement. Finally, fragile and conflict-affected states are consistently lagging behind the rest of the world on most every development indicator. If development actors are to reach the ambitious goals of Agenda 2030, their efforts must increasingly focus on humanitarian contexts, fragile states and conflict-ridden societies.

- While nearly 80 per cent of humanitarian assistance is spent on addressing protracted and cyclic crises, humanitarian instruments are in fact not well suited to solve such crises. We must develop more effective models and tools for long-term solutions for refugees and the internally displaced. We welcome the paradigm shift recognized by the World Bank Group that displacement is not just a humanitarian, but also a huge developmental challenge. The bank must work even harder on how its policies, tools and instruments can be adapted to better address protracted crisis and displacement.

- This underscores the importance that the World Bank Group, together with other international development partners and the affected countries and regions address the root causes of fragility and violence. The implementation of Goal 16 of Agenda 2030 is of particular importance, as is the inclusion of women at all levels of decision-making.

- Climate change increasingly adds to existing burdens of fragility as a conflict multiplier and a poverty accelerator. Consequences of global warming threaten to undermine, and even reverse, the significant progress made in reducing poverty. Although global warming is not driving the current refugee crisis, it might drive the next. We – and the World Bank Group – must address resilience in all forms and facets.
• Efforts in FCV countries are extremely challenging. It is of utmost importance to break down institutional barriers, avoid working in silos and strengthen the links between political, security, development, and humanitarian efforts. Effective partnership between the UN and the WBG is key to promote sustainable international response and credible long-term goals in fragile and conflict-affected situations.

• The World Bank Group must be fit for purpose in FCV countries, as a key actor and partner in addressing the human tragedies unfolding before us.