



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. Petteri Orpo
Minister for Development Cooperation

Finland

**on behalf of Denmark, Estonia, Finland, Iceland, Latvia,
Lithuania, Norway and Sweden**

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97th Meeting of the Development Committee

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The capital increase – World Bank Group delivering on the SDGs

The global challenges facing us require global co-operation and global solutions. Together we need to harness the opportunities that the improved global economic outlook provides, and ensure that growth is both inclusive and sustainable. We also need to keep the global economy open, rules-based and support free trade, to ensure that we do not step back but rather keep the growth momentum going.

In the current global context it is a remarkable achievement that today we can agree to provide the World Bank Group with the means to grow and fulfil its central role in delivering on the Sustainable Development Goals.

The policy and financing package on the table now is itself a testimony to what multilateralism can achieve. It carefully balances shareholders' individual interests to accomplish the collective goal of a stronger and better Bank, including a financially sustainable operation model of the Bank going forward. To support this investment, we also strengthened governance to ensure financial sustainability.

We welcome the progress made towards achieving more equitable shareholding. We find it important for the legitimacy of the Bank group as a global actor that the shareholding reflects both the changes in the global economic landscape and the contributions to development by its members. We look forward to further progress in the next shareholding review in 2020.

Climate change requires coordinated measures

There is one global challenge that has a detrimental impact on essentially all other developmental challenges: climate change. Climate change not only significantly slows economic growth but also increases poverty, spurs conflicts and increases migration pressures. It is a threat to the entire humankind. Tackling climate change is an essential part of our shared Sustainable Development agenda, but the progress made so far is not sufficient, and we are not on track to meet the goals of the Paris Agreement.

We all, and finance ministers in particular, must step up coordinated action to address climate change. We have the economic tools at our disposal to promote efficient measures to reduce emissions, such as carbon pricing. We can and need to do more, however. Emissions-based taxation should be used more forcefully to influence people's behaviour directly, and should be used to steer energy production and transportation sectors towards greener solutions, for example. And acting on climate change must be a central guiding principle in all budget matters.

Broader sustainable financing discussions provide another important avenue going forward. The financial stability agenda increasingly addresses climate-related risks as well. We also need to finance and support adaptation measures, to ensure that people vulnerable to the effects of climate change are not pushed into poverty. Overall, we need discussions of economic and financial sustainability that fully reflect the cost of acting – or not – on climate-related and other environmental risks. There is a need for a coordinated global effort to combat marine litter and improve global ocean management, too.

The World Bank Group must also strengthen action to fight climate change. The WBG financial strengthening is another important step in this regard. Climate change is not an unavoidable consequence of economic development. The climate-related policy goals of the package in front of us move the Bank Group operations in the right direction. More ambitious targets are relevant for both mitigation and adaptation investment in the Bank Group's portfolio. As a co-operative we need to push for policy reforms such as eliminating fossil fuel subsidies, as subsidy reform is most significant from both an emissions reduction and a macroeconomic perspective.

Gender targets key to prosperity

Furthermore, the agreed more ambitious gender targets in Bank operations are vital in achieving the WBG Twin Goals of eradicating extreme poverty and promoting shared prosperity. It is important to walk the talk, not only in operations, where we need both gender-specific and mainstreaming efforts, but regarding the Bank staff composition as well. Gender diversity in the Executive Boards should be addressed accordingly.

Girls and boys, men and women are all equally important in our efforts to build and strengthen human capital. Improving the quality of education will not only provide a stronger base upon which to grow our economies, sending and keeping children, including girls, in schools has also broader benefits related to health, for example. We should also strive to ensure that sexual and reproductive health and rights are respected. Overall, quality education forms a solid base for resilient societies and growth in a world where change, including technological change, penetrates and affects our lives at an unprecedented pace. Ensuring that children, including girls, attend quality education and remain in school is undoubtedly one of the most effective ways society can help each individual bring their human potential in all its forms to full fruition

Progress welcome in addressing fragility, conflict and violence

Achieving the WBG Twin Goals also requires addressing fragility, conflict and violence. It is especially important to approach FCV issues from a prevention angle, which avoids unnecessary human suffering, as well as saves costs. Close partnership with the UN is vital for the implementation of the joint report on conflict prevention.

Challenges abound in situations where weather extremes and fragility coincide. We acknowledge the World Bank Group's good progress in mainstreaming the disaster risk management and adopting an integrated approach to take humanitarian, development and peace dimensions fully into account in its planning and operations. We appreciate the Bank Group's outreach to other actors, and continue to support this agenda.

Private sector arm crucial

All of our efforts to reach the WBG Twin Goals and SDGs are, however, fruitless, if we do not work hand in hand with the private sector, finding solutions for a better tomorrow. Within the Bank Group, this means close coordination of effort between the public and private sector arms to achieve maximum development results, where no one is left behind, through complementary action. Creating markets and Maximizing Financing for Development approaches are also important considering the efficient use of funds available.

Public and private innovation drive together productivity growth and structural change. Here especially the rapid development of information and communication technologies (ICTs) is reshaping many aspects of the world's economies. New emerging technologies and digital services should be harnessed as a driving force of good governance and catalysts of growth and poverty alleviation.

Strong advisory on global challenges needed

The quality of policies and institutions determines the pace and effectiveness with which countries can accomplish the goals on their development and climate agenda. The Bank together with the IMF serve a hands-on financing, knowledge and advisory role to governments in building well-functioning institutions, including those for well-functioning markets. Other central areas of co-operation where the Bank and the Fund are key partners for governments worldwide are Domestic Resource Mobilization and issues related to debt sustainability. The growing debt distress in Low-Income Countries requires particular attention from the global community. If ever there was a time for responsible lending and borrowing, the time is now.

With the capital packages on the table, we expect the Bank Group, as a key global institution with a truly global membership, to show strong leadership in addressing global challenges, in partnerships with others.