STATEMENT

Statement by
Mr. Gunnar Bragi Sveinsson
Minister for Foreign Affairs
Iceland

on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden
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The world continues to face urgent and complex challenges. An increasing trend of inequality and social exclusion worldwide is likely to impede economic growth and undermine sustainable development. Those left behind may remain excluded from the development process for even longer and become more difficult to reach. We need to respond to the negative impact of inequality on development and societies as a whole. Meeting these challenges is necessary and more urgent than ever.

However, there is certainly a cause for optimism. The World Bank Group’s shared goals have put poverty eradication and shared prosperity at the forefront of sustainable development, guiding the way forward. Strong, robust and sustained economic growth is and will continue to be absolutely crucial for development. Now, more than ever, we need growth with jobs, notably jobs for the young. Yet, economic growth will not in itself be sufficient to realize our strategic goals. Poverty reduction will increasingly mean addressing inequality, reaching the most disadvantaged groups and scaling up impact in fragile states.

Investing in people – leveling the playing field

As a starting point for discussions on shared prosperity we wish to highlight the importance of equal access to opportunities, social inclusion and human rights.

The poor generally have less voice, less access to services and less influence on the political process. With scaled-up investment in the human resources of the poorest, greater and more equal access to public services - such as education and health, property rights for all and enhanced market access we can level the playing field and hopefully create a virtuous circle of equity and growth. Ensuring equal opportunities for all will positively affect the capacity of the poor to engage in economic, social and political life.

In this context, the benefits of adopting of human rights related standards and principles into good development practice are numerous. Human rights methodologies can serve to improve welfare, empower individuals and overcome discriminatory policies and practices based on ethnicity, gender, age, disability or sexual orientation. We therefore encourage the World Bank Group to find ways to integrate human rights perspectives into its work and consequently strengthen the design and delivery of its development programs.

Moreover, the poor have lower capacities to manage shocks, brought by war and conflict, financial crises, climate change or serious health threats such as the current Ebola outbreak. The economic impact of this health crisis is likely to be devastating to several of our client countries, some of which are already fragile.
Investing in health systems and building broader social protection systems now can help build resilience for the future. We commend the bank on its stepped-up response to the Ebola emergency and encourage further support, through existing mechanisms, without delay. We also welcome a coordinated and comprehensive approach with the rest of the international community, in particular the UN and WHO, to meet the challenge head on.

**Taxes for development**

Sound macroeconomic and fiscal policies which provide an enabling environment for private sector development and stimulate job creation, as well as investment in human capital, are central in facilitating growth, addressing inequality and fighting poverty. To reach these goals, enhanced domestic resource mobilization is required by widening the tax base and improving tax collection and administrative capacity in many countries.

We welcome the Bank Group’s ambition to step up its concrete action in these areas. With increasing income inequalities within many countries, it is important that the Bank focuses on policies such as social protection and taxation which can promote equality. More equitable, efficient and transparent tax systems will translate into more equitable distribution of development gains, and provide much needed revenues to finance crucial public expenditures such as education, health and social programs, but also public investment in e.g. critical infrastructure. This, in turn, will strengthen socio-economic gains and economic growth in the long term.

**Scaling up investments in gender equality**

We need to do more and better on gender equality. Achieving the corporate goals of ending extreme poverty and promoting shared prosperity will require even greater efforts to improve gender outcomes. We encourage the Bank’s management to take this agenda further, and to allocate sufficient financial resources for gender equality through the administrative budget.

We welcome the significant activity in addressing gender gaps, and the momentum reached through the IDA17 commitments, but note that progress has been uneven across the organization. More ambition is certainly needed and we encourage the bank to scale up efforts on gender equality in those sectors that are lagging behind, particularly the core economic ones.

Moreover, gender informed operations must lead to better results on the ground. We therefore encourage the WBG to focus on implementation and impact, to ensure that projects render satisfactory results with regards to gender equality. Greater efforts are particularly needed in addressing gender disparities in fragile and conflict-affected countries.

**Effective reforms, towards enhanced results**

To ensure effective delivery on the shared prosperity agenda, we need to see a strong and agile World Bank Group going forward. To this end, country offices, global practices and cross cutting solution areas alike need to be endowed with the necessary capacities and skills in order to achieve our strategic goals. We especially believe strong CCSA’s, with enough financial and human resources to influence operations, to be critical going forward. This is especially important in light of the policy package for IDA17 and the commitments of the Bank towards strengthening its engagement in the cross-cutting areas of gender, fragility and climate change.

Furthermore, collaborating with other development partners at the global and country levels is imperative in bringing forward the shared prosperity agenda. We thus continue to encourage the Bank to work
effectively in partnership with stakeholders, including the UN, civil society and the private sector. In this regard we expect the World Bank Group and the UN to join hands in the run-up to the UN Conference on Financing for Development, taking place in Addis Ababa next year. We call for effective engagement by the Bank in the implementation and financing of the Post-2015 framework. To these ends the Bank will need to fully utilize its catalytic role and leverage its potential to attract additional financing from diverse sources, not least the private sector.

Our common vision is a world without poverty. Throughout the years the WBG has continuously adapted to a changing development landscape. With its goals of ending extreme poverty and boosting shared prosperity in a sustainable fashion, the Bank has even further sharpened its focus on poverty eradication through inclusive and sustainable growth. The shared prosperity agenda is certainly an important part of uprooting deep poverty in a sustainable manner. We, the Nordic and Baltic countries fully support this agenda.