Statement by
Ms. Jutta Urpilainen
Minister of Finance
Finland
on behalf of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden
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• The Nordic-Baltic Constituency remains committed to President Jim Yong Kim’s and the Bank Group’s ambitious drive for reforms to deliver on the goals of eradicating extreme poverty and promoting shared prosperity in a sustainable manner.

• We are pleased to note that the Strategy adopts a holistic approach to addressing development challenges in line with the ongoing work on the new post-2015 global development goals. At this point of time, however, our attention must shift from developing the vision and strategic direction to a concrete roadmap for implementation. Turning words into action is the important challenge going forward. The WBG will need to make delicate choices between competing priorities, which in itself requires a clear results and implementation framework.

• Eradicating extreme poverty and promoting shared prosperity in a sustainable manner requires attention to environmental, social and economic sustainability. We are pleased to see the importance of gender equality throughout the strategy and urge the Bank to retain a focus on gender equality in all its activities.

• Delivering on the goals of consigning extreme poverty to history and fostering shared prosperity requires countries to mobilize domestic resources and political will. A sustainable private sector growth will be crucial if these two goals are to be achieved. Increasing transparency in the national financial system is one important means to achieve this outcome. Joining the efforts taken at the global level enables the development community to reap the benefits of a fair and just international economic system.

A Common World Bank Group (WBG) Strategy

The Nordic-Baltic constituency is pleased with President Kim’s commitment to advance the twin goals of eradicating extreme poverty and promoting shared prosperity in a sustainable manner. We appreciate that the World Bank Group and staff have over the past few months worked in good cooperation with management, shareholders and stakeholders towards the concrete implementation of a common strategy for the whole WBG. We look forward to continued cooperation in the important work ahead to translate the strategy into action, and modernize and reform the Bank from a “knowledge bank” to a “solutions bank”.
The strategy will position the WBG well vis-à-vis the ongoing endeavor to formulate the new post 2015 global development goals and secure a platform for the WBG to contribute significantly to the implementation of these goals. The Nordic-Baltic constituency believes that the strategy will enable the WBG to deliver and improve the lives of millions of people in poverty. The Bank plays a crucial role in delivering global development results and in supporting countries with their specific development challenges. Although much progress has been done, there is still much potential to improve effectiveness and efficiency further by strengthening cooperation between the different institutions of the Bank Group, and with other actors including the UN system. We are pleased that the strategy unifies the different institutions to operate as a single World Bank Group.

We commend the Bank for lifting shared prosperity as one of the main goals of the strategy, as we are currently witnessing an alarming increase in inequality accompanying the rapid advancement in the global economy. In this context we should not forget the important subjects of human rights, sustainability and gender equality, either. My constituency is happy to see that the strategy includes all of these elements.

However, the success of delivering on the goals as one collaborative WBG depends on how the strategy is implemented. Knowledge, resources, capacity and incentives must be aligned to ensure success in implementing the strategy and achieve its twin goals. The Bank should also strengthen the processes governing preparation and implementation of operations by building an internal learning and results-integrated corporate culture. Many steps have already been taken in this respect, not least with the significant internal reforms already in place. In addition to this, the overarching goals should guide the WBG to greater selectivity. To this effect, the Bank would benefit from a clear framework in for prioritization, since there are many competing actors and priorities.

In order to remain relevant the Bank needs to use its resources in a more effective and efficient manner rather than expand its operations and areas of engagement, i.e. through realignment of the WBG financial strategy to the overall strategy. We look forward to the financial strategy that is to be elaborated. This should clearly outline the expected increase in demand for WBG resources following upon implementation of the strategy. Building a more effective WBG delivering well targeted and high impact services does not automatically imply expanding the financial volumes of the operations.

There are three elements of the Strategy that, to our mind, merit specific attention. These are the above mentioned issues of sustainability, gender equality, as well as mobilizing domestic resources.

Enhancing Sustainability

The Nordic-Baltic Constituency particularly welcomes the strong emphasis on environmental, economic and social sustainability and the clear recognition of their importance in achieving the two goals of the strategy. As the Bank has stated itself, sustainability ensures that today’s development progress is not reversed tomorrow and that the pace of progress does not fade in the future.

The environmental sustainability and climate change dimension is a key element of the strategy. The reason is clear – environmental sustainability, including climate change management and the promotion of inclusive green growth, is a prerequisite for long-term sustainable economic growth and poverty reduction today and for future generations. We continue to urge the Bank to actively contribute to the work on Sustainable Development Goals and to frame its new strategy with flexibility in the context of the formulation of the post-2015 agenda.

Importantly, in its actions the WBG must also retain a focus on social sustainability in order to ensure that future generations will not bear the negative consequences – economic, environmental or social –
from today’s choices and actions. As pointed out in the *World Development Report 2013*, a disproportionate share of the unemployed is young people. One of the consequences of the current economic crises has been the dramatic increase in youth unemployment. This is not only a risk of a lost decade of economic growth, but a risk of a lost generation. Globally we have over 600 million young people ‘idle’, meaning they have no working, nor studying opportunities.

**Knowledge and skills** are key to jobs and productivity. This also means that youth do not drop out of school without developing the basic skills needed for the labor market. Fostering job creation through the creation of an enabling environment, and maintaining sound public finances, will in turn ensure sustainable economic growth.

Nowhere is the need for sustainability more evident than in **Fragile and Conflict affected states**. These issues feature prominently in the draft strategy, and rightly so. Through *The New Deal for Engagement* fragile and conflict affected countries have created a promising tool for bringing about viable change, but they will need the continuous support from the WBG and the international community. In this context it is important that conflict analysis reflects gender issues as well as women’s full and equal participation in conflict resolution and peace building.

**Reinforcing Gender Equality**

We strongly support the WBG in its efforts to promote gender equality. The strategy rightly points to the need to remove barriers and enhance the voice and agency of the excluded. We welcome that the discussion on the connection between inclusive policies and growth is now squarely placed within the overall framework of human rights and dignity, and the expansion of the gender equality agenda in the WBG. Gender equality of opportunity and rights is a core development objective in its own right, but as smart economics gender equality it is also necessary for unleashing all potential for development and for economic growth. We urge all Member States to keep a focus on gender equality in all national programs, and we urge the WBG to support governments in this endeavor through all its activities.

The new WBG strategy highlights the critical importance of gender equality in promoting growth and equity. Gender equality needs to be integrated throughout the WBG strategy and its implementation in a systematic manner to move from acknowledgement into action. The bar for what is considered to be gender informed is too low and should be amended. Advancing the gender agenda also requires a strong commitment and greater gender awareness and competence among staff at all levels of the WBG, from senior management to local staff. Attention to issues related to women’s economic empowerment is key in this regard. Promoting women’s voice and agency is crucial and the flagship report underway will fill an important knowledge gap.

We also note and appreciate the progress that has been made in implementing the gender equality agenda within the WBG. The update highlights the important steps that have been taken, but also brings out the need for continued attention and hard work. More needs to be done to integrate gender issues throughout the entire project cycle, and to strengthen follow-up and measurement of results. A key issue is to translate this new knowledge into improved operations and better domestic reforms. A new WBG gender strategy will be an important step that can build on progress already achieved, while further strengthening and deepening this important agenda.

**Mobilizing Domestic Resources**

Delivering on the goal of shared prosperity requires a well-functioning domestic financial system that promotes financial transparency. Sound and transparent institutions as well as predictable and non-distortive tax systems are needed to increase the general trust and willingness to pay taxes, and efficiently
collect and allocate public resources. Mobilizing domestic resources and enhancing greater transparency is critical to development.

The work to promote **greater tax transparency and information exchange** is already on its way at the global level. There is a strong and unified recognition to the fact that in current times of economic hardship, ensuring fair taxation and combating illicit financial flows is more important than ever. To name a few examples, we welcome that the G20 at the 2013 G20 summit in Saint Petersburg committed to ensuring fairer taxation by supporting the work to establish an automatic exchange of tax information by February 2014. The EU has a longstanding reputation in the work against tax fraud. Likewise, the OECD has conducted important work against base erosion and profit shifting. We urge the WBG to step up its efforts in this work, in collaboration with others and in areas where it provides a clear added value. This will enable the developing community to reap the benefits of a fair and just international economic system.

Related to, although not the same as, the issue of distortive tax systems is also the issue of **illicit financial flows**. Illicit financial flows present a problem to development when money that is illegally earned, transferred or used is transferred across borders. Often times such illicit financial flows are used to finance crime, corruption or terrorism, and result in a loss of revenue and tax morale.

Finally, I would like to conclude my statement by noting that reaching the two goals remains a challenge in the global context. The global economy has transformed itself rapidly over the two past decades, as has the face of poverty and prosperity. In our view, the Bank’s comparative advantages are its unique ability to combine global knowledge, development solutions and financing, across all regions, leveraging both private and public partners, generating global public goods and exploiting the synergies between its different affiliates. We remain committed to support the Bank in its continuing efforts to strengthen its role and contribution to our common global challenges.