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Statement by the Hon. **BERTEL HAARDER**,
Governor of the Bank for **DENMARK**,
on behalf of the Nordic Countries,
at the Joint Annual Discussion

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In my remarks today, I would like to focus on the Millennium Development Goals (MDGs) and draw your attention to three issues that we – the Nordic countries – believe are very important in our strive to reach those goals. I will argue that:

- We must give special attention to Africa,
- We must become more engaged in conflict prevention, and
- We must attach higher priority to promoting human rights, democracy and good governance.

All countries can and should reach the MDGs. Is it realistic? Yes, but only if we strengthen and focus our efforts and apply all available instruments. An important determinant for achieving the MDGs is the developing countries' own policies. In many recipient countries, the administrative systems are still too weak to ensure efficiency and accountability. Governments must do more to strengthen governance and public institutions and the donor community must stand ready to support such reforms. Otherwise, efforts in other areas will not be effective.

It is widely acknowledged that we must mobilize substantially more aid to achieve the MDGs. Donors should move towards the UN objective of 0.7 percent. The Nordic countries will maintain our high level of development assistance. We, the donors, must keep our promises. Having said that, we do welcome the work on innovative financing mechanisms, as a supplement to our collective efforts.

Our partner countries are still using far too many human and economic resources navigating different donor priorities and procedures. To reach the MDGs, we need to continue our efforts to ensure development effectiveness – through alignment of the assistance to the Poverty Reduction Strategies (PRS), harmonisation, joint reviews and use of common monitoring systems.

PRS constitute a strong framework for implementing programs in an effective way. The Bank deserves much credit for taking the PRS-initiative this far. But there is room for improvement. National ownership, including the involvement of national parliaments, is one such area. The latest progress-report provides the Bank with a good basis for initiating a consultative process with all relevant partners to further improve the framework.

An important question in this connection is, whether the Bank is able to join and push the harmonisation agenda at country level. We believe that the Bank's interaction with partners in the field could be improved through decentralization and delegation of more

responsibility to country offices. We encourage the Bank to move further in this direction.

I would now like to bring to your attention three issues, which we believe are important for reaching the MDGs worldwide.

- We must give special attention to Africa

A stronger global effort to support Africa's fight against poverty and instability is urgently needed. Africa is a mosaic of steps forward and backwards, good results and unresolved problems. We are encouraged by the progress made in several African countries. But let us not forget that Africa is the region facing the greatest challenges and furthest away from reaching the MDGs.

HIV/AIDS is the biggest threat to development in a number of African countries and needs to be urgently dealt with. The latest review of the Bank's HIV/AIDS programmes in Sub-Saharan Africa showed the Bank's success in scaling up its support in fighting the disease. We would like to encourage the Bank to continue the good work, also by further mainstreaming HIV/AIDS prevention in other sector programmes and projects supported by the Bank.

Africa will remain the main recipient of development assistance from the Nordic countries – and we will take the initiative to strengthen our dialogue and co-operation with African countries. Amongst concrete initiatives, we are convening a ministerial conference on trade and development in the first quarter of 2005 in Tanzania. The conference is meant to identify areas where we can help the African countries to achieve a stronger position in the international trade system.

- We must become more engaged in conflict prevention

Armed conflicts are a big threat to the fulfilment of the MDGs. Areas suffering from conflicts also risk becoming refuges for terrorist groups. Neighbouring countries are affected as well. Often the help has come too late – and the costs in terms of lives lost and infrastructure destroyed have become far too high. Ensuring peace and stability should, therefore, be one of our main priorities.

But many such conflict-ridden countries have weak policies and institutions and widespread corruption. Traditional aid programmes have not worked well, and many donors have disengaged. Disengagement has, however, proven risky and contributed to increasing instability.

We highly value the steps taken by the Bank to strengthen its role in low-income countries under stress (LICUS) and encourage the Bank to stay engaged with well-defined strategies in these countries.

Needless to say, close co-operation with the UN-agencies remains essential. The ultimate goal is to make full use of different strengths of the various actors. We strongly urge the International Financial Institutions and the UN to work closely together to ensure an effective response to ongoing and emerging conflicts.

- We must attach higher priority to promoting human rights, democracy and good governance

Human rights and democracy are decisive contributions to the creation of the political and economic framework that is necessary for a country to attract foreign investments and ensure growth and development. By the opposite token, human rights violations, political oppression, the lack of free exchange of opinion can breed political radicalisation and become a cause of violence and conflict.

During President Wolfensohn's tenure, we have been encouraged by the progress made by the World Bank Group to integrate human rights issues in its work. IFC's new safeguard policies are an important step forward in this regard. Also, the Bank's legal considerations regarding human rights seem to be under evolution. The Bank has an important role in assisting its members to progressively realize their human rights commitments and should work to exert a positive influence. We look forward to further discussions about integrating human rights in the Bank's work.

Let me conclude by stressing that the Nordic countries see the fight against poverty as a fight for global security – a global common good. Partner countries and donors, including the World Bank, should strengthen their effort for the populations of the poor countries to live in freedom and dignity in open societies, under responsible governments and with growth and progress. In our view, this is the golden path to achieving the Millennium Development Goals.