



2013

ANNUAL MEETINGS

World Bank Group

International Monetary Fund

Washington, D.C.

Governor's Statement No. 21

October 11, 2013

Statement by the Hon. **HEIKKI HOLMAS**,
Governor of the Bank for **NORWAY**,
on Behalf of the Nordic and Baltic Countries



**Annual Statement by Heikki Eidsvoll Holmås
Minister of International Development, Norway
on behalf of the Nordic and Baltic Countries
October 11, 2013 in Washington, D.C.**

It is an honour for me to make this statement on behalf of the Nordic-Baltic constituency, consisting of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.

First of all, I would like to congratulate all World Bank Group staff on your achievements since the last annual meeting. We have all seen how the poverty focus of the institution has been reinforced following the appointment of the new President, and noted your efficiency and success in preparing -- for the first time -- a strategy for the World Bank Group as a whole.

We also welcome the decision that has been made on a clear direction for the Bank Group's work on energy.

Our countries' support for the direction of the strategy has already been confirmed, especially for the way it draws attention to the poorest and most fragile countries and addresses the need for inclusive growth and a reduction in inequality. It also clearly takes into account environmental sustainability, the challenge of building climate change resilience, access to energy and the linkages between gender equality and development.

We are pleased to note that the protection of fundamental human rights is explicitly mentioned in the new strategy, although this is carefully phrased.

We are already familiar with how the main features of a new business model are being aligned with the new strategy, and we look forward to an implementation plan being presented in the near future, that further translates this vision into actions.



In the statement by the Nordic-Baltic constituency at the Development Committee, we draw attention to three matters in the strategy that are of great concern to us: sustainability, gender equality and the mobilisation of domestic resources.

I would like to take this opportunity to share some more overarching reflections:

The recent global economic trend of rapid expansion of the private sector combined with a growing middle class in developing countries is encouraging. However, the flip side of the coin is the worrying rise in inequality, both between and within countries.

With its explicit focus on poverty reduction and shared prosperity, the World Bank Group is reaffirming its central role in the global response to these fundamental challenges.

The experiences of countries in the Nordic-Baltic constituency demonstrate that it is possible to reverse the current pattern. They show that private sector-led economic growth and governments taking action to make growth patterns more inclusive are, in fact, compatible.

Countries in the Nordic-Baltic constituency have built on robust public institutions, extensive, predictable and non-distorting tax systems, and transparent management of revenues from natural resources. We have proven that empowering women in economic terms is not only a virtue in itself; it is also smart economics.

We all seem to agree on the basic ingredients for creating an enabling environment for economic growth. We are encouraged by the emerging



recognition that an active approach to eradicating poverty and reducing inequality offers significant economic and social dividends.

The World Bank Group has the best intellectual knowledge and operational tools at hand to prove that the twin goals are realistic, not just ambitious.

As mentioned in the strategy, while highly uneven growth patterns persist; per capita income growth for the poorest 40% has in fact been faster than the national average in a substantial number of countries. This calls for an ambitious approach by the World Bank Group when making the twin goals of the strategy operational.

The World Bank Group can play a key role in providing guidance on making economic growth inclusive, for example in the areas of domestic resource mobilisation, public services to strengthen human development and carefully designed distributional policies that reinforce growth dynamics.

To some extent this involves exploring new terrain. This again calls for boldness. Systematic results management and the documentation of lessons learned will be essential from day one. We attach particular importance to identifying suitable indicators for shared prosperity, including measures of inequality.

The new strategy will be supported by an ambitious internal reform agenda aimed at establishing a business model that makes the World Bank Group more results-oriented, transparent and flexible. A major overhaul of the budget process should ensure that strategic priorities are clearly reflected in resource allocations.

We are pleased to see that several parts of this endeavour are already being implemented, including through closer cooperation and joint business plans and results frameworks at the field level in East Asia and South Asia. We have



been encouraged by the message in the strategy on a new approach to the management of risks, or “smarter operational risk-taking.”

We welcome the planned realignment of the financial strategy to the overall World Bank Group strategy, including the expenditure review and the innovative approach to developing new sources of revenues and financing of infrastructure. We will watch with great interest how the concept of selectivity is translated into more focused, effective and cost-efficient development efforts.

The possible dividends of successful implementation of the “one World Bank Group approach” are clear, and this must be a priority.

In addition to the overall gains this will provide in terms of cost efficiency and strengthening your “intellectual muscles”, this pooling of resources will strengthen the Group’s financial capacity and sustainability, and be an important tool for achieving the much-needed accelerated impact in the poorest countries.

We expect to see a similar active approach with regard to deepening collaboration with a wide range of relevant partners outside the World Bank Group. The closer and more frequent cooperation with key UN actors is very encouraging, and we look forward to seeing how this is translated into joint development efforts at the field level.

The increased attention being paid to resilience and the further strengthening of the focus on fragile and conflict-affected states is welcomed. My constituency was an active partner in the development of the World Development Report 2011 on Conflict, Security and Development. It is encouraging to see how its messages are now being operationalized; including how the on-going 17th replenishment of IDA is looking into ways of increasing support for vulnerable states. This momentum must be maintained.



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Let me round off by reiterating the message from my constituency in April: the positive trends in many developing countries and emerging markets must be seen as an opportunity for strengthening the efforts to help millions of people to work their way out of poverty.

The new strategy provides a robust basis for the World Bank Group to lead the way in making economic growth inclusive, ensuring that it provides equal opportunities and being environmentally sustainable.

The strategy has a very clear ambition to make extreme poverty history in just 16 years' time. We are all aware of the commitment and stamina this will require from each and every unit and staff member of the World Bank Group. We are proud to be part of this endeavour.