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Statement by the Hon. **RIMANTAS ŠADŽIUS** ,
Governor of the Bank for **THE REPUBLIC OF LITHUANIA**,
on Behalf of the Nordic and Baltic Countries

Annual Statement by Mr. Rimantas Šadžius
Minister of Finance of the Republic of Lithuania
On behalf of the Nordic and Baltic countries in Washington, D.C.
October 12, 2014

It is my great honour to deliver the 2014 Annual Statement on behalf of the Nordic-Baltic constituency, consisting of Denmark, Estonia, Finland, Iceland, Latvia, Lithuania, Norway and Sweden.

This year we mark the 70th anniversary of the Bretton Woods institutions – an occasion that is celebratory, but at the same time requires us to measure the progress and to set an agenda for the future.

Since its establishment, the World Bank Group has progressed substantially in fulfilling its mandate to reduce world poverty and support global development. The institution has contributed remarkably in raising living standards in different parts of the developing world and the new World Bank Group strategy should ensure that it will continue on this path.

At the same time emerging global challenges require us to look for new methods to address the development needs of the Bank's clients and to put greater emphasis on achieving substantial socio-economic development results that will strengthen countries' and societies' resilience vis-à-vis internal and external shocks. The role of the World Bank Group in this preventive work is crucial. Situations marked by conflict, fragility and violence remain significant challenges to development and poverty reduction. Changes taking place within the organization should be a reflection of its capability to adjust to changing realities and to continuously make a difference through innovative approaches.

The Nordic and Baltic countries strongly believe that emphasis should be put on the broad development agenda led by inclusive sustainable growth, which requires fully integrating gender equality and respecting human rights. Once again we would also like to highlight that open, transparent and accountable institutions remain crucial drivers of development.

We are looking back at the financial crisis, but we have yet to see the full recovery. The importance of macroeconomic stability cannot be emphasized enough. This year was marked by geopolitical and economic tensions in Europe related to the crisis in Ukraine. Let me reiterate our deepest concern regarding the situation in Ukraine. We strongly support the World Bank Group's on-going work stream on Ukraine and encourage further involvement and cooperation with all development partners. Moreover, the outbreak of

Ebola is putting an extensive pressure on the health systems in some client countries and bringing yet unmeasured harm to economies and societies of those countries. We welcome the Bank's quick response and efforts to help contain the Ebola outbreak in close cooperation with the world community.

I would like to reiterate the Nordic and Baltic countries' support to the World Bank Group reform and change process. Last year we agreed on the major strategic document and we were informed about the main principles of the new business model of the Bank. Today we can observe the vision turning into action and we look forward to assess how results are delivered in the Bank's client countries.

With the many challenges ahead, the Bank must be ready to step in where its support is most needed. Therefore, we are pleased to reiterate our support to the new Financial Strategy of the Bank with the aim of enhancing the institution's financial sustainability and capacity. To continue improving its financial position, the World Bank has to deliver on the costs saving measures outlined in the Expenditure Review without compromising on the development results.

We are encouraged by the Bank's new principles of corporate culture and strategic staffing. The staff is a key asset of the Bank, and the application of skills and knowledge sharing throughout the organization is crucial in order to achieve the overarching goals of eradicating extreme poverty and to promote shared prosperity.

The organizational changes that are implemented to support the new World Bank Group strategy lay a foundation for achieving progress in different areas of development. Let me highlight a few of these important areas:

- One of the most effective means to achieve inclusive growth is active cooperation between the public and private sectors, as it facilitates trade opportunities and job creation. In addition, connecting people to economic opportunities through physical infrastructure is an important issue to be addressed in this context.
- The challenges related to climate change we face today are not short or medium term – they are long-term challenges. Therefore, the Bank's clear commitment to pursue its business through the lens of environmental sustainability is vital.
- Good development results cannot be achieved if large parts of the population are hindered from using their full potential in economic activity. Addressing gender equality will have a clear and tangible impact on economic growth in all member countries. The Nordic and Baltic countries would like to commend Bank for maintaining momentum in the area of gender equality, keeping it a

top priority. We encourage the Bank to rigorously analyse the existing gaps, challenges, and priorities in integrating gender in the World Bank Group work, to provide a solid basis for a sound gender strategy going forward.

- Furthermore, we find it particularly encouraging that protection of human rights was included into the World Bank Group strategy. We believe that the World Bank Group has a significant role to play within its mandate in helping its Members in the realization of their human rights obligations and where development activities and human rights are interrelated.

- The Bank's work in building transparent, effective and efficient institutions is far from concluded. Corruption, cumbersome processes, inefficient use of public resources and low overall capacity are common diseases in administrations of many developing countries and beyond. Therefore, this item should remain high on the Bank's agenda, in the efforts to build strong and resilient societies.

As the global community is intensely progressing towards the post-2015 development agenda, we strongly support the World Bank Group's financial and intellectual role in this process. The Nordic and Baltic countries encourage active cooperation with other development partners, especially the UN, wherewith joint development activities on the field level can be very promising.

I would like to extend the Nordic and Baltic countries' appreciation for the dedicated work of Management and staff for the global development that has remained uninterrupted during the complex change process. There is no doubt that the new World Bank Group strategy and the two goals lifted the standards for the work of the World Bank Group. This, in line with new and emerging development challenges, requires full determination from everyone – from Management and staff to all Member states. I believe that with strong commitment from all of us, a world without poverty can be achieved.