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Statement by the Hon. **EERO HEINÄLUOMA**,
Governor of the Bank for **FINLAND**,
on behalf of the Bank Nordic Countries,
at the Joint Annual Discussion

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Mr. Chairman, I am honoured to address the 2006 Annual Meeting on behalf of the five Nordic countries. Let me begin by thanking the government of Singapore for hosting the Annual Meetings here in the beautifully green Singapore. We appreciate the work and resources that you have invested in making the meetings a success. We would like to highlight the importance of an open and inclusive dialogue with the civil society and trust that in the future we can maintain this dialogue at these meetings.

We are all gathered here to assess and discuss further efforts to reduce global poverty and, in particular, to reduce poverty in the poorest developing countries. Let me start by confirming that the Nordic countries remain strong supporters of the international development agenda. Some of the Nordic countries have for long exceeded the agreed ODA target of 0.7 % of GNI. The others remain committed to reaching that target and we urge donors that have not yet done so to follow. We also urge all donors to deliver on the commitments to the Multilateral Debt Relief Initiative.

Although many people have been lifted out of poverty during the last few years, the challenges of sustainable development are formidable, particularly in Africa. They include, among others: access to clean energy, climate change, rapid population growth, and gross inequalities in opportunities within and among countries and regions. In order to confront these challenges the global community needs to formulate and implement well co-ordinated measures. Let me offer some Nordic views on three related issues of high importance for achieving sustainable development: governance, equity and aid effectiveness.

The discussion on the governance and the anti-corruption strategy by the Development Committee on Monday demonstrated that while we all agree on the importance of good governance, there are different opinions on how best to strengthen it. The Nordic countries believe that sound economic policies and democratic institutions, which respond to the needs of all people, are the basis for sustained economic growth, employment creation and poverty eradication. Peace and security, respect for human rights and rule of law are thus crucial elements for achieving poverty reduction. Moreover, we are convinced that broad consultation within societies is needed for achieving good governance and sustainable economic growth that benefits the poor. We believe in the importance of civil society and free media as promoters and watchdogs for good governance.

The recent World Development Reports have highlighted crucial elements of the development agenda, such as basic service delivery, accountability and the role of equity in enabling people to lift themselves out of poverty. Indeed, the 2006 WDR points out how in societies with substantial inequality of opportunities growth will be negatively affected. The WDR 2007 highlights the role of young people in development and points out the problem of increasing youth unemployment and its grave potential consequences. Here we would like to emphasize the importance of decent work and applaud IFC for mainstreaming ILO's core labour standards into its operations. We strongly encourage the Bank to further incorporate the recommendations of the World Development Reports in Bank operations.

Let me offer a view of the development path of my own country Finland, which has been the subject of a case study in two World Bank publications this year. The lessons learned and potential implications for the developing countries include, policies for implementing cohesiveness and equality. The studies point out how the educational system, in particular, has played a most critical role in the rapid restructuring of the economy. Here we particularly emphasize efforts to put an end to the gender disparity in primary and secondary education. While the basic education forms the solid basis it is necessary to develop country specific knowledge strategies and pay appropriate attention to various kinds and to all levels of education.

The need for gender equality is in our view an area that needs stronger attention in our efforts to fight poverty. Despite indisputable progress, women and girls still suffer from extensive discrimination in many countries around the world. Thus, we applaud the World Bank for its effort to formulate an action plan that seeks to advance women's economic empowerment and are looking forward to its full implementation.

While the ultimate responsibility to achieve results rests with the partner countries, we as donors are, at the same time, responsible to our own citizens for achieving sustainable results with the increased aid flows. The Nordic Countries welcome the strong role the WB Group has played together with other institutions, especially with the OECD-DAC in the recent work on "scaling-up" of aid and aid effectiveness, including an increased focus on evaluation. The Paris declaration with its focus on harmonization and results is in our view an important joint framework for ensuring sustainable development.

Furthermore, we recognize the overarching importance of developing a favourable investment climate as a precondition for increasing investments both from domestic and international sources and consequently boosting economic growth and creating more productive jobs and employment opportunities. We commend the work carried out by the

Bank, for example the Doing Business analysis, as a concrete example of important knowledge services.

To conclude, let me emphasize the view of economic development as a promoter of political stability in a world facing conflicts. The Nordic Countries welcome the outcome of the recent evaluation of the Bank's strategy on Low Income Countries Under Stress, which highlights the value of concentrating on its comparative advantages and increasing cooperation efforts at the country level. We welcome Bank's active role in providing its valuable expertise and assistance in various global protection and reconstruction exercises, including the forthcoming reconstruction of Lebanon.