

WORLD BANK GROUP

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Statement by the Hon. **ANDERS BORG**,  
Governor of the Bank for **SWEDEN**,  
on Behalf of the Bank Nordic Countries,  
at the Joint Annual Discussion

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Mr. Chairman, Ladies and Gentlemen,

I am honoured to address the 2007 Annual Meeting on behalf of the five Nordic countries. Let me first of all welcome the new World Bank President Mr. Zoellick. The Governors of the Nordic countries strongly believe that the World Bank plays a crucial role in the fight against poverty and in the achievement of the Millennium Development Goals. The time has come to agree on a common vision globally, and then implement it, locally. We strongly support the vision for an inclusive and sustainable globalization that has been brought forward by Mr. Zoellick, and we look forward to actively participate in further discussing and refining it.

Today, I will focus on:

- (1) global economic development
- (2) the needs of Africa, especially Sub-Saharan Africa, and
- (3) addressing challenges of climate change.

I will also stress the need for:

- (4) women's economic empowerment for growth and development, and
- (5) effective use of available resources.

**(1) Global economic development**

We have a **global responsibility** for the world economy and its resilience to shocks. Recently we have seen some turbulence on financial markets. To ensure sustained economic growth we must strengthen the functioning of financial markets and continue to strive for macroeconomic stability.

In such favourable economic environment, it is the **responsibility of the developed countries** to seize this opportunity and decrease budget deficits. Likewise, structural reforms should be carried out and economies should be further opened up to trade.

**The developing countries** must, on their side, show commitment and ownership to carry out essential reforms, such as promoting a sound business environment and private sector-led development. One pre-condition is to have an institutional and legal framework in place and firmly work against corruption.

The recent large debt reductions for many poor countries have been important to facilitate growth and development. Now it is vital to avoid the accumulation of new unsustainable debts. Developed and developing countries share the responsibility to take wise borrowing and lending decisions.

### **(2) The needs of Africa**

Sub-Saharan Africa is experiencing promising economic progress. It is important to build on this momentum and the Nordic countries are committed to strengthening our focus on the challenges facing this region. We therefore welcome the Bank's increased attention and involvement in this region.

To ensure sustained progress, a number of institutional features are of utmost importance. Respect for human rights, democracy, rule of law and well functioning economic markets are important as such, but also significant for economic development. Further, reforms must be socially acceptable and inclusive. We should listen to the voices of the poor.

Although the prime responsibility for social and economic development, including good governance and sound economic policies lies with the countries themselves, development assistance makes an important contribution to further progress in Sub-Saharan Africa.

The Nordic countries have long been committed to the agreed UN ODA (Official Development Assistance) target of 0.7% of Gross National Income. We urge all donors, including non-OECD DAC donors, to deliver on their ODA commitments as well as to fully finance the Multilateral Debt Relief Initiative (MDRI) and the Heavily Indebted Poor Countries initiative (HIPC). The ongoing replenishment of IDA (International Development Association) will be one evident occasion for all donors to deliver on their commitments.

### **(3) Addressing challenges of climate change**

Climate change is a challenge to the world as a whole. However, the poorest countries are the most vulnerable to the effects of climate change. Therefore, we have to address this challenge forcefully and through well coordinated international efforts.

We believe that the Bank has an important role to play in mitigating the negative effects of climate change and in promoting a reorientation towards clean energy. The Bank is also a key player in helping developing countries adapt to climate change. The Bank's work with the Global Environment Facility (GEF), as well as the initiative to establish the Carbon and Deforestation Funds, are good examples of successful work in this area. We support activities to develop and launch additional mechanisms for long term carbon trading and investment.

We encourage constructive action in reaching agreement on a post-Kyoto Protocol climate treaty. We will work hard for a new treaty to be adopted at the international climate conference in Denmark in 2009.

Sweden has recently launched an International Commission on Climate Change and Development. The main task of the Commission will be to explore and promote effective ways to integrate risk reduction and adaptation to climate change into development and poverty reduction plans in developing countries. And to ensure that future investments in Official Development Assistance take full account of climate stresses and increased disaster risks. I hope that the work of the Commission can contribute to a successful outcome of the international climate negotiations in 2009.

#### **(4) Women's economic empowerment for growth and sustainable development**

I am a firm believer that equal rights and opportunities between individuals - women as well as men, girls as well as boys - are essential for sustainable development. Gender equality is necessary to ensure individual freedom and give people equal access to resources and opportunities to shape their own lives. Promoting gender equality contributes not only to women's and their households' own economic security, but also to national development, to broad-based growth and stability. Promoting gender quality is therefore essential for sustainable poverty reduction and the achievement of the Millennium Development Goals.

The implementation of the World Bank's Gender Action Plan is a welcome and important step in the right direction. I would also like to express our appreciation for the focus on gender issues in this year's Doing Business Report.

#### **(5) Effective use of available resources**

We must all work to ensure that development assistance is spent effectively and to achieve clear and measurable results at country level. What really matters is the real impact for the poor of our joint efforts. The Nordic countries commend the World Bank for being at the forefront in terms of focus on results. Aid effectiveness and management for results at the country level is crucial. Of special importance is country ownership and the alignment of donors to the partner countries' Poverty Reduction Strategies. The road map for this work is provided in the Paris Declaration on Aid Effectiveness. The World Bank must show leadership in the implementation of these commitments.

We support all measures to increase transparency, promote democratic governance and fight corruption. We welcome the World Bank's implementation plan for the Governance and Anticorruption Strategy and will work constructively with the Bank to maintain the momentum in this important task. At the global level, the Bank should continue its

advocacy role and active involvement in international effort to strengthen good governance.

### **In Conclusion**

In light of the global challenges that we are facing, not least the pressing issue of climate change, the need for international cooperation clearly remains of utmost importance. The ultimate goal being that of promoting equitable and sustainable global development and growth that is inclusive and to the benefit of all.