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Statement by the Hon. **ULLA TOERNAES**,
Governor of the Bank for **DENMARK**,
on Behalf of the Nordic and Baltic Countries,
at the Joint Annual Discussion

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Mr. Chairman, Ladies and Gentlemen,

It is with great pleasure that I am addressing the 2009 Annual Meetings on behalf of the eight Nordic and Baltic countries. I am honoured to represent a constituency, which consistently has supported the World Bank's development mandate. Let me begin by thanking the Government of Turkey and in particular the city of Istanbul for hosting the Annual Meetings. We are all aware of what a huge task it is to host such big international gatherings. As an upcoming host for the international climate change negotiations – the COP15 – my own country is particularly appreciative of the efforts you have put into organizing these Annual Meetings.

Our constituency has decided to focus this statement on one theme only: Climate change - and how it interlinks with other key development issues. I strongly believe, that we still need to stress that climate change represents an unprecedented challenge to development, growth and poverty reduction. However, if done right climate change efforts can also reinforce development objectives.

Climate change and the economic crisis

The current economic crisis presents us an opportunity for change. We need to move away from the notion that carbon emissions are an inescapable by-product of economic growth. We do have alternatives. In the humanitarian field you have an expression - to "Build Back Better" – meaning that reconstruction after a disaster should be of better quality compared to what was destroyed, to prevent similar damages in the future. I see a clear parallel to our current economic crisis and recovery: For me to "Build Back Better" in this context means to "Get Greener Growth".

I do realize that the path to greener growth is not without serious obstacles. Huge amounts of dollars have been invested in finding, transporting and using fossil fuels. Renewable energy sources and techniques need yet to be scaled up in order to offer a viable alternative - not least to developing countries. However, we all know by now that the cost of inaction on climate change is higher than the cost of action – actually, I would argue costs are so high, they can hardly be estimated in economic terms. We also need to ensure that investments made today are sustainable in a tomorrow's climate, that they are adapted to a changing climate.

As governments we have the responsibility to set the path and lead the way for greener growth. We have seen some interesting initiatives in many of the stimulus packages. But

we need more than that. We need to include those countries not able to afford stimulus packages. We need public-private partnerships. We need to activate the markets; and we need to attract more venture capital to make the kind of large scale investments in low-carbon energy that will truly change our energy patterns, and thereby the way we generate economic growth. We also need sustainable forest management and agriculture which can contribute significantly towards carbon emissions reductions.

The World Bank has a key role to play in this endeavour both as provider of finance and as distributor of knowledge and capacity building. We have already seen proof of the Bank's ability to mobilize climate finance through the Climate Investment Funds. The CIF and its governance structure provide us with important lessons for the future climate finance architecture under the guidance of the UNFCCC. On the capacity building side we commend the Bank for its accelerated climate activities, which are especially needed on the adaptation issues. It is encouraging to note that 60% of this year's new Country Assistance Strategies substantively address climate-related activities. This bears witness to the fact that climate change is being built into national development efforts – the best way to ensure long term, sustainable economic growth.

Climate change and energy

As I have already highlighted green growth is closely connected to energy policies. And when it comes to energy policy advice the World Bank has a key role to play. We do acknowledge that the Bank now seems to move into a less-carbon intensive energy portfolio. We strongly support this process and would like to stress the urgency of the matter, since energy investments usually have a long lifespan and thereby “lock” energy patterns for years to come. We thus welcome the Bank's initiative to establish a Trust Fund under CIF to increase the dissemination of less carbon intensive technologies and scale up renewable energy in low income countries.

We also do recognize that the World Bank's financing for renewable energy has increased over previous years and that its target set in 2004 has been successfully met. However, now is the time to set new and more ambitious targets. We would like to see an even more accelerated growth in renewable energy investments. In fact, we would like to see the Bank reverse its portfolio of energy investments within the next 3 to 4 years so that renewable energy reaches an average for all countries well above the current 40%. The Bank should be a vanguard of renewable energy investments - leading the way for large scale investments from the private market. In this context the Bank's policy advice should also focus on removing distortionary price signals and increasing energy efficiency. Such changes adapted to each country's particular conditions are important both for development and the climate.

However, despite an increase in the Bank's investment in renewable energy, we know that the global energy mix still will be heavily dominated by coal and other fossil fuels in the foreseeable future. Thus the Bank also needs to explore and support clean technology options to make coal plants and heavy industry plants cleaner.

Climate change and food security

Climate change will have serious repercussions on agriculture and the possibility to feed the growing population of the world.

We commend the Bank on the new Agricultural Action Plan, putting operational activities behind the World Development Report we discussed two years ago. With food prices reaching a peak last year we are perhaps hearing less about the food crisis today. But the impact at country level is becoming more and more visible – and it has yet to peak. There is an urgent need to adapt agriculture to climate change, and action must to be taken as an integral part of each country's development strategy. We are looking forward to working closely with the Bank in setting new standards for integrating land and water resource management in the wake of climate change to help building resilience among the poor and vulnerable communities in the developing countries.

There are potential controversies between sustainability and productivity. We need to address this in a manner where we don't jeopardise future generations' access to food production. Agricultural productivity must therefore be increased while minimizing the associated environmental damage.

Climate change and gender

In many developing countries women provide up to 80% of agricultural labour and produce 45-90% of domestically consumed food. As managers of household resources – such as water, food and fuel – women are often at the forefront experiencing climate change affecting daily life. This makes women vulnerable, but it also often provides women with first-hand knowledge and solutions regarding climate change.

I believe this pool of knowledge is currently underutilized. The gender aspects of climate change are more often forgotten than included.

On the mitigation side, discussions are often of a more technical nature where recognizing gender implications seem to be an intellectual challenge. However, women often play a central role in determining their household's emission pattern, as they make 70 percent of households purchasing decisions. They decide on what kind of fuel that is used. How much meat that is consumed. Also women have proven over the years to be crucial players regarding the conservation of forests, reforestation and management of local resources. It is therefore important to ensure that women are included in the decisions on utilizing new green technology.

On the adaptation side, links to gender seems more evident since there is focus on the effects of the most vulnerable (and usually poorest) people. However, there seems to be a need for a more systematic compilation of adaptation solutions created by women at community level. The World Bank could play a lead role here.

For our constituency, it is important to ensure that gender equality is included in the final COP 15 agreement in Copenhagen.

We also need to build gender aspects into existing tools related to climate change. A concrete proposal would be to more systematically incorporate gender into national actions for adaptation and mitigation – the so-called NAPAs and NAMAs. The World Bank could be helpful in this matter. So far only Bangladesh and Uganda have included gender in their NAPA.

Another concrete proposal would be to ensure that gender sensitive criteria are included in climate finance mechanisms, including the CIF.

Conclusion

Before concluding I would like to stress that an important condition for achieving an ambitious agreement at COP15 in December is the recognition of the need to support the poorest and most vulnerable countries in their efforts to adapting to climate changes. It is essential that we unleash significantly scaled-up finance and action on adaptation, both now, up-to and beyond 2012. The Nordic-Baltic constituency is already providing substantial contributions in the area of climate change, to initiatives administered by the World Bank and beyond.

Mr. Zoellick, on behalf of our constituency, I would like to thank you for your energetic leadership of the World Bank Group. We have had many close areas of cooperation - not least regarding women's economic empowerment, where you championed the MDG3 campaign so enthusiastically. I appreciate your hard work on the climate change agenda and I am confident that with the help of you and your skilled organisation we will make major progress when we meet again for the climate summit in Copenhagen.