



2011
ANNUAL MEETINGS
World Bank Group
International Monetary Fund
Washington, D.C.

Governor Statement No. 27

September 23, 2011

Statement by the Hon. **ANDRIS VILKS**,
Governor of the Bank for the **REPUBLIC OF LATVIA**,
on behalf of the Nordic and Baltic Countries

**Statement by the Hon. Andris Vilks,
Governor of the Bank for the Republic of Latvia,
on behalf of the Nordic and Baltic Countries**

It is my great honour to address the 2011 Annual Meetings on behalf of the eight Nordic and Baltic countries - Denmark, Estonia, Finland, Iceland, Lithuania, Norway, Sweden and Latvia.

The outlook for the global economy is subject to high uncertainty. Projections indicate that global economic growth has been slowing in recent months. The earthquake in Japan, the political turmoil in the Middle East and North Africa, the Euro area's financial turbulence, the troubled handover from public to private demand in the US as well as overheating pressures in a number of emerging markets have contributed to the increase of the downside risks.

The international community - including the advanced and emerging economies - needs to do its utmost to strengthen policies to hedge against these risks. Strong multilateral institutions, like the World Bank Group, have a decisive role to play to provide stability and the means to navigate in troubled waters. We need both new and old tools in order to adapt, and be able to move beyond aid, into strong partnerships of solidarity, openness and interdependence. At the forefront of the many challenges facing us today should be the protection of the most vulnerable and poorest and the promotion of employment.

My own country has just gone through a period of deep economic crisis and recovery. A very decisive policy response was required when the economic hardships in Latvia had to be addressed. When the crisis hit Latvia, one of the first issues to address was to establish a social safety net. This was necessary in order to diminish the adverse social effects resulting from the financial and economic crisis and from the structural reforms required to fulfill rigorous fiscal policy. In order to maintain social stability and meet the needs of the poor and those in need, we decided to increase financing to maintain social programmes in the fields of health, welfare and social inclusion. It was done with the help of highly professional policy advice and funding from the World Bank.

Targeting the poor and vulnerable is the core mandate of the World Bank. The high and volatile food prices are a great concern especially for the poorest - and we appreciate the efforts made by President Zoellick to get the world's attention to this problem. IDA is a powerful vehicle in support of the poorest. We welcome that the new crisis-response window has been put to use to react rapidly to economic crises or natural disasters, most recently in supporting refugees severely affected by the drought in the Horn of Africa.

The Nordic-Baltic Constituency would like to express our firm commitment to IDA and to its 16th replenishment, and we strongly encourage existing donors to do the same.

A prerequisite for sustainable growth and development is the creation of jobs. Jobs should be considered as a lever that raises the living standards and aggregates the overall productivity gain of the economy. Jobs can lead to positive social changes through the empowerment of women, by easing social tensions and creating social cohesion. Employment and education are strongly interlinked; we praise the IFC launching the Education for Employment initiative in the Middle East and North Africa.

The Nordic-Baltic Constituency has been paying great attention towards gender issues for a long time. Obviously, we are delighted that this year's Annual Meeting has Gender Equality as the main theme. We welcome the *World Development Report 2012 on Gender Equality and Development* - and the Bank's implications paper - with enthusiasm. For us, gender equality is a human right in itself. And it will continue to be a priority for us until the "Fifty Percent Solution", as articulated by President Zoellick, has materialized all over the world. Gender equality must be a strategic priority for the World Bank Group. It must be integrated in *all* of the World Bank's operational and analytical work. The World Bank is in a strong position to take the agenda forward - and to become a global leader and champion for gender equality. We note the results achieved so far in countries assisted by the World Bank, but we have to make absolutely sure that this World Development Report is transformed into action. This means that gender equality becomes a strategic priority also in internal goal setting, staff capacities, results reporting and incentives structures. This means allocation of more resources through the administrative budget and it means clearly formulated goals, targets and indicators on gender equality. It also means stronger partnerships with the UN system and UN Women in particular, as well as with local actors.

As the world is changing, so does the World Bank Group. Growing responsibilities involve higher demands and standards for the institution. As shareholders, we want to continue to make the Bank stronger. In this regard, we want to commend the Bank for its modernization efforts, for the major steps regarding the results agenda, i.e. the Corporate Scorecard and the new Program for Results instrument, and the important efforts to increase transparency and openness. We are confident of the World Bank Group as a powerful steward of our common development legacy, and we strongly support the Bank's efforts to move us into a World Beyond Aid.