

JOINT NORDIC STATEMENT BY THE MINISTER
FOR DEVELOPMENT COOPERATION OF DENMARK

Honourable Chair,
President Kaberuka,
Distinguished Governors,
Ladies and Gentlemen

I would first of all like to take this opportunity to express our gratitude to the Government of Senegal for hosting this Annual Meetings in the most pleasant atmosphere here in Dakar.

Secondly, I would like to inform you that my statement today is a joint statement on behalf of four of the Nordic countries – Finland, Norway, Sweden and Denmark.

Honourable Chair,

The outlook for Africa has changed since the last Annual Meetings a year ago. It is difficult to uphold the optimistic mood from last year when today we are faced with the unfolding of the global economic crisis.

The negative effects of the crisis on the people of Africa are beginning to show: Pressure on income and jobs and risks of undermining the gains of the previous decade in terms of delivery of public services like education and health.

However, the crisis should also be used as an opportunity for innovative thinking and action. As their overall response to the crisis we would encourage African governments to sharpen their focus on private sector-led growth, job creation and economic diversification. More emphasis should be given to new ideas to create decent jobs, foster entrepreneurship, and provide greater opportunities through education, skills development and access to capital for African women and men.

Chair,

The African Development Bank has shown leadership in responding to the crisis by providing additional resources, analysis and advice to member countries. The Pan-African mandate gives the Bank a special role and responsibility in alleviating the adverse effects of the crisis in the regional member countries. In this regard, we welcome the Emergency Liquidity Facility and the Trade Finance Initiative.

However, although the financing needs are great, the Bank should also keep in mind that preventing a relapse into a new debt crisis is equally crucial.

More should be done to reduce the immediate impact of the crisis in the poorest countries in Africa. It is not just a question of faster and additional resources, but also flexible resources. The response must be designed to country-specific needs. What will make growth take off in one country might not be the same in another country. It is very important that the Bank makes an extra effort to speed up implementation of existing projects.

The list of under-performing projects is still very long and disbursement rates are still lower than in other multilateral development banks. It should be analyzed on a country-by-country basis if the ceilings within ADF XI on policy-based support would need to be temporarily raised in light of the crisis. It is also likely that an increased use of sector budget support will be justified.

Chair,

While growth in Africa should be based on private sector investments, development aid will still be crucial for African economies for many years to come.

Donor countries must therefore fulfil their commitments to increase aid to Africa. Member countries need to deliver on the Paris Declaration and Accra Agenda for Action and ensure greater international cooperation in order not to add on the already high administrative strains.

However, domestic revenue has now become the most significant source for development financing. All countries need to take a fresh look at its priorities and sources of funding. Large amounts of funds are drained also from this region – illegally or by exploiting tax loopholes. Such losses should be of great concern to national authorities and to ADB, requiring attention both to legislation and capacity, as well as international cooperation in how to strengthen the financial system and reduce illicit capital flight. The Bank's continued focus on good governance and corruption is therefore highly relevant. Coordination and collaboration are also needed to avoid adverse international spill-overs from national actions. We must do everything to avoid trade restrictions and beggar-thy-neighbour policies as short-sighted responses to the crisis, which will have serious detrimental effects in the longer run.

Let me also remind you about the Norwegian side-event on illicit financial flows tomorrow at 1:00 p.m.

Chair,

The overall response to the current crisis must be seen in the broader context of poverty reduction and responses to climate change. We should use this opportunity to invest in a greener economy, and to ensure that development is ecologically, socially and economically sustainable. This should guide our efforts to reach a new global climate change agreement in Copenhagen at the COP-15 later this year.

Another area of priority for the Nordic countries is the use of environmentally sustainable technologies in Africa, and most notably clean energy. We very much welcome the adoption of the Climate Risk Management and Adaptation Strategy, and are looking forward to its successful implementation. The Bank should promote the adoption of adequate environmental safeguards and the strengthening of national and regional initiatives. These measures should include sustainable forest management among other important ways to control carbon dioxide emissions.

Whenever a crisis occurs it is usually women, children and vulnerable groups that are hardest hit. Continued efforts in the areas of gender equality and women's economic empowerment, health, education and social safety nets are important, not only on their own merits, but as contributions to securing a broad-based economic recovery in developing countries. Women play a crucial role in the economic recovery as drivers of change and development. Women's full inclusion in all aspects of society is a precondition for successful and sustained economic development in any part of the world, so also in Africa. The Bank should take this into account throughout its engagement.

Chair,

The Nordic countries have a long-standing tradition of supporting multilateralism, both financially and politically. The Nordic countries all together are among the largest contributors of development aid in absolute terms. When it comes to our support to the African Development Bank, the combined contribution of the Nordic countries to ADF XI was second only to the United Kingdom.

We place great importance on the relevance, efficiency and development effectiveness of the multilateral organizations that we fund. An organization with modern human resource practices, characterized by transparency and focused on managing for results according to strategic priorities is well placed to deliver strong and sustainable results on the ground. We are therefore very pleased that a comprehensive and ambitious results framework is in the process of being incorporated in the ADF.

Also, we welcome the Bank's engagement in Fragile States. In particular we have been pleased with the constructive role the Bank has played in the case of Zimbabwe.

Chair,

As many of you witnessed during the lunch earlier today, Dr. Kaberuka has contributed greatly to the work of the Africa Commission established by the Danish Prime Minister a year ago. The initiatives of the Commission focus on private sector-led growth and creation of employment for young people. If Africa's economic challenges are to be overcome, the growing numbers of young African women and men must be given opportunities through decent jobs. The ongoing global recession makes it even more important to create positive and sustainable cycles of employment, growth and welfare.

The Bank is well placed to participate in the promotion of this agenda, which underpins and complements the Bank's strategic focus. The Bank's recent record and performance show that the Bank has a comparative advantage in promoting private sector-led development. The Bank will be a leading partners in the implementation of the initiatives of the Africa Commission. The Bank's Credit Guarantee Facility – once established – will generate additional and badly needed cash flows for small and medium size enterprises in Africa. The Bank is also the main partner in improving access to sustainable and affordable energy in rural Africa.

These initiatives will strengthen the ability of the Bank to respond to the demands and challenges of Africa's development needs. More importantly, they will respond to the rightful expectations of Africa's people and not least its youth for a more prosperous future.

Thank you.