



Speech from Prime Minister's Office

The role of governance for an inclusive and sustainable society

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Kristina Persson, Minister for Strategic Development and Nordic Cooperation, speech at Oscar Pomilio Forum, 8 March 2016 Check against delivery.

Ospiti d'onore,
Signore e signori, buongiorno!

With its snowcovered mountains Abruzzo reminds me of my own region in the north of Sweden, Jämtland. We are north and you are south, but we are increasingly connected, in so many ways. As a matter of fact, the whole world is. But, we also live in a time of growing divergence.

Our international and European organisations have inclusive and sustainable growth as their motto, but in reality we are floating apart as a result of the growing inequality within countries. Sweden is no exception, but as we started from a very high level of equality we are still better off in this respect than most other countries in the world.

I am not going to speak about happiness as such, as previous speakers did, but about the importance of good governance and the role of society for creating good conditions for the well-being of people.

We live in a time of great contradictions. We know to a large extent what should be done but we don't really possess the instruments to do it. And sometimes not even the will is there.

I have a favourite quotation from Charles Dickens, the British author who described the period of the French Revolution in *A Tale of Two Cities* – the two cities being London and Paris. I think this quotation catches the mood of

our time. He started his book by writing:

It was the best of times, it was the worst of times,

it was the age of wisdom, it was the age of foolishness,

we had everything before us, we had nothing before us.

The inequalities in France led to the revolution of 1789. A somewhat later revolution – the industrial – created new kinds of inequalities between the very richest and the poor, who flocked to the growing cities or toiled in the mines. Sweden was at that time one of, if not the poorest country in Europe, more than 25% emigrated to USA in the 19th century.

Ignazio Silone, who introduced Abruzzo to many Swedes through his novels, described the similar conditions in Italy. Reading the stories from the lives of the peasants in "Fontamara" is a reminder of the tremendous social transformation of Italy in the 20th century.

The answer – eventually – was democracy and the development of the welfare state. Sweden was a latecomer to the process of industrialisation, which was probably a great advantage for us, both economically and socially. The hardship that accompanied the transition from a agricultural society to a industrial never attained the proportions that were seen in other countries, like England and also in Italy.

Our popular movements and civil society, including the trade union movement were strong and able to provide a solid foundation based on solidarity and justice for the new Sweden. The famous Swedish model, based on high taxes and good institutions was thus constructed from the early 20th century.

Now, for the first time in history, we human beings all share in practice the same world, linked as we are by technology, trade, communications, culture and commercialism. But we do so on highly unequal terms; Globalisation has led to decreasing poverty and greater similarities between countries. But also to imbalances between social and human needs on the one hand, and global market forces on the other.

Huge changes have taken place, and during a short period of time. The epoch defined by industrial and collective forms of production has passed its peak.

Today, the richest 80 people in the world – as many as could fit in a bus – have as much wealth as the poorest half of the world's population, 3.5 billion people. And economic and technological opportunities continue to drive the increasing inequality. Around the world, 60 million people are displaced or in exile because of war, and many more have left their homes in search of a way to make a living.

As Minister for Strategic Development at the Prime Minister's office, my work involves developing the foundation for long-term thinking and new strategies for the Swedish Government. During my first year of work we have focussed on three areas: First, The green transition into a fossilfree welfarestate, second, Jobs in the future, when new technology tends to replace people and possibly increase inequalities. The third is the necessity to create better functioning Global Governance.

Good governance is fundamental on all levels – be it local, national, regional or global. Global governance is I believe our toughest challenge; a new and complex playing field for politics, demands new ways of working together. In a world of low trust we need to reconcile macro-economic conditions with social needs. There is a need to develop long-term ways to support job creation, growth, ecological sustainability and inclusive social development. All at the same time.

To address these issues, I have initiated three multi-stakeholder working-groups with experts from government, business, academia and the civil society to present recommendations to the Government. This is a unorthodox way of working in politics and as we now embark on stage two in my work, we will prioritize two things: We will first of all connect our analysis to the new, universal UN 2030 Agenda that captures the full field of important goals to attain ecological, social and economic sustainability. Secondly, we will integrate our work more closely with the processes within the government offices. After all, it is the responsible ministers who should take the proposals further and turn them into political action.

My role is to apply a holistic and long-term view on politics and capture the issues that tend to fall between the portfolios. If you focus on achieving results you will find that a great number of ministers must be involved in solving one problem, be it unemployment, migration/integration or environmental degradation. All three types of sustainable development are interconnected: Social, economic and ecological - if one is left out, the others cannot work.

The world is in a process of complete transformation. The great economic disparities that have arisen in more or less all countries threaten to have a paralysing effect on economic and social development, in Europe and in the world. High levels of unemployment and too low investments in competence and education will in the long run be very costly for our societies. It is not only radical economists who make this claim. Institutions such as the OECD and the International Monetary Fund (IMF) are also raising the alarm. Christine Lagarde, director of IMF recently said that "if you want to see more durable growth you need to generate more equitable growth."

Reducing inequalities is one of the goals that make up the 2030 Agenda and EU must face this crucial challenge. The discussions about establishing an European Pillar of Social Rights is a step in this direction. More investments in accordance with The European Fund for Strategic Investments (EFSI) is another.

The best of times, and the worst of times...

A new world of work is emerging, driven by digitalisation, artificial intelligence, outsourcing and robotisation. The global market economy has left our political institutions behind, a long time ago.

Skills, reforms and renewal are key words whose implementation demands collaboration between all stakeholders in the society, as well as improved governance in the public sector.

I am hopeful about Sweden. The reason is that Sweden and the rest of the Nordic countries score very high in three important concepts for good governance. The three concepts are institutions, trust and innovation.

Good governance depends first of all on well functioning institutions and public systems, including an efficient tax authority and acceptance among people to pay their taxes.

Good institutions also include a good social security system, equal rights and opportunities for women and men and much, much more, which is reflected in the size of the public sector. This is also a condition for a high female participation in the labour market. Almost as many women as men work in Sweden. Our employment rate is close to 80%. The average in the EU is 69%, Italy is close to 60% - change this and public debts will decrease. Equality between sexes is very important both for the women and for the incomes of the state.

Second key factor after institutions/social systems is a high level of trust among people (generalized trust) and trust in institutions. Which in turn is supported by a low level of corruption.

My third key factor is a high level of innovation. A high level of innovation is something you can get by combining good conditions for entrepreneurs, R&D and partnerships – collaborations. We talk about challenge-driven innovations, focussing on needs in society.

These three achievements you always have to fight for - if not, they will degenerate. Even if a nation state has good governance it does not have all the answers. And the conditions for international cooperation are changing fundamentally due to geopolitical and geoeconomic shifts. In the worst case, this intervening period we are in, could carry on for quite some time to come, and be dominated by crisis and conflicts.

Inequality, unemployment and - I believe - globalisation are breeding grounds for populism and xenophobia. In the old industrialised countries a reaction has set in: people are looking backwards and wanting to recreate what used to be, nationalism - the old days. And they attack internationalism and regional cooperation, such as the EU. This reaction is futile and dangerous and risks seriously delaying democratic and social development.

The European project is facing major challenges. They stem from many different but coinciding problems and threats: The ongoing economic crisis, in the wake of the great financial crisis of 2008 is one. Europe's inability to cope with migration is another and the growth of nationalist and right-wing populist parties is a third - to mention a few.

The new policy agenda for the EU presented by the Italian Government last month underlines the need to make EU part of the solution, and not the problem. It calls for seizing the opportunity of the big European project.

The austerity policies have resulted in too low levels of demand and investment, that delay economic recovery. At the same time we face enormous investment needs for the green transition - if we are to succeed in staying as far below the 2 degree limit for global warming as possible, in accordance with the Paris Agreement.

The ongoing changes require a major political response from the leaders of society in all fields; political, economic and social (cultural). Not just now, but for many years to come.

The 2030 Agenda and the Paris climate agreement concluded last year, have the potential to stand out as important milestones on the way to more sustainable models for our societies. Not because the agreements themselves contain commitments that will save humanity from disaster. But because they are strong signals of the direction in which our world is heading – which in itself will trigger action.

For a long time, shared responsibility and solidarity have lost out in the age of neoliberalism. But no society can exist without solidarity. Everyone understands this: the forms and reach of solidarity are what politics is about.

Common people have to be mobilised for the change. This is particularly important in a time when characters like Donald Trump can be chosen as candidate for the most influential political office in the world. People need to be seen and respected. And in a democracy it is absolutely fundamental that they understand the time they live in.

There are glimmers of light. One is the growing interest taken by the business community and the financial sector in the movement towards a sustainable world. We see this very clearly in the transition to climate sustainability. Environmental thinking in general, even social issues, are no longer a matter of isolated CSR initiatives. They represent a new way of thinking based on the combined insight of what the world needs and the fact that there are large, profitable markets out there. The strong interest from both business representatives and the civil society in the 2030 Agenda also sends an important signal about partnership. A world that is not sustainable is not in the interests of business either.

A change in society towards solidarity does not happen overnight. It requires determined political efforts to build up new forms of cooperation that better match our current reality. We need a more social economy and the mobilisation of people. We need cooperation between the nations of the world, and between sectors and different interests.

The Swedish Prime Minister, Stefan Löfven, has taken the initiative to introduce the concept of a Global Deal – international tripartite cooperation in support of more and decent jobs, increased productivity and fairer distribution of the fruits of globalisation.

And this need to go hand in hand with the great, green transition in the world. Government resources will be nowhere near enough. The private financial markets must begin to serve the interests of society.

To succeed both in Europe and globally, our European cooperation must be reinvigorated. A divided and weak Europe can neither deliver jobs and good lives for people, nor global governance for a sustainable world. I welcome PM Renzi's initiative "A Shared European Policy Strategy for Growth, Jobs and Stability". It is a constructive contribution to the debate.

The Swedish Government will actively participate in European and international processes for an inclusive and sustainable world. In doing so it will be necessary to build alliances with other governments.

Our transition towards a sustainable world must be built by a new spirit of solidarity and cooperation. And as President Kennedy once said "Change is the law of life and those who look only to the past or present are certain to miss the future".

Thank you!



Government Offices of Sweden

Speech from Prime Minister's Office

Introductory remarks by Ms. Kristina Persson, Minister for Strategic Development and Nordic Cooperation at the UNDP Ministerial Meeting

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Dear Excellencies, Ministers, Ladies and Gentlemen,

Ever since the creation of UNDP in 1966 the organization has proved its significance, supporting poverty reduction and development worldwide. The world is despite its many challenges, a better place today than when UNDP was founded.

Sweden remains committed to allocate 1 per cent of its gross national income to Official Development Assistance, ODA. It is not a question of generosity, but a consequence of a coherent policy choice. UNDP is one of the primary partners in our development cooperation all over the world.

The development of other nations is not only actions of solidarity, it is in all nations interest. Core support to multilateral organizations, including UNDP, will continue to be an integrated part of this effort. Through flexible and predictable core funding, the UN System will be better prepared for the development challenges ahead.

The global vision for sustainable development is now increasingly clear and mutually agreed. The 2030 Agenda is universal and involves the whole

world. The Agenda and the global goals constitute a fundamental shift in the way we think about development.

As Sweden's Minister for Strategic Development sustainable development, in all its three dimensions, is the core of my work. Economic growth will not be sustainable without long term social and ecological sustainability. The greatest threat to financial stability and good economic development is the rising inequality, both within and between countries.

In the early 1990s Sweden introduced a tax on carbon and since then, greenhouse gas emissions have gone down by 23 per cent. During the same period Sweden's GDP grew 58 per cent. It is possible to combine good economic growth with successful efforts to prevent resource depletion and minimize climate or environmental impact. The world needs to get the incentives right, and reprioritise funds available to make the transformational changes possible.

One of the important aspects of Agenda 2030 is the demand it puts on a whole of government approach. The Agenda underlines the necessity of cross-sectorial approach in governments work and the spill over effects one policy choice will have on another. Sweden has worked actively with policy coherence for development through our Policy for Global Development. It establishes that all policy areas should contribute to an equitable and sustainable global development.

We have taken a number of initiatives in this spirit:

- A national Action Plan for Business and Human Rights to support Swedish companies' in their work on sustainable development.
- Efforts to make greater use of public procurement to consider social and environmental requirements.
- A goal to have a fossil-free vehicle fleet by 2030 and, in the long term, to be powered by 100 per cent renewable energy.

The government now intends to appoint a National Committee to boost the Swedish implementation of Agenda 2030. The committee will be a vehicle for partnerships with the many stakeholders needed for this work: municipalities, civil society, the private sector, academia etc.

The Swedish Prime Minister Stefan Löfven has also taken the initiative to form a high-level political group to bolster momentum for the

implementation of the agenda worldwide

Today we are here to celebrate the 50th birthday of UNDP, and our presence is in itself a tribute to the UNDP and its ability to remain relevant. We need you. The world has come a long way since 1966 but challenges are great and complex and we must further improve our ability to work in partnership towards a sustainable future.

Thank you!



Government Offices of Sweden

Speech from Prime Minister's Office

Key Note Speech by H.E. Kristina Persson, World Government Summit, Dubai

Published 09 February 2016 Updated 09 February 2016

Kristina Persson, Sweden's Minister for Strategic Development and Nordic Cooperation, February 8, 2016 Check against delivery.

Your Royal Highnesses, Dear Excellencies, Ministers, Ladies and Gentlemen

I am honored and delighted to be invited to address the World Government Summit today. As Sweden's Minister for Strategic Development, governance is an issue that is very close to my heart.

If you look at the immense challenges in our world today, I would say that no other topic is more important than this: Governance for the future, to adjust our national governance structures in order to meet up with sustainability demands, in all three senses of the word - economic, social and ecological sustainability as reflected in the UN Agenda 2030. And even more challenging: To achieve a global governance that corresponds to the challenges and the economic interdependency that has accelerated during the last 20-30 years, due to a number of technological, political and economic changes. All of which put new and different demands on international structures, institutions and the need for common rules – an international rule of law. And trust between people and nations.

Getting governance right is key to ensuring that governments and the global community can tackle the common challenges we are facing. If we get governance right at all levels - at local, regional, national and global level - we can actually turn many of these challenges into strengths and opportunities for development and shared prosperity.

This is a top priority for the Swedish government.

Why is governance so important today? A number of systemic challenges have shown a need for effective and inclusive leadership from the center of governments. The financial crisis, the dramatic increase in migration, climate change, digitalization and the implementation of the new sustainable development goals are examples of challenges that require coordination and cooperation. They require a whole of government approach, leadership and effective structures for driving systemic change. These challenges require cooperation between the public sector, the business community and civil society. They also require new models, approaches and policy instruments. As a result they create new demands on governance.

In recent years, the OECD, as well as think tanks and political scientists have pointed to the need to adapt governance mechanisms and systems to ensure that governments can implement overarching reforms in an effective manner. This is indeed a very valuable work, and it should soon start to make a difference in the OECD-family.

Governments across the world have to manage four fundamental governance tasks: Firstly, they have to ensure the smooth functioning of regular systems and tasks, such as budget processes, taxation systems etc. In Swedish we call this 'ordning och reda' which might be translated into the government's responsibility to make sure that that things are 'in order' and running smoothly and efficiently.

The second task of the government is to handle short-term shocks. Examples of these are the financial crisis, national disasters, acts of terrorism or the dramatic inflow of refugees witnessed by Sweden and many other countries in recent years.

The third governance task is to prepare the country for the future, more specifically to ensure a country's long-term resilience, sustainable development and competitiveness. This, in turn, requires some degree of foresight and forward-looking analytical capability and an ability to act pre-emptively. The implementation of the sustainable development goals is one example of an issue that requires a long-term thinking and action.

Fourthly, governance must be transparent in order to facilitate accountability. Only then, will the three other tasks outlined above be conceived as credible and be trusted by people.

The challenge for governments, and for governance, is that these four tasks the daily running of the country, the management of short-term shocks, the ability to prepare the country for the future, and transparency and accountability

are sometimes in conflict with each other. In particular, the management of imminent crisis or 'fire-fighting' seems to be taking up an increasing amount of resources, leaving less room for strategic and forward-looking thinking and action, i.e. the important governance architecture of the future.

Sweden has a good track record when it comes to the daily running of our country. By most international comparisons, Sweden's finances are sound, we have well-functioning and transparent institutions and rule of law is strong. And we have a high level of quality and equality in the provision of social services. We have legal frameworks to prevent discrimination and corruption and to provide a good environment for doing business. We have a long tradition of transparency and accountability regarding government.

Still, we face a number of both long-term and short-term challenges which require us to work continuously on improving our governance systems. In 2014, the incoming Swedish government declared its vision for a sustainable and inclusive future. Sweden is committed to be a strong, fair and clear voice in the world for freedom, peace, human rights and solidarity. Our candidacy for a non-permanent seat on the UN Security Council 2017-2018 is an expression of that strong and longstanding commitment.

Sweden is committed to a future based on sustainable and renewable energy resources, while safeguarding our welfare society. I am impressed by the ambitious policies of the United Arab Emirates – itself being a major fossil fuel producer – when it comes to sustainability issues and renewable energy solutions.

Finally, we are working hard to ensure that Sweden is a country where no one is left behind and no one is held back. We believe that an inclusive society where people are treated equally and given the same opportunities including access to education and healthcare – regardless of their ethnicity, gender, religion or sexual preference – we believe that such an inclusive and equal society is the basis for a successful and flourishing society. And for a strong economy.

Realizing these visions will require that our policies are evidence-based, that

we combat silo thinking in ministries and government agencies, and that we encourage policy experimentation and learning. At the same time it will require that the work of government becomes more inclusive, transparent and accountable. Overall, we need to improve our ability to manage and drive change and to design timely policy responses.

Your Highnesses, Ministers, Excellencies, Ladies and Gentlemen: We often talk about the need for individuals, the business sector and civil society to be proactive and innovative to be able to function in a changing world. All too rarely, however, we talk about what governments need to do to be innovative in order to serve their citizens in this changing world. That is why the World Government Summit fills such an important function and that is why I am very much looking forward to the discussions and exchange of experiences here today and beyond the Summit.

Thank you very much!



Government Offices of Sweden

Speech from Prime Minister's Office

Speech by Prime Minister Stefan Löfven at the launch of Sweden's action towards the Global Goals

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Your Royal Highness,
Dr Nabarro,
Friends,

A very warm welcome to this launch of Sweden's action to implement the 2030 Agenda. It is particularly exciting to see so many here from so many sectors of society.

Because if there's one thing I know, it is that we get results when we work together – the business sector, trade unions, civil society, researchers, politicians and civil servants at all levels.

One of the success factors for the Global Goals and the 2030 Agenda is that so many have been involved in developing them.

This gives us strength as we move forward and begin to implement the goals.

Thank you for being here ready to take on this task. I very much look forward to hearing your thoughts and ideas about the work that lies ahead of us.

Friends,

"A quiet life on the peak of a volcano is illusory. In today's world everything concerns everyone."

These were the words of Václav Havel, formulated when the Berlin Wall fell and the world was in upheaval. Gone was the stalemate of the Cold War and a new era of global cooperation began. It was a time when world leaders and countries came face to face with the completely new challenges and new opportunities that globalisation presented.

The decade that followed was a time when the major future global issues were discussed at a string of world conferences, not least the Earth Summit in Rio, the Conference on Women in Beijing, the World Summit for Social Development in Copenhagen and the Conference on Population and Development in Cairo.

And it was those efforts that resulted in the Millennium Development Goals.

And I know that at the turn of the millennium, there weren't many who believed that those goals could be achieved.

We were used to the United Nations setting important goals and visions but we were also used to careless implementation of the decisions that were taken.

But the prophets of doom were wrong. We have proved that it is possible to change and improve the world. When there is willingness, when global leadership is strong and when the opportunities globalisation offers are seized.

At the end of last year, the American magazine The Atlantic wrote that 2015 was "the best year in history for the average human being".

And much of what was reported there relates to the UN Millennium Development Goals. Poverty was halved – five years ahead of the deadline. Today, nine out of ten girls and boys around the world go to school. Maternal mortality has fallen. Child mortality has fallen.

Billions of people have gained access to clean water. A global middle class is emerging where every second person has access to a mobile phone.

Friends, the world is not worse. It's better.

But we live in paradoxical times.

Alongside positive developments we see deepening wars and conflicts, terrorist attacks, an ongoing refugee crisis and serious environmental and

climate threats. This adds to our unease.

And despite the huge progress that has been made 800 million people are still living in extreme poverty. Ninety million children around the world are still suffering from malnutrition. Women across the globe still have less power, and poorer access to the labour market and education.

A lot of work remains to be done.

It was with this perspective – of challenges and opportunities – that the world's leaders gathered in New York in September last year and adopted the 2030 Agenda and its 17 global goals.

And it was recognising our common destiny that we gathered in December and agreed on a new binding climate agreement.

UN Secretary-General Ban Ki-moon has expressed it well. "We are the first generation that can eradicate poverty. And the last that can put an end to climate change."

And the work is not to be done by someone else, somewhere else. It has to be done by all of us together. The goals make great demands on all countries and all actors. It is my ambition to see Sweden take the lead.

And there are two reasons for this.

1. It is morally right.

We have a responsibility towards others, and not just ourselves here and now. We have a responsibility towards people all over the world, but also towards future generations.

2. But it is also economically smart.

I want Swedish companies to be the ones to develop the new technology and solutions that the world is crying out for to reduce carbon emissions. Our country will benefit from being at the forefront of climate adaptation.

Sweden's strength lies in being an egalitarian and gender equal society, which not despite, but because of its solidarity and tolerance, is rich, modern and a world development leader. This is the Sweden we are striving to build. This is the Sweden we believe in.

And I know that there are plenty of ideas and solutions in Sweden.

Just over a year ago, I met Mehrdad Mahdjoubi when he was named

Technologist of the Year. I'm sure you have heard of him. He has developed the world's most advanced and efficient shower system, saving 90 per cent water and 80 per cent energy, and the shower water is cleaner than ordinary hot tap water. In addition, he has succeeded in turning his innovation into a business idea and set up a company called Orbital Systems. It is now ready for a global launch.

Many Swedish companies are well ahead. Scania and Volvo, working tenaciously for a low-emission green transport sector. H&M, one of the world's largest users of organic cotton and working for workers' rights.

There are more examples: Ericsson's digital solutions, ABB's development of smart grids and IKEA's goal to produce its own renewable energy and make it easy for us ordinary people to live greener lives with LED lights and solar panels.

I could go on because this is what I think is really exciting – when jobs are created through innovations that are turned into business ideas and reach new markets.

Sustainable business models give Swedish companies a competitive edge. This is Sweden's future. This makes a difference – in Sweden and in the world. And this creates jobs and growth.

Let me give you another example of leadership. Malmö – a municipality that has made the global goals its own. You are showing the way both on innovative environmental efforts and proposals to reduce health inequalities. And there are many more municipalities making important investments in sustainable development – Karlstad, Örebro, Lomma, Östersund and Borås to name but a few.

We have to take advantage of all the available knowledge and experience.

Three government ministers have particular responsibility for implementation. Minister for Public Administration Ardalan Shekarabi, Minister for International Development Cooperation Isabella Lövin and Minister for Strategic Development Kristina Persson.

The Government will soon appoint a national delegation to facilitate and stimulate implementation. It will be tasked with producing a national action plan.

We will be assisted by a large number of government agencies that will

contribute their knowledge, such as SCB, which will help to develop indicators for the follow-up. This will make our work and the results concrete.

But what is most important is all of you here today, the breadth that you represent and the engagement you bring. Your knowledge is essential. Your work is crucial. We will do this together.

And what a historic opportunity to be a part of this process and make a difference.

We have a long to-do list. Let's get started.

Once again, a warm welcome to you all.



Speech from Prime Minister's Office

Business Engagement in the UN Post-2015 Development Agenda

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Volvo Group Sustainability Forum 2014, Stockholm 26 november 2014 Check against delivery A joint Political and Business Leadership for Sustainability.

Ladies and gentlemen,

Thank you for the opportunity to address this year's Volvo Group Sustainability Forum! Volvo Group has been a pioneer in supporting research and innovation in sustainability for a long time. And the Volvo Environment Prize has been a prestigious environmental award, ever since it was launched in 1988.

Sustainability is a core value and a business development model contributing to Volvo Group's success. I am sure that this also has meant a boost for the Swedish business community to prioritize their work on sustainability.

Business is moving beyond Corporate Social Responsibility (CSR) to sustainable development, as key value in support of competitiveness. I find this very encouraging. It is a strong reason for hope and a starting point for partnership between the public and private sector.

We all know that the challenges ahead of us, in terms of ecological sustainability, social inclusiveness and economic stability are immense. Many of us worry over the growing gap between visions and actions. We will need a much closer cooperation across borders - not only geographical but also between sectors and interests - if we shall have a chance to succeed in meeting these challenges.

This was recently confirmed by the "Global Agenda Council Members" - business representatives, academics and politicians all around the world –

who every year are asked by the World Economic Forum to identify the key global challenges that will have the biggest impact in the coming 12 to 18 months. The gathered insights generate the "Top 10 Trends in social, economic and political issues".

As the top three of this year's list you find:

- Deepening income inequality
- Persistent jobless growth
- Lack of leadership

The first two are social and economic, and it is encouraging that a broad international community recognizes the risks with growing social disparities. The fact that Lack of leadership is number three on the list reflects a growing lack of confidence in the world's ability to address mounting global challenges. As much as 86% of the respondents agreed that we have a leadership crisis in the world today.

The necessity to achieve a sustainable development is putting strong demands on the quality of political leadership. And the strongest obstacle is - I believe - the lack of legitimate, global or regional leadership. We have national structures and national democracies but in the place of global cooperation and global responsibility we have mistrust and weak international organizations.

No nation can by itself solve the threats to environment, stability and peace. Neither can individual nations capture the full benefits of new opportunities, including new knowledge, without international cooperation through trade, foreign investments, financial stability, etc. Global challenges call for global actions.

For you who are here from the business sector, not least from the transport sector, I guess that you already see the scale and the complexity of these issues in your daily business operation. Put differently, ecological and environmental degradation, climate change and its impacts – are not invisible risks in the future, but real threats not only to people's well-being today but also to successful business operation.

The two major concerns in the WEF list, the economy and the environment are intimately linked. In other words, environmental issues are not only about environment, but about economic prosperity and social cohesion. And this complexity of the problems and their solutions are themselves a

challenge for our present structure of governance.

So, what can we do, as business leaders and as politicians? I don't hesitate to say that we, the politicians need to deliver more. We must explore and define the proper regulatory framework and the long-term policy signals that will unleash the innovations, investment and market development needed for a sustainable future.

In this process, the dialogue with business people will be an integral element. There are some key questions to which we need to find good answers:

- How to incentivize and support sustainable development
- How to ensure that future economic growth and technology development will go hand in hand with social inclusiveness?
- How to ensure good governance and finance for sustainable development?

These are key strategic issues that the new government will work with. As Minister for Strategic Development, a green transition agenda for Sweden and Nordic influence on the global agenda for sustainable development are among my top priorities.

The government is also setting up an Innovation Council – that will have Sweden's sustainable and competitive future as key focus. The engagement of business sector will of course be instrumental in turning the strategic visions into reality.

The process of reaching Millennium Development Goals has resulted in significant improvements to the livelihood for millions and millions of poor people in the world. Nevertheless, poverty has not been eradicated and inequality is still growing. 1.8 billion people still don't have access to clean drinking water and sanitation; 2.3 billion people still don't have access to electricity. Not to mention the growing threats of climate change and their consequences on poverty and migration.

The current process of establishing new goals for sustainable development, within the framework of post-2015 development agenda is in itself a massive undertaking that will need strong involvement of business. The theme for this forum is therefore very timely.

The post-2015 development agenda will unlike the Millennium Development Goals, not primarily focus on international development cooperation. Traditional development funding will certainly be part of it, but the vast

majority of resources will have to come primarily from the private sector.

I am pleased to learn that the Swedish business community, through the program of Swedish Leadership for Sustainable Development, has embarked on the road to “inclusive business” integrating social values and sustainable development into core business. These companies may become the new generation of sustainability pioneers. They can lead by example, through demonstrating the role of business in society and in tackling global challenges. In other words, through inclusive business, they will be able to tap both into development potentials and make positive changes in a resource-and pollution-constrained world.

The policy and investment decisions that we make now will determine the future of our economy and our climate. We know that around 90 trillion US \$ is predicted to be invested in infrastructure in the world's urban, land-use and energy systems within the next 15 years. If we choose low-carbon investments we can generate strong and high-quality growth, not just in the future, but already now. If we on the other hand continue down the high-carbon route, climate change will bring severe risks to the long-term prosperity and the quality of life of future generations. Public-private partnership can make the green transition happen on a large scale and at great speed.

To summarize, sustainability will increasingly be at the top of the agenda, for both government and business. The post-2015 agenda must be built by a new spirit of solidarity, cooperation, and mutual accountability.

So, let us join forces to work hard towards a green transition, to de-couple our economic growth from ecosystem destruction; Let us team up to re-couple sustainable development with industrial competitiveness and societal well-being!

Thank you!



Government Offices of Sweden

Speech from Prime Minister's Office

Green Growth in the Nordic Region

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Ladies and gentlemen,

Thank you for inviting me to this conference that is focusing on three of my favourite issues: Globalisation, the Green transition and Nordic cooperation. These topics go indeed very well together: Globalisation is increasingly putting pressure on the Nordic model to renew itself and the necessity of green growth could very well become the engine of renewal for the Nordic model in the future. A renewed Nordic model – with sustainability, solidarity and openness as its key values, will contribute to a balanced, green and inclusive globalisation.

The political challenges

Last week I attended the SAMAK congress (SAMAK is the Joint Committee of the Nordic Labour Movement). The focal point of the congress was the Nordic Model in the future, through a common research project, the NordMod 2030. One conclusion was that powerful political measures were needed to maintain the Nordic model as we have known it until now. The project identified six challenges to the Nordic Model, requiring major restructuring efforts. One – and maybe the greatest - was to create the transition to a low carbon economy, within the context of lower global growth and fierce global competition, something that requires innovation, creativity and new growth strategies.

In time for the World Economic Forum in Davos in January every year the organisation taps into the knowledge and observations of its "Global Agenda

Council Members" business people, academics and politicians all around the world - asking them to identify the greatest risks, that they believe will have the largest impact on the world over the coming 12 to 18 months. The gathered insights generate the "Top 10 Trends in social, economic and political issues". At the top of this year's list you find:

- Deepening income inequality
- Persistent jobless growth
- Lack of leadership

Two major concerns dominate the list as a whole, the economy and the environment. Two areas which of course are intimately linked.

The lack of leadership is new on the top of the list and my understanding is that it reflects a growing lack of confidence in the world's political ability to address mounting global challenges.

Globalisation and sustainable development are putting strong demands on the quality of political leadership in the world. No nation can by itself solve the threats to environment, stability, peace and security. Neither can individual nations capture the full benefits of new opportunities, including new knowledge, without international cooperation through trade, foreign investments, financial stability, etc. Global action and cooperation is indispensable for national well-being. The Nordic Top-level Research initiative was an initiative of this kind, and as Minister of Nordic Cooperation I hope to see more of it in the future - not only in the field of research.

It is clear that today's regional and global institutions poorly reflect the need of leadership and cooperation to solve common problems. Experts, political leaders and citizens know in principle what should be done. So, the question is, why aren't we seeing more international agreements and more collaborative action?

I can see five explanations:

- 1st Legitimate power stays to a large degree within the nation states. Nations can legislate, enforce decisions and raise funds for common purposes. International organizations are not given the mandate and strength to work successfully for the common good.
- 2nd Nation-states are used to a culture of negotiating advantages for themselves and avoiding disadvantages in relation to other nation-states.

"Success" means a short-term national "win", not the best possible result for the larger community. Lack of mutual understanding and trust, concern about fair burden-sharing and insufficient knowledge of alternatives are major obstacles.

- 3rd Inability or unwillingness in giving priority to long-term threats and explaining them to voters/constituencies. The urgency of responding to short-term internal demands is more clearly felt than calls for international commitments and action for the longer term.
- 4th Legitimacy is closely related to sovereignty and democracy. Decisions taken close to the people concerned are perceived as the most legitimate ones. Suspicions of hidden agendas, free-riding and misuse of funds rise with an increasing distance to decision makers.
- 5th Power, economic strength and knowledge are unequally distributed and continuously changing. The order established after the Second World War reflected the geo-political and geo-economic realities of that time. Now we see a different geopolitical landscape emerging and we need to adjust to new and more complex realities.

To a large extent we, the Nordic countries share the same values, priorities and ambitions. By working together we can enhance our capacity to meet these challenges, both within our own countries and as responsible leaders in a global context.

We have a total of only 25 million inhabitants, but seen as a whole the region is the 10th largest economy in the world. What is more important than our size is our potential soft power – we always score among the highest in international comparisons, be it economy or quality of life - like the situation for children.

During his time as foreign minister of Norway, Jonas Gahr Støre suggested that the Nordics should apply for a seat in the G20. This is an interesting proposal. To begin with I think we should formulate a common agenda for sustainability and green growth. Together we could become a strong voice in support of global cooperation and agreements.

Green Growth and economic development

There are no contradictions between economic performance and employment on the one hand and sustainability on the other; Global markets for green solutions are quickly expanding and the Nordic region can play a crucial role in this development. Green growth – meaning innovation, investments and trade for environmental and climate purposes - has the

potential to provide a major boost to job creation and competitiveness in our region.

The Nordic Prime Ministers' initiative some years ago to develop green growth strategies in key sectors was very timely and some concrete action is ongoing, for example when it comes to waste management. And more is needed. I am very pleased to learn about the launch of the brand-new Green Growth Research and Innovation initiative, the joint initiative by NordForsk, Nordic Energy Research and Nordic Innovation. I see a great potential of this new and extended platform for future Nordic cooperation in both research and innovation. I will follow the development of this important initiative with great interest. I also hope that our Swedish researchers and enterprises, both large ones and SMEs will become active partners of this platform.

Another interesting evidence of the link between green transition and economic growth is a new report, financed among others by Sweden and Norway "A New Climate Economy", with top scientists and economists making important contributions to the entwined climate-economic policy debate. "Better growth, better climate", makes in my view, a perfect case to defuse the false dilemma that we have to choose between fighting climate change and having economic growth. The report's main conclusion is that countries at all levels of income now have the opportunity to build lasting economic growth at the same time as reducing the immense risks of climate change. This is made possible by structural transformations and technological changes.

There are according to the report three key systems - urban development, land use and energy systems - where the current pace and magnitude of change present us with critical windows of opportunities to introduce new technologies and alter our behavior. The coming 15 years will be decisive. We know that around 90 trillion US \$ is predicted to be invested in infrastructure in the world's urban, land-use and energy systems.

The policy and investment decisions we make now will determine the future of our economy and our climate. If we choose low-carbon investments we can generate strong and high-quality growth, not just in the future, but already now. If we on the other hand continue down the high-carbon route, climate change will bring severe risks to the long-term prosperity and the quality of life of future generations.

Across these three systems, three main issues need to be addressed to

overcome market and institutional barriers to low-carbon growth, they are:

- Raising resource efficiency
- Investment in infrastructure
- Stimulating innovation

Well-designed policies in these fields can make growth and climate objectives mutually reinforcing in both the short- and medium-term. Again, political leadership is a game-changer.

The latest IPCC Synthesis Report also sent a clear message to the policy makers worldwide and it is also a strong call for actions and collaboration. The report states that the risks and the costs of climate changes are not in the future, but here and now. And that effective implementation of adaption and mitigation measures depends on policies and cooperation at all scales, i.e. international, regional, national and subnational. We need to accelerate our integrated responses that link adaptation and mitigation actions with a climate-resilient pathway towards a green transition and sustainable development.

Nordic cooperation in the field of policy, innovation and business

Nations worldwide are facing multiple challenges as a result of rapid urbanisation, increased resource utilisation and ecological degradation. There are increased interests in the “Nordic ways” and “Nordic solutions” – which are a combination of holistic thinking, participatory approach and system integration and innovation. It is particularly true, in the field of sustainable urbanisation – which has become of the most important driver for economic growth and job creation worldwide. Nordic countries, with our “success stories” of eco-cities and symbio-cities have the possibilities to take the lead in the global market. We are actually right now moving beyond the “1st generation eco-city” to the “2nd generation eco-city” development and smart cities. In the near future, energy, mobility and building on the one hand, working, living and leisure on the other, will all be integrated into an urban life of higher resource-efficiency and better life quality, supported by modern smart technologies.

I am confident that, with an enhanced Nordic cooperation, we will together be able to better promote the “Nordic Urban Way” and obtain a strong position in global markets. For us, the Nordic Urban Way is not only about

how to build a new city or retrofit an old one. Instead, it is a “living lab” of creating an ecosystem for economic attractiveness, ecological efficiency and social cohesion.

In such a context, we have a lot to offer, not only technological solutions, but also our decision-making process and governance model, and not least, our Nordic values. They are all key drivers and enablers for the Nordic green growth.

Access to finance is of course at the heart of the green transition and most of it will have to come from private sources: banks and investors. But there are of course occasions and segments where public measures will be needed, such as access to finance in early stages for development and innovative business ideas. The new Swedish government is preparing for the establishment of a New Innovation Council that will be chaired by the Prime Minister. I am sure we could combine Nordic efforts in this field. In the budget bill we are also announcing reforms for more public venture capital to SMEs in sectors relating to clean tech and life science.

Further, we are looking into means to stimulate bank lending to SMEs and to strengthen financial support to incubators. We are also looking at various ways to increase private-public cooperation to boost private market financing activity for key early stages.

Finally to summarize – some concrete conclusions for the future:

1st -Individually the Nordic countries are too small to be able to achieve a policy impact or commercial success on large markets, such as the fast growing BRIC-countries. Export of system-solutions – as integrated solutions for waste, energy and transport - is becoming increasingly important for competitiveness in the global market. We need i.e. common frameworks and public procurement to promote climate friendly technology in the entire Nordic region.

2nd - The Nordic countries already have established cooperation, with a strong focus on energy and environment. Nordic countries are also making collaborative efforts when developing innovation systems and innovation policies. Now there is a need to take new steps and engage in concrete joint actions on the ground, to demonstrate innovative system-solutions in support for i.e. sustainable urban development.

3rd - Business and industry want to cooperate with representatives from the

public sector, in order to interact efficiently with what could be called a policy-driven market development. Without this public-private-partnership, the export and innovation potentials will hardly be fully materialized.

4th - In the future there is a need to link innovation and demonstration with commercialisation projects related to i.e. smart grid development, low-carbon transport and energy efficiency for buildings. The key to achieve this is to create a close and strong link between the Nordic research and innovation with existing and new investment initiatives.

Finally we need a joint and stronger Nordic voice in the EU and in the international policy arena. Given the uncertainty related to the ambition and outcome of the UNFCCC Climate Summit in Paris 2015, there is a need to inject a constructive and positive dynamic into the negotiation process as well as to bridge the North-South division and mistrust.

Nordic countries are well-positioned to have a joint and proactive voice to push for high ambitions and strong political commitment, and play a “bridging” role to contribute to the best possible process and outcomes in Paris 2015.

So ladies and gentlemen we can - both you and I - look forward to great challenges and opportunities in the years to come! Let’s meet them together!

Thank you for listening.