

## U.S. DEPARTMENT OF THE TREASURY

## Press Center



## Remarks by Under Secretary for International Affairs Lael Brainard before the Society for International Development

6/5/2012

**WASHINGTON** - Good afternoon. Thank you for your kind introduction. Thank you to Dayna Cade and Dan Runde for inviting me to be with you today.

It's good to be with so many friends in the development community.

Together, we are working to address important challenges-- to help poor communities achieve food security and poor children get the nutrition they need, to help young people to secure skills and jobs, and to strengthen economies by engaging the full productive potential of women.

**Together we are working to address one of the greatest challenges of our time: achieving more inclusive growth.** More inclusive growth here at home and around the world.

We are working to achieve growth that is shared across generations—especially for young people who inspired the Arab Spring.

Growth that is shared by gender—especially for women who, by building better lives for their families, transform nations.

Growth that reaches across geographic lines—especially by connecting remote communities to local markets, landlocked countries to ports and regional markets, and regions that have been left behind to the rest of the world.

Shared growth that is built on foundations of strong governance.

### Growth that Reaches across Generations.

In some countries, people under age 25 make up 60 percent of the population. The majority of these young people are coming of age in developing countries, many in Arab countries and in Africa.

These young people are on the move -- moving from rural areas to urban centers; seeking education and skills that will enable them to contribute to society; seeking employment and opportunities to launch enterprises and start families. They are demanding opportunities to shape their societies and even to lead them.

The lack of inclusive growth for the young generation has been a major catalyst for political and economic change.

In the Middle East, young people led mass protests and uprisings in Tunis and Cairo, and brought us the Arab Spring-- a fragile period of political and economic transition full of hope and peril. These young people are seizing control of their own destiny and inspiring others across the globe to do the same.

Youth are the largest and potentially most dynamic segment of the global population, but they face unemployment rates near 30 percent and those that are employed are often trapped in low-wage work. In Egypt alone, nearly 650,000 new job-seekers are entering the labor market every year.

Even as many economies were growing, young entrepreneurs could not start enterprises. Nor were education systems geared to providing twenty-first century skills such as writing, teamwork and innovative research. Graduates can wait years for a first job, unable to afford to live on their own or form a family. Even the rule of law did not adequately protect these young people, both men and women.

When I visited Cairo last year, I met founders of Nahdet El Mahrousa -- an organization devoted to expanding opportunities for young Egyptians. I heard how they had successfully mobilized to start career centers in Egyptian universities so that students have access to information and necessary skills to secure jobs.

I heard their hope about a new chapter in Egypt's history. These young people are voting for their president for the first time.

Today that hope is echoed in Tunisia and Libya. Today's youth are tomorrow's future leaders and contributors to society. That is why it is so important that the world support these transitions.

In 1989, after the fall of the Berlin Wall, as Central and Eastern European countries left communism behind, the world turned to the multilateral development banks to assist. The world confronts a similar opportunity today in the Middle East. Again the development banks are rising to the challenge.

The World Bank and the African Development Bank are hard at work providing support for job creation, accountable economic governance, credit for small and medium enterprises, school to work programs, and infrastructure investment.

We are leading the effort to enable the European Bank for Reconstruction and Development to expand its scope to Arab countries in transition, supporting private sector development, vibrant small- and medium-sized enterprises and the creation of much needed jobs.

The U.S. is bringing our G-8 and Gulf partners, along with international and regional financial institutions, together in the key platform for cooperation -- the Deauville Partnership with Arab Countries in Transition. We are launching a new multilateral Transition Fund to provide targeted grants to support innovative reforms to help spur jobs, private sector development and better rule of law.

And in coming days, the U.S. will sign a loan guarantee for Tunisia to strengthen market access for the new democratic government to support job growth and sustain the transition—hopefully the first of many such innovative enhancements in this critical region.

We can unlock sustained and shared growth by tapping the potential of the next generation not just in Arab countries but also the many young people throughout sub-Saharan Africa who are hungry for jobs and opportunity and who represent our best chance to build a shared future.

#### **Growth that Reaches across Gender.**

We must also work to capitalize on the full productive potential of the world's women, who are too often left out or left behind.

Women account for the vast majority of the more than a billion people worldwide living on less than \$1.25 per day. When we invest in women and provide them with more access to information and resources and enable them to invest in their families, they can transform economies.

That is why gender must be at the heart of development. When women are supported and empowered, all of society benefits.

Indeed, even advanced economies face challenges to unleashing the full productive potential of women. The first piece of legislation President Obama signed into law was the Lilly Ledbetter Fair Pay Act to help American women get the same pay for the same work as their male colleagues.

Also within his first few months of office, President Obama created the White House Council on Women and Girls, which has launched initiatives to support women-owned small businesses, address pay discrimination, and promote women in science, technology, engineering, and math.

This year's *World Development Report* validates the importance of gender equality for society as a whole. The report shows that giving women secure ownership of land and equal access to inputs like fertilizer can increase agriculture output by up to 4 percent. And granting women access to management positions heightens the pace of innovation and technology adoption.

The World Bank's *Doing Business Report* has dramatically increased the visibility of policies that affect private-sector growth and spurred reforms. Isn't it time that we did the same for women? Wouldn't it be great if countries competed to demonstrate they have the best legal, regulatory, and policy environment to unlock the enormous potential of women and girls for development and growth.

In today's hyper-competitive global marketplace, no country can afford to squander the potential of fifty percent of its creative minds and productive citizens.

And of course, no sector is more important than agriculture for women in poverty. Investments in agriculture are critical to reducing rural poverty and ensuring children have access to nutrition during their critical growing years.

Women farmers contribute up to 60 percent of labor on farms in sub-Saharan Africa. And, women achieve similar yields when given equal access to training and services.

In Kenya, the World Bank found that women could increase crop yields by approximately 20 percent by providing them with the same access to the same resources.

The Global Agriculture and Food Security Program (GAFSP) takes these lessons to heart as it sets a new standard in development effectiveness. In Rwanda, smallholder farmers—especially women—are seeing significant increases in productivity with potato harvests quadrupled in some places on a per hectare basis and maize output up by 300 percent. This has meant income gains of nearly 90 percent.

Smallholder farmers are transforming hilly landscapes with hoes and shovels, creating terraces to conserve water, soil, and fertilizer. It is heartening to meet young women hard at work, with their babies slung across their backs, who now have good jobs and access to health care thanks to GAFSP. The program has also spurred job growth for elderly workers and for women widowed during the genocide.

GAFSP is responsive to country needs, providing nearly \$500 million in grants to 12 countries, aligned with their home-grown strategies. In Haiti, farmers have more than doubled their yields. In Bangladesh, they've had their first-ever surplus of rice.

We need to invest in GAFSP to continue its transformative role in reducing rural poverty and helping the nearly one billion people, mostly women, who remain chronically undernourished. At the recent G8 summit at Camp David, President Obama called on the world to make GAFSP a lasting institution by raising \$1.2 billion for this fund over the next few years. As part of our commitment, the U.S. stands ready to make additional pledges to this fund.

#### **Growth that Reaches across Geography.**

Development is at its core about connecting -- people to opportunity, remote smallholder farmers to markets, landlocked countries to regional trade routes, and regions to the world.

Sub-Saharan Africa is among the least connected regions in the world with noticeably low levels of intraregional trade and huge infrastructure needs. It is host to an unusually high number of landlocked states.

By supporting regional efforts at integration, we can help landlocked countries in Africa access ports and boost trade and livelihoods. We are investing in institutions and infrastructure to connect communities to regional markets and from there to the global economy.

When we invest in infrastructure, such as roads, railways, airports, harbors, and communications systems, we drive inclusive growth through connectivity, facilitating the movement of goods, services, people and ideas.

Through our emphasis on regional infrastructure in the African Development Bank and the World Bank, we are prioritizing sub-regional integration pioneered by African leaders and investors. We are working with the development banks and the East African Community to assist them in making their community a reality by developing rails and roads and warehouses, connecting power grids, integrating payment systems and communications, strengthening trade, and fighting food insecurity.

Our technical advisers are working inside finance ministries and central banks to help create cost-effective, efficient, and timely regional payment systems that are critical to trade and growth. And we are working with Commerce and USTR to ensure as roads and bridges and electricity grids are built, trade and commerce will follow close behind. And to ensure American businesses get the first opportunity to share in Africa's enormous potential for growth.

#### **Growth Rooted in Strong Governance.**

Ensuring that growth is inclusive and fair requires strong institutions and strong governance.

Governments must be equipped to execute the core functions of providing public services effectively, managing public finances transparently, and developing budgets that reflect shared priorities.

Nowhere is this agenda more important than in resource rich countries where too often the benefits are not widely shared. The United States led in requiring publicly listed companies to report how much they pay governments for access to resources, and we hope other major financial jurisdictions will join us. As more countries in Africa and around the world develop resource wealth, we will work to support transparent and accountable systems to ensure that wealth is shared across generations and across society.

#### **Shared Growth**

Over the last few years, the United States has faced important decisions on our leadership in promoting multilateral development. We faced a once-in-a-generation decision to provide new capital across all the multilateral development banks after their strong and swift response to financial crisis. We faced the decision to re-commit support to grant mechanisms like IDA that needed replenishment.

When food prices spiked, we had to find ways to provide support to address global hunger. When the Arab spring started, we had to find ways to support countries to remain economically stable so that democratic transitions could deliver on their promise.

At a time when many questioned U.S. commitment and resolve to lead the world on these issues, together we have proved them wrong. Thanks to bipartisan support, and strong partnership with the development community, the United States is again leading on the most important challenges of our times, we are working to ensure growth is grounded in strong governance and shared across generations, gender, and geography.

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