Statement to the Development Committee

by

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Let me, first of all, thank Secretary Summers and the American authorities for the arrangements that they have made and the protection that they have given all of us, and thank all of you for coming early so that we could avoid any problems. It has been a tense period for all of us engaged in preparing these meetings, and we are very grateful to you for your cooperation, which has allowed us to proceed without incident, as we would hope that we could.

The atmosphere outside is one that we have to take seriously, given the fact that it is happening and the fact that there are concerns about a variety of subjects -- some of them quite unrelated, but many subjects. Likewise, as an institution at the brunt of their criticism we in the Bank and in the Fund need to listen to what they are saying to try and see if there are ways in which we can reach out and engage that community in a constructive fashion. And I can assure you that we will be giving thought to that.

The tragedy, of course, is that what we are concerned about and acting upon today is, in fact, dealing with the very issues that most of them are concerned about. There will be 1,000 AIDS activists today participating in the manifestations, trying to stop the meetings, when the first item on our agenda upstairs will be what we can do to assist in the combating of AIDS. And the second item relates to poverty and to trade and investment. And there are those outside who are pro-development in trade and those who are against development in trade. But, nevertheless, these issues and the contention surrounding them are central to the discussions that we will be having.

So something is really awry when organizers -- some of them paid, some of them not, some of them anarchists, some of them with very serious and deeply felt beliefs -- find it necessary to show their feelings in this way. And it looks to us as though this is not the last manifestation that we are going to have. It is very likely that we will also experience this in Prague. And at any other international meetings, these concerns are likely to be expressed.

So this is a moment when we should not ignore what is happening and I assure you that we will be trying to think of ways in which we can bridge the gap of understanding.
Let me start by saying that I want to thank Michel Camdessus, who is not with us today, for his remarkable leadership, and for the friendship and for the partnership that we were able to establish during my period and before me with my predecessors. He made an enormous contribution and he was a full and welcome partner in the Development Committee, and we certainly miss him. But may I say also how happy I am that Stan is here and how seamlessly we have worked together in the period since Michel's retirement, as we had before. And I would like to reiterate my welcome to Horst Koehlor who will, of course, be joining us in May.

I think you know the agenda for today, but it was suggested that I just touch on the framework. I have already indicated that the first item will be the issue of AIDS. This is not just another disease. This has become in many parts of the world the most significant development agenda item, not least in Africa where there are 23 million cases out of the global 34 million cases, where in five countries in sub-Saharan Africa the prevalence is roughly 20 percent, and in 21 countries in sub-Saharan Africa the prevalence is roughly 7 percent or more, having a significant impact on GDP, quite apart from the human impact involved.

We at the Bank have indicated that for AIDS prevention and for programs on health control, there will be no limit to the amount of funding that we are ready to provide. What is really needed is for all of us to get together to try and recognize that this scourge has a capacity to roll back the gains of previous years in life expectancy and in mortality rates, and that it is not only a tremendous human problem but a development problem. And we are one of those institutions that is taking a lead.

We are also working in the context of treatment, discussing with the drug companies in certain initiatives, some in this country under the leadership of President Clinton but also globally, on vaccine development and on the assurance of supplies of drugs for retro-viral treatment.

This will be a subject that will be of concern to us shortly.

On the issue of trade and development, we at the Bank have long taken the position that, as we look at the question of growth and development, intrinsic in that discussion has to be the issue of trade. Working with countries to develop their economies and to build their output, we recognize the importance of being able to export that output and of the obstacles imposed by tariff or quantitative limitations. These issues are not only for our friends at WTO, but they are absolutely linked to the question of development and our position, which is that of free access and one in which, as the trading markets open, we provide additional assistance to the developing countries to make the sort of changes that are required. This is a second subject that we will be discussing.

We will also be reviewing the progress on the HIPC program, in which, as you know, five countries have reached the decision point and where there are another 15 that conceivably can reach that point or completion point before the end of the year. The difficulty we are having in nine or ten
of the countries is a difficulty that is caused either by the lack of government, wars, conflict or just by total chaos.

And in the 32 countries that we are looking at, we are involved in a joint effort with our partners at the Fund. We have moved on to the Poverty Reduction Strategy Paper approach which we believe -- and you believe, as you indicated to us at the last meeting -- is a central element in the necessary process of HIPC. Quite simply, there is a need for a country-led program that can give assurance that the savings which come from HIPC can be used for social purposes, to assist poor people.

And we will also be discussing the Interim Poverty Reduction Strategy Paper which can allow us to move more quickly to reach a decision point before the completion of the final document.

I am sure that that will be a lively debate. What is, of course, important and on our minds is the question of funding the annual (year 2000) $9.2 billion in Net Present Value (even more in nominal value) required for the multilateral intermediary institutions. We have to address that question. We believe we have reached an adequate level certainly to launch and keep this project going during the early years but it is important that we understand that we are looking for additional funding for the HIPC Initiative.

We also have to focus our attention on some of those less-developed countries which are included in debt forgiveness which must, in order to meet the requirements of debt forgiveness, give up their claims on their other countries, and where that release of the claims is imposing a difficult cash flow situation. And so, the cases of multilateral institutions that are short of equity and countries which are part of the debt forgiveness and find it difficult to forgive debt, form a subject which I know will occupy our attention.

We will be talking further about the multilateral coordination which I believe is moving along in an extraordinarily positive way in those countries that are involved in the PRSP and the Comprehensive Development Framework -- this move towards greater coordination of effort between donors, the private sector and civil society. And in that context, I would like to say again that we are working very closely with our colleagues in the Fund.

We also have presented the special challenges of small states, and you will have read the Small States Initiative which is a report to the Development Committee. We will be further pursuing the discussions on international financial architecture and touching ever so briefly on the financial capacity of IBRD, which we regard as strong and not needing additional funding at this time.

That gives you a framework of what we will be dealing with in the Development Committee meetings. We will also, I am sure, be alluding to the discussions which we had last night, which dealt with the broader questions associated with development, our central concern of poverty, our concern to face not only the existing levels of poverty, the 1.2 billion under a dollar a day and 3 billion under two dollars a day, but
the forthcoming issues of poverty, as over the next twenty-five years, we add 2 billion more people to our planet -- those 2 billion being added to the developing world to bring the total population from 4.8 billion to 6.8 billion.

This is a daunting challenge and in the meeting last night we had a very rich discussion on the importance of growth and on the need for equitable development and for coordination of activities among donor institutions, the private sector and civil society under the leadership of the governments with whom we are working.

So, we have had a rich agenda so far and we are looking forward to the continuation of those discussions in our private sessions.