The Fight Against Poverty: The Need for Action and Co-ordination

Keynote Address at the Meeting of Parliamentarians with the World Bank
by
James D. Wolfensohn
President
The World Bank Group

The Hague, May 29, 2000

Bert Koenders- Member of Parliament, The Netherlands: Ladies and Gentlemen, it is time to formally and officially welcome you to the Dutch Parliament. We are most happy to have such a large group of representatives from donor and recipient nations here this morning. As was pointed out last night, we are all part of an experiment today, and we hope that it will work well.

Our full programme of speakers will address the important issues of poverty, poverty eradication and the role of the World Bank. As you can see from the programme, much of the day will be devoted to the problems of poverty in different regions of the world. The meeting will close this afternoon with a question and answer period, followed by some discussion on the future of this group.

You are seated in what was at one time the ballroom. More recently, the Dutch Parliament has used it for its debates. Today, it is being used for this discussion, which we hope will be most fruitful.

The first session features two keynote speakers, James Wolfensohn, the President of the World Bank and Eveline Herfkens, our Minister for Development. After the two speeches, there will be a brief question and answer period. This period is not meant for long statements, and it will be my job to ensure that we make effective use of this time so that we may get the most from our session and its speakers. There will be time for broader discussion after the regional panels, and again at the end of the day.

It is a great pleasure and an honour to have with us James Wolfensohn, President of the World Bank. He will take part in our experiment: we will all act as peers in order to discuss the questions of poverty and its eradication. Mr. Wolfensohn is a valiant fighter in this struggle. He is one of the leaders in developing new ways to think about development and the World Bank.

James D. Wolfensohn: Thank you very much indeed, Mr. Koenders. The issues that we face do no longer allow people to think in terms of developed or developing countries. Rather, we must face global issues.

I The Role of Parliaments
This change is difficult for many parliaments because the issues that these bodies face are typically national. The European elections, elections in developing countries, or the current elections in the United States scarcely ever cover issues that relate to development or to international stakes. The issues that dominate every election in these contexts are short-term and local: education; local poverty; healthcare; pensions; prices of petroleum. The larger issues just beyond the horizon—bal peace, the environment, trade, drugs and health—are unifying issues of a global character. In these areas, the effects of what happens in one country are transmitted to other countries. The problems themselves are not easily grasped, but they exist and they unify insofar as they are global.

With the rise of transnational forms of communication like the Internet, television and radio, the extent and implications of these global issues are becoming more known and more significant in national debates. Nevertheless, few national leaders are elected on the basis of international issues. They are hardly being mentioned in the current debates between George Bush, Jr. and Al Gore. The environment and global warming are only discussed because they worry the public. Parliamentarians and other local elected officials have a terrific responsibility to bring real and global issues to the attentions of their publics, even though they know that they may not generate votes. You must rise to this major, crucial challenge.

II Mastering a Changing Situation

These issues are not simply static. Rather, they are strongly dynamic. Within the next 25 years, the 6 billion people who currently inhabit the Earth will become 8 billion. The 4.8 billion people who currently live in the developing world will become 6.8 billion. 97% percent of the next two billion of earth—people will live in transitional or developing economies. This will constitute a significant challenge for younger parliamentarians. I doubt that I will be present to witness these changes. Nonetheless, echoing Hilde Johnson's words yesterday evening, the decisions that you make will significantly impact the number of people living in poverty.

Poverty is not only a social or ethical issue. It is a matter of peace. In analysing the factors that shape instability around the globe, one almost always finds basic economic problems. A series of questions will inform our global outlook. Will the 3 billion who live in poverty become 4 billion? Will people be able to go to school? Will there or will there not be economic opportunities? How will riches be divided?

Today, we know that problems of instability and poverty can easily "infect" neighbouring countries. This infection is facilitated by the state of communications. It is also facilitated by international terrorism, which can inflict anguish on a country with a vial of biotoxic material or a small atomic bomb. The apartments that were blown up in Moscow, the threat to the World Trade Center in New York, and the current ongoings in the Philippines are all proof of this. Our major problem lies
not in the raising of armies, but in the world's inherent instability. We are witnessing global movements, fundamentalism of all sorts and patterns of migration from one place to another.

III Rallying the People

These are issues which do not appear on local agendas but which will inevitably have to be confronted over the next 25 years. The situation is urgent. There is no sense in waking up 25 years from now only to discover that the world has become overridden with unpleasantness. It is urgent that we work now to create and begin to implement some kind of equity in global development over the next 25 years. This is not merely a matter of conscience or of moral principle, although those stakes would be sufficient. It is a matter of self-interest. Questions of self-interest are very appealing to voters. Voters will act once they understand that issues that concern them directly are no longer national, but are global.

The views I am presenting are not "mad philosophy" from an international civil servant. I have now been to over 100 countries and have visited with members of parliament in almost every one of them. I have also travelled through them all. I have just come from a three-day trip to Turkey. Turkish issues are critical to Europe: what happens there should matter to us all. Political life is subject to strong fundamentalist pressures. The state is non-religious, but fragile. The decisions that you make on assistance to Turkey in education or economic development will not appear to be very important to your local electorate. However, they will have an important impact upon Europe. In my meetings with the Turkish Parliament, I tried to show them that their local actions had global implications. Similarly, the issues with which I dealt earlier in the week (Gaza, the West Bank, Jordan and Iran) had implications for stability in both local and global contexts.

Global issues can no longer be avoided: they are present and must be attacked. Unfortunately, we rarely have informed parliamentary bodies or informed leaders. In my judgement, you who attend this conference on international poverty and its eradication have entered a field of utmost importance. This is not because it is a luxury to have extra interest in international issues, but because it is fundamental to each and every one of your countries.

IV International Institutions: The Need for Co-ordinated Action

International institutions like the World Bank face certain constraints in carrying out their tasks. Some are those, Hilde Johnson outlined last night: debureaucratising, decentralising and development. We are trying to make our institution much more global. Along the way, we have learned a few lessons.

Fifty years ago, the International Monetary Fund and the World Bank were the reigning centres for multilateral activities. We are today small in the overall scheme of things. We are a part of the international multilateral development community, which now involves over USD 50billion in transfers per annum. The Bank is the largest single component of this community. We are now joined by the UN system itself, by regional banks,
and by highly significant bilateral agencies, some of which are represented in this room.

While I am in Holland, I should pay tribute to the Dutch people and government for the bilateral assistance they offer.

Today it is no longer possible for the Bank to sit atop a mountain and wait for others to come to it. Bank activities must be co-ordinated and integrated with all the international institutions. However, we have found that we cannot restrict our activities to these international institutions. We also need to build consensus in civil society. To this end, the World Bank now reaches out to religious organisations, trade unions, and parliaments. The latter are particularly important because, by virtue of their having been elected, they represent the desires of civil society.

V National Participation

Since 1975, the number of formal democracies has increased from 40 to 120: five of the world's six billion people now live under some type of democratic process. We now see the emergence of a new force in these parliaments. While each represents "the will of the people", they can take on many different forms. In India, representation begins at the level of the villages, while in other countries, a more centralised system has been adopted.

The parliamentary impulse is becoming crucial in donor and recipient countries. Insofar as we deal with governments, the money that we distribute has to be channelled through governments. When working in democratic systems, the constitutions of the countries involved require that we work with Parliament. This is true for both donors and recipients. However, we have discovered that the underpinnings of knowledge and experience are frequently missing in these bodies. Within the US Congress, only 12 to 15 people know anything about the World Bank.

The same problem arises in other countries. People do not understand that the problems faced by the World Bank are not fringe issues, but are fundamental to stability, development and growth. For example, in terms of practicalities of finance, the developing world now represents 18% of the world GDP. That figure will rise to 30% in another 25 years. In economic terms, growth in trade, development, and the creation of jobs should be strong priorities over the next 25 years. Your action is completely in line with this reality. You are leaders. We must now try to develop deeper connections between the Bank and parliamentary bodies.

This will not be easy in many countries, where we deal more with the authorities than with the Parliament. If I try to set up a meeting with a national parliament without checking first with the Finance Minister, I am likely to have my head handed to me. In many countries, the relationship between the administration and the Parliament is uneven or uncertain. The mechanisms that we need to use must be carefully assembled. If I begin dealing with a development committee appointed by a certain parliamentary body at a time when I am having a conflict with a
Development Minister, the whole situation becomes immersed in a local debate.

The question of how to bring parliamentarians into the process must be considered. While I have no doubt that they must be included, I question our present methodology. Ministers or administrators sometimes want to keep the Bank far from what they call “the political level of activity”.

VI The Comprehensive Development Framework

Our thinking about development projects has moved from a more narrow to a more inclusive view, and has given rise to the Comprehensive Development Framework. It involves not only ourselves, the NGOs, parliaments and religions, but also two other crucial “players”. The first is the government with which we must operate. There is no sense in organising World Bank projects in Chile. The Chilean government must organise projects to which the World Bank can contribute. The same is true in Ghana or in any other country. We have come to recognise that, unless the project is owned by a country, we have no chance of making them effective in the long term.

The other factor is the building of constituencies within the countries themselves. We have learned that projects centrally owned by the State are less effective than those held through a more diffused form of ownership that sometimes extends to the community level. I am personally convinced that the challenge of the next 2 billion people will only be met if we look at poor people not as objects of our charity, but as assets to be used to bring about development. We must learn to engage the people whose lives we are trying to effect. We must recognise that only they know what is happening in their localities, and stop trying to impose project management on a top-down basis. I could cite dozens of examples, had I the time to do so.

The USD 50 billion that we contribute to development assistance is dwarfed by the USD 250-300 billion set forth by the private sector. Growth led by the private sector is now the central economic force in bringing about the more general growth that is required for development. At present we have managed to bring international agencies, civil society, private sector and the local governments into the arena. The latter play the leading role. We have learned that it makes no sense to throw money at a country unless it has established a framework within which we can operate. Neither donor nor recipient countries can gain from financial contributions if they lack governance, properly trained people, a legal system, a judicial system, a financial system and ethical principles. The aid dissipates. I can give you many examples of this, and I am sure that you know of many as well.

This new framework situates institution building and reform as another set of pre-requisites for development. It is intertwined with the policies we have established in the fields of education, health, transport, rural policy, environment and culture. We believe that all of our work should proceed through this comprehensive framework. This is what we are now doing. At some point, I would urge you to look beyond the
development programs in which you might be involved to this medium and
long-term comprehensive framework.

VII The Technological Revolution

Finally, I would like to mention the latest development in society. Its
importance is even greater than that of the subjects mentioned
previously. During my last trip to Korea, Thailand, Indonesia, East Timor
and Vietnam, I found that the top priority in the minds of every leader
was the technological revolution. Even in East Timor, I was told of the
importance of distance learning and other aspects of Internet technology.
During my last trip to Turkey, we talked about technology.

It is no longer a gloss or a luxury. It is not limited to those who are
lucky and rich. The technological revolution has succeeded those in
agriculture and industry. It is central to questions of development in
the future. It opens up enormous possibilities, but also brings with it
the most enormous challenges.

The Bank links over 100 of its offices by satellite. We currently run 400
videoconferences per month and this number is rising exponentially. These
conferences begin at 7 AM and continue late into the evening. We are
looking into 50 distance learning facilities that would enable us to
connect twelve different locations simultaneously, either for discussions
or lectures.

We are now building what is known as the "global development gateway". I
hope that this will be of interest to all of you. It is an attempt to
bring together international and national institutions in order to gather
all of the information that pertains to development. From issues in
education to contemporary history in Bolivia, all of the information that
may be of interest to users will be found on the gateway. It is an
opportunity for us to implement co-ordination and transparency. It has
almost infinite potential not just as a technological trick, but as a
methodology that can substantively bring us together. A page for mayors
has already been built into the prototypes that we are developing. The
gateway itself will be launched by the first quarter of next year.
Currently, every Saturday morning, we link for discussion and teaching
sessions with more than 300 mayors of towns and villages in seven Latin
American countries. The mayors??ge that we are developing will enable
mayors from around the world to link with and talk to each other.

We are now looking into a parliamentary page that will enable
parliamentarians to know what is going on in the development field. This
tool that has never been available before. We want to develop it with you
so that, as you move forward, ideas that you may have will not be
relegated to a few meetings per year. For the first time,
parliamentarians will be unified around centres of interest. This will
enable you to work together and to move forward on a variety of issues.
This is simply a sketch of what we are currently preparing. The Bank is
present to serve you and has an enormous base of information at its
disposal. We have a very strong desire to work with you. We are looking
forward in the most earnest manner to help you in your efforts. We know
that the partnership that we have begun to develop today will be crucial to the fight against poverty.

Thank you.

Bert KOENDERS: Thank you very much, Mr. Wolfensohn for a speech that was not only very heartening and informative, but which was also very important for us as parliamentarians. We were glad to hear your policies, and your openness to working with us as peers on problems of development.

I would like to introduce our second keynote speaker of the morning. She is the leader of our International Development Corporation and has worked for many international institutions. These institutions include the WTO, the World Bank and the United Nations. She was a very important parliamentarian in this country, having put the World Bank and development on the parliamentary agenda. It is a great pleasure to give the floor to Eveline Herfkins.