A TIME TO ACT

James D. Wolfensohn
President
The World Bank Group

Address to the
Board of Governors
Washington, D.C.
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It is my pleasure to welcome you to these Annual Meetings.

I would like to extend my appreciation to the U S authorities for making our meeting in Washington, D.C., possible and to the D.C. government, the D.C. Metropolitan Police Department, and to all the security personnel for all their support throughout the meetings.

I also thank my friend Horst Koehler for a collegial and cooperative working relationship in the last two years and for his thoughtful speech this morning. To our newest member country, the Democratic Republic of Timor-Leste—I join Chairman Macki in welcoming you to the Bank. Please accept our best wishes for every success in your efforts to build your nation.

When we gathered two years ago, I spoke of the opportunities and challenges of development. These have been a tough two years.

In the rich world, collapsing stock markets and corporate scandals have shaken confidence and mutual trust.

In the developing world, people have been badly hit by continuing wars and conflict, falling commodity prices, a slackening of demand, and continuing restrictions on trade with rich countries.

The human toll in Africa and Latin America has been heavy. Yet, in the face of these difficulties, much of the developing world has shown strong resilience. This resilience is a tribute to the progress that has been made in shaping and implementing policies.

Many countries have taken on the problems of dislocation inevitably involved in reform. They have worked to improve institutions and governance. And through these difficulties and our collective action, we have, in many ways, seen the best of people. We have seen a coming together—a recognition that international problems require international responses.

On September 11 last year, the world finally came to recognize that there are not two worlds—rich and poor. There is only one.
We are linked by finance, trade, migration, communications, environment, communicable diseases, crime, and drugs, and certainly by terror.

Today more and more people are saying poverty anywhere is poverty everywhere—and their voices are getting louder.

Their demand is for a global system based on equity, human rights, and social justice. It must be our demand too. For the quest for a more equal world is the quest for long-term peace—something that military power alone can never achieve.

And the world is beginning to listen.

We have seen a year in which the commitments reached at Doha, Monterrey, and Johannesburg have laid a new basis for a global deal.

The development community has confirmed the Millennium Development Goals as our framework for action.

In pursuit of these goals, we have witnessed the emergence of a global partnership built on a consensus that the world is interdependent. Our thinking and action must be local, regional, and global, and we must work and act together.

And we have reached a remarkable consensus on what is needed for successful poverty reduction.

First and foremost, developing country leaders have asserted that the responsibility for the future of their countries is in their hands. They know that they must drive their development and create a constructive environment to encourage growth that is equitable and just for poor people, indeed for all people.

This growth must be based on sound social and economic policies. To create the conditions for entrepreneurship, productivity, and jobs, the developing countries must invest in health and education, including early childhood education. These countries
must also invest in effective legal and judicial systems, clear tax and regulatory frameworks implemented in approaches that fight corruption at all levels, and strong and well-regulated financial systems. Gains from reforms leading to economic and social growth must be channeled to empower poor people so that they can shape their own lives. They know about poverty and what they need to do to improve their lives. They must be given responsibilities and they will perform.

Poor people are assets, not liabilities

In Monterrey and Johannesburg, developed countries agreed to work in partnership with the developing countries—to assist them to build capacity, to increase official development assistance where it is effective and well managed, to open markets to trade, and to reduce agricultural subsidies. They reaffirmed their commitment to the Millennium Development Goals for poverty and hunger, education and health, gender equality, and the environment.

Together, we have set 2015 as the deadline for our results. We must now, together, move beyond words and set deadlines for our actions.

We have said we are mutually accountable.

It is time to implement. It is time to deliver.

If the goals of 2015 are to be achieved, each of us must act now.

In doing so, we must recognize that development is not about quick fixes. Bringing lasting change requires vision. It requires time and patience. It requires a long-term commitment. It requires focus and discipline. And it requires us to measure effectiveness over time.

Some may say we need to learn more before we act. To those I would say, of course, we will learn more as we go along, but there is already strong evidence on what works and what does not. We know enough for implementation now.
What Must Each of Us Do?

Let me start with the rich countries.

Deliver on the Doha agenda. We know that rich countries’ barriers to trade are too high. Bring down the tariffs and cut back the nontariff barriers that all too often are covert protectionism. Keep to the Doha timetable. But there is so much that can be done by rich countries without waiting for Doha.

We know that agricultural subsidies in rich countries, at $1 billion per day, squander resources and profoundly damage opportunities for poor countries to invest in their own development. There should be a fixed timetable for these subsidies’ elimination. Take the opportunity at the World Trade Organization meeting in Cancun in 2003 to make firm commitments on subsidies, but I urge you to act sooner.

Deliver on the welcome commitments of increased aid made at Monterrey, and the excellent response to financing the shortfall for the HIPC [Heavily Indebted Poor Countries] Initiative made at Kananaskis. There appears to be an emerging willingness to increase aid that is productively used.

Untie aid, and move to better coordinate and harmonize development programs and policies. The fragmentation of donors’ efforts has long plagued the effectiveness of aid. Many of the failures blamed on borrowing countries actually represent the failure of donors to coordinate their efforts.

Better development multilateralism will deliver better development results.

What Must Developing Countries Do?

They must continue to build the capacity of their administration and push ahead with legal and judicial reform so that human and property rights can be protected.
They should move ahead with financial sector reform that is transparent, that makes funds available to all levels—from the biggest business down to the microcredit enterprise.

They must combat corruption and create environments for their people to enjoy equal access, and equal opportunity and voice. In doing these tasks they must seek comprehensive ways to develop and act on their priorities, incorporating the broad views of their people.

Like the developed countries, developing countries must increase their focus on results—monitoring outcomes and managing programs so that growth and poverty reduction goals can be achieved. For many countries, the New Partnership for African Development shows the way.

What Must the Bank Do?

Focus on implementation of our promises to work toward the Millennium Development Goals. Though as an institution we have changed greatly over the last decade, we must do more. Our operations must become more transparent. We must support developing countries to better build their capacity.

Although we have been a leader in measuring the results of our projects and programs, we must measure our results more rigorously and, with others, we must be held accountable in the context of broader country goals and the Millennium Development Goals.

We are anxious to move ahead with efforts to harmonize and coordinate our work with the International Monetary Fund, the United Nations, multilateral development banks, and other donors.

All partners in development must pay special attention to inclusion, participation, and empowerment.
—Inclusion, because we cannot expect reforms to be sustained if poor people are excluded when choices and trade-offs are made.

—Participation, because poor people know best what makes a difference in their lives.

—Empowerment, because we will not have lasting change unless poor people acquire the assets and means to shape their future.

Societies the world over are changing. People demand to be informed, to be consulted, to have a say, to have a voice. Unless we build on their strengths, we will forgo the most powerful force for implementation.

But actions by governments of developing and developed countries and by international institutions are only part of the solution. We must all do more to enhance the role of civil society and the private sector. The old multilateralism was government to government. The new multilateralism must include the voices of the private sector and civil society. We must all be more accountable. Better partners. Better listeners. Better deliverers.

And we must keep track of our actions.

We have made real progress in reaching broad agreement that development must be addressed comprehensively—and that it must be owned by developing countries. For most poor countries, this approach is embodied in their Poverty Reduction Strategy, an approach that is transforming strategy and partnership in many countries. The Comprehensive Development Framework is proving effective for middle-income countries.

For the first time we have a tool—the Development Gateway—that enables us to collect information on and learn more about development projects around the world. As the Development Gateway shows, there are more than 63,000 ongoing development projects, not including those programs undertaken by civil society or church groups. All too often, projects in one sector in one country are run by many varied agencies that are not talking to one another. We must use the Development Gateway to track
our actions so that we can better coordinate our efforts and learn
from the experience we all have.

We have come a long way. We do not have to start from scratch.
We already have implementable programs. The Education for All
Initiative, for example, would enable us to work together to
enroll some 17 million children in school. These would be chil-
dren going to school for the first time.

We have programs on HIV/AIDS. As of today, 20 developing
and transition economies have developed and are implementing
AIDS strategies that build on prevention, care, and treatment.

We have programs for clean water and sanitation.

But we need to scale up these programs so that they can have
national, regional, and global impact. And we need donor
support to implement them.

Let education, AIDS, and clean water be a first test of our
commitment to partnering for results.

To move implementation forward, we must agree to set deadlines
now for our actions if we are to meet the 2015 goals.

But we must go farther. 2015 is only a staging post on a much
longer journey. Over the next 50 years, we will likely see the
world population grow from 6 billion to 9 billion, with almost
95 percent of that increase occurring in the developing world.
Food needs will double, annual output of carbon dioxide will
triple, and for the first time more people will live in cities than
in rural areas, placing an enormous strain on infrastructure and
on the environment.

If we are to meet the 2015 goals, and go on reducing poverty
effectively, we estimate that we will need an average annual
growth rate of the world economy of approximately 3.5 percent—
giving us, perhaps, a $140 trillion world economy by 2050. In
such a world, the GDP of developing countries would approach
$50 trillion, up from $8 trillion today.
If we cannot protect our environment and make such growth ecologically responsible, we will not have sustainable development.

If we retain the current distribution of income in which 15 percent of the world’s population controls 80 percent of the world’s income, we will not have sustainable development.

If we continue to exclude the disenfranchised—women, indigenous people, the disabled, street children—from playing their rightful role in society, and if we ignore their human rights, we will not have sustainable development.

And if we do not have sustainable development, we may not have long-term peace.

Sustainable development is the challenge that together we must meet.

I cannot conclude without saying that I am extremely proud of the staff in the World Bank Group. They are united by a desire to fight poverty with passion. I thank them, from the bottom of my heart, for their hard work and commitment.

My friends, working together, we have the opportunity, the responsibility, and the privilege of shaping the planet of the future. We are not hapless bystanders. We can influence whether we have a planet of peace, of social justice, of equity, of growth—or a planet of unbridgeable differences among people, a planet of wasted physical resources, of strife, of terror, and of war.

Ours can be a time of a new renaissance of values, of justice, of freedom from want and from fear. We must set our horizons high. We must not be distracted.

We must act NOW on our promises. We must deliver on them with a sense of urgency. This is our responsibility and our destiny.