

CONCLUDING REMARKS

STATEMENT BY THE GOVERNOR OF THE BANK FOR SOUTH AFRICA

Trevor Andrew Manuel

On behalf of South Africa and the countries of our region, I wish to express my sincere gratitude at being selected to serve as Chairman of the Boards of Governors of the World Bank Group and the International Monetary Fund for the coming year. In assuming this responsibility, I wish to express my admiration for the manner in which the outgoing chair, the Honorable Mahesh Acharya, has conducted these meetings.

As I assume this responsibility, I am deeply conscious of the many challenges we continue to face as we enter the new millennium. While the worst of the financial crisis is behind us, with growing signs of global economic recovery, no country is in any position to become complacent. Now is the time to enter into a real partnership and embark on a course of action that would see a tangible improvement in the lives of many who currently find themselves in conditions of abject poverty.

Over the past few days, many positive developments have taken place. These range from the endorsement in the Interim and Development Committees of the enhanced HIPC framework to improvements in the gold market. Clearly, these developments and others provide a sound basis for us to enter the new millennium.

Successful poverty reduction efforts, however, require that the operations of the Bank and the Fund, together with donor assistance and other bilateral and multilateral partners, all pull in the same direction. At the same time, governments must develop their own programs and strategies needed to underpin this renewed and committed long-term partnership.

I offer Mr. Wolfensohn, Mr. Camdessus, and the staffs of the two institutions my heartfelt appreciation for the important work they have done and will continue to do in the future. I look forward to a constructive engagement with these two institutions over the next 12 months.

The agendas for these two institutions are full. The challenges are before us. The time for action has arrived. Let us work together for a better life for all. I look forward to seeing you next year in Prague for the year 2000 Annual Meetings.

CONCLUDING REMARKS BY THE CHAIRMAN OF THE BOARDS
OF GOVERNORS AND THE GOVERNOR OF THE BANK AND THE FUND
FOR NEPAL

Mahesh Acharya

We all understand that the power of time is great. It allows us to measure opportunities and set heavy duties and responsibilities. Our time here together has permitted us to set concrete and important goals. As Chairman of the Boards of Governors, it is now my duty to bring our deliberations to a close.

It has been a great honor for Nepal and also my great privilege to have served as Chairman of the Boards of Governors of the Bank and the Fund. I would like to take this opportunity to thank everyone for the tremendous support extended to me during my tenure here at the Annual Meetings.

On behalf of all Governors, let me first of all thank the President of the United States for his immensely meaningful address. We salute and are moved by his deep understanding and strong commitment toward poverty reduction and debt relief in developing countries. I would also like to take this opportunity to thank the people of Washington, D.C., for their warm hospitality.

As these 1999 Annual Meetings draw to a close, I would like to review briefly some of the major themes that have emerged from our discussions and their implications for our two partner institutions and member countries. Governors have noted that, since our last meeting, global economic prospects and financial markets have improved significantly. Indeed, many developing as well as industrial economies are now experiencing favorable growth trends or are in a recovery phase and the world economy is likely to continue improving during 2000.

However, Governors have also stressed that we cannot afford to be complacent and that it would be a fundamental mistake to relent on our efforts to tackle the major challenges before us. At the opening of these meetings, I spoke about two major challenges that face us at the dawn of the new millennium. One major challenge is to continue our efforts to reform the international financial system to prevent future crises. Governors have commented favorably on the progress that has been achieved over the past year. But you have also noted that much remains to be done. Work needs to continue in a number of areas, including international standards and good practices, financial sector reform, private sector involvement in crisis prevention and resolution, and the

liberalization of capital movements. Fellow Governors, these are complex issues that will require our personal attention over the coming year.

The second major challenge is to listen and respond to the “voices of the poor” that Mr. Wolfensohn and Mr. Camdessus described so vividly in their opening remarks. The progress that we have made in the last few days in enhancing the HIPC Initiative, ensuring that it is adequately financed and linking debt relief to poverty reduction should be of great benefit to the poor in heavily indebted countries. But much more needs to be done if we are to meet our objective of reducing by half the level of extreme poverty by the year 2015. At the national level, governments need to bring the social and structural aspects of development together with the macroeconomic and financial side. They need to enhance transparency and improve governance. Institutional capacity must be strengthened and the private sector energized. At the international level, we need to continue improving market access and reducing barriers to trade, especially for the benefit of developing countries. The worrisome decline in international development assistance must be reversed and broad-based support for international development must be built.

In addressing these challenges, Governors have emphasized the crucial importance of successful collaboration between the Bank Group and the Fund, as well as among member countries. Governors thanked the managements and staffs of the two institutions for the tremendous work they continue to do. I welcome the personal commitment of Mr. Wolfensohn and Mr. Camdessus to continue efforts to improve our institutions. Governors welcomed the progress made by both institutions in enhancing the transparency of their operations and encouraged them to continue working together to improve the functioning of the global economy. Governors also welcomed the concept of a Comprehensive Development Framework, the introduction of Poverty Reduction Strategy Papers, and the transformation of the ESAF into the Poverty Reduction and Growth Facility. These are all important steps in concentrating the minds of governments, the Fund, and the Bank on the central challenge of poverty reduction.

My fellow Governors, the message that I will take away from these meetings is that we have recognized the challenges before us in reforming the international financial system and in addressing the needs of the poorest. Our ultimate aim is to make a difference in the lives of our people. As a finance minister from a developing country like Nepal, I am aware that implementing many of the reforms that we have discussed will not be easy. However, with the support of our two institutions, I am confident that we can overcome these difficulties. Indeed, we are reassured that so many of our aspirations are at the core of the work of these

two institutions. When we meet again next year in Prague, it is my sincere hope that we can say that we have together moved closer to these important goals. With our renewed commitment to break the shackles of debt and poverty, we can indeed welcome a new international development architecture compatible with the emerging global financial architecture.

Before adjourning these last Annual Meetings of this millennium, I would like to congratulate Mr. Wolfensohn on his reappointment as President of the World Bank. I would also like to express my appreciation to both Mr. Wolfensohn and Mr. Camdessus for their relentless efforts, and I hope they continue to stand together and strengthen our coalition for global progress and prosperity. I also thank the staff of the Joint Secretariat for their hard work and dedication, which have helped make our meetings a success. I would also like to extend my best wishes to the Governor for South Africa, who succeeds me as Chairman of the Boards of Governors.

I conclude by once again thanking everyone and wishing all a safe journey home. The 1999 Annual Meetings of the World Bank Group and the International Monetary Fund are hereby adjourned.

STATEMENT BY THE PRESIDENT OF THE WORLD BANK GROUP

James D. Wolfensohn

Thank you very much indeed, Mr. Chairman, and let me start by expressing my gratitude to you for the way in which you have chaired these meetings and my admiration for the work you have done in this past year. We look forward to our continuing relationship with you.

I am told that the attendance at these meetings was a record—I think we had 19,960 people registered. That strikes me as a quite remarkable number, and I want to particularly thank the staff and the organizers for the remarkable work that they have done in preparing for these meetings and for the way in which they have been conducted.

I think that all of us probably feel that there has been a very good atmosphere at these meetings, of course, framed by the fact that we do not have the crisis that we did last year, but conscious of the fact that the problems are not all over. I think we are also conscious of the fact that this is the last session that we will have in this millennium. So there has been a real acceptance, I believe, of the fact that the main challenge is

poverty and that we need to come together to face this. The future is not only full of challenges but also full of hope if we can get together.

You were all pleased, I think, with the development of the new Poverty Reduction Strategy Paper, which will be jointly done between the Fund and the Bank to address the questions of growth and poverty together and come up with a single document that will guide the activities of the Bank in the context of ESAF and IDA. Certainly, on the Bank side, we are very pleased indeed with this new development. We look forward very much to our joint work with our partners not only for poverty reduction and growth but also for the well-being of all who share our world.

There was also quite some interest expressed at these meetings in the Comprehensive Development Framework. I was delighted to have the chance to talk to many of you about this subject, together, not only at this meeting—at which many of the Governors referred to this initiative—but also in meetings that I had directly with the Governors. I found those meetings extraordinarily useful, both in terms of the substance of the observations and also the sense of movement there is for all of us to come together.

This issue of partnership between the participants in the development process: between the two Bretton Woods institutions, of course, but also the bilaterals, the regional banks, civil society, and the private sector—all in the service of your governments—is something that I think has been accepted and agreed to by all of us. I was personally very delighted that this coming together is so apparent.

I talked of the creation of a new development architecture to parallel the financial architecture. That, too, I think, was something that had some resonance in the hallways. We are building coalitions for the improvement of the lot of our people who are less well-off; we are building coalitions for the next century, and it is certainly the position of the Bank that we are very anxious as we move forward to have our doors open to you for any ideas that you can bring to us, and we want to assure you that we are there to serve you and to work with you to achieve the objectives of your countries.

I was glad that there was such a good and interested reaction in the issue of the *Voices of the Poor*. This study we have done was announced here during the course of these meetings, and we will be continuing. I would like to say that, as far as the Bank is concerned, this listening to the voices and acting on the focus of their remarks are going to be central to our work as we move forward. It relates to all countries, really, and I think all of us, as we go into the next millennium, face this challenge to which I referred of both demographic changes and growth, and the notion that within another 25 years we will have another 2 billion people on

our planet. This poses us with an extraordinary challenge, a challenge that relates to equity, a challenge that relates to justice, a challenge that relates to the type of world that we are going to leave our children.

So I conclude these meetings with a feeling that we are united to try to deal with this issue. I am glad that we were able to make such good progress on HIPC for debt forgiveness, for that is, indeed, an important element in the process; but what is most needed is for all of us to come together to reconstitute ourselves as a team that is enthusiastic, that is open, and that has as its top priority the establishment of a more just and a more peaceful world.

So I thank you. I thank the Governors for their contributions. I read with care many of the interventions that I did not attend. I look forward very much to the meetings next year in Prague and in the United Arab Emirates in 2003, and I am delighted that that location has been chosen. So, thank you again.

STATEMENT BY THE CHAIRMAN OF THE EXECUTIVE
BOARD AND MANAGING DIRECTOR OF THE
INTERNATIONAL MONETARY FUND

Michel Camdessus

Let me first express my congratulations to Jim Wolfensohn on his reappointment to the Presidency of the World Bank Group, and my pleasure at the prospect of continuing to work with him and his colleagues during his second term. Especially so, in view of the stronger ties that are now being developed in key areas of Bank and Fund operations.

These have been a truly productive few days; indeed some, including the Chairman of the Interim Committee, have referred to the historic nature of the decisions that have been reached. You have conveyed a striking unity in your assessment of the current economic prospects, and of the priorities for economic policy in terms of what needs to be done to strengthen the present recovery. You have offered overwhelming endorsement of our efforts to deal with the crisis of the past two years and for the work that we have been doing with the World Bank and others to strengthen the international monetary and financial system. And above all, the enhancement of the HIPC Initiative, the launching of our Poverty Reduction and Growth Facility, and all that goes with these steps, have created a strong new impetus to the war on poverty. For the staff and

management of the Fund the fact that 91 countries, including 58 developing countries, have contributed their money to financing the Fund's share in the HIPC Initiative is the clearest possible vote of confidence.

In our discussions, I have detected three key themes. The first is determination to avoid complacency. Certainly, the atmosphere surrounding these meetings could hardly be more different than one year ago. Many Governors have sounded a note of relief, perhaps even of surprise, that the recovery has become evident so soon. But, almost unanimously, Governors have sounded a cautionary note, no one more clearly than the Governor for Canada in saying that, "We will be making a grave error if we let the return of relative calm in financial markets and the improvement in world growth prospects lead us to believe that further reforms are not necessary." Equally in your assessment of the work that has been done in the area of the financial architecture, I have heard notes of satisfaction, but even more forcefully, the recognition that a tremendous task lies ahead of us.

If more stable global conditions prevail, it has allowed renewed attention to be paid to the huge variety of challenges that confront so many members.

- We were reminded of the tremendous challenges of development around the world. The Governor for Madagascar spoke of the challenge for all Africa of "financing development and poverty reduction in the face of declining resource flows, the high instability of Africa's export earnings, the debt burden, Africa's marginal role in the international financial system, the threat of the HIV/AIDS epidemic, and weak human and institutional capacity."
- We have been reminded of the vulnerability of countries at all levels of development to the natural disasters of the past year: hurricanes in Central America and the Caribbean, and the recent devastating earthquakes in Turkey, Greece, and Taiwan Province of China.
- We have also been reminded of the consequences of military conflicts in many parts of the world, including many that are too often overlooked by the global community. But foremost on the minds of many Governors was the sad situation in East Timor. You can be sure that the Fund is ready to do its part to assist in the urgent, demanding task of reconstruction.

The urgency of the second theme is captured in recurring key words: action and implementation. There is a desire for further progress on what has been initiated, so as to minimize the effects of the lingering risks that we all discern in our current situation. The immediate agenda

consists of the two broad areas that have dominated our discussions: the global financial architecture and poverty reduction.

With respect to international monetary and financial reform, I perceived a degree of impatience for advancing reforms that are pending: issues of exchange rate regimes; involving the private sector in preventing and resolving crises; and the liberalization of capital movements. These will be high on the agenda of the Executive Board in the coming months. While your comments continue to reflect a diversity of views, there is no question about the determination to carry forward the debate as quickly as possible.

Increasingly the international institutions and national agencies will be caught up in the implementation of what has already been agreed. Governors have also supported our work in the area of transparency and standards and have warmly welcomed the work the Fund has been doing in the area of financial sector assessments in close collaboration with the World Bank. But as we proceed, we must also heed the note of caution, in this experimental area, as to how far the Fund should itself become engaged in the details of implementation. And one of the most severe constraints may be human resources. Many countries will need technical assistance for many years from many sources—the international standard-setting agencies and the bilateral countries—but there is a risk that these sources may become too stretched to meet the demand in some critical areas. Providing technical assistance in a coordinated and efficient manner will be one of the key issues in the coming months and years.

All of these issues have a bearing on the role of the Fund's surveillance, the review of which will be completed by the Executive Board in the months ahead. Rest assured that the Fund's energies will be primarily and energetically focused on the macroeconomic policies and balance of payments issues that are our traditional mandate. But as so many Governors have pointed out, we live in an era of rapid, often volatile, capital movements and where balance of payments crises may be triggered by factors outside the traditional boundaries of surveillance. Therefore we must try to avoid the effectiveness of early warning signals being eroded by too narrow a focus in our surveillance.

These meetings have resulted in a clear mandate for the Fund to integrate the objectives of poverty reduction and growth more fully into its operations. We will do so through our participation in the enhanced HIPC Initiative, through an ESAF transformed into a Poverty Reduction and Growth Facility, and through a closer link between debt relief and poverty reduction. We will also continue to consider how better to include a social dimension in our policy dialogue with our wider membership. The incidence of poverty extends far beyond the poorest countries. Although we have concentrated at these meetings on the poorest people

in the poorest, most debt-ridden countries, the need extends to poor people in all countries. As the Governor for Japan reminded us with reference to East Asia, "Those who had received the smallest fruits of economic growth are now being left behind." The Chairman spoke of his own country Nepal, poor, but not a participant in the HIPC Initiative, yet where the incidence of poverty is pervasive. Our policy dialogue and advice will be attentive to such cases and will continue to be based on the basic premise that the best route out of poverty is strong, sustainable high-quality growth.

All our work in this area hinges critically on our partnership with the World Bank. As the Governor for the Netherlands reminded us, "Better quality and depth of the Bank's poverty analysis should help the Fund to adequately sequence and fine-tune macroeconomic stabilization policies." The challenge that faces both our institutions is how to implement, across a wide range of countries, at ground level, the broad principles that have been agreed between us over the past few weeks and months. And the agenda Jim Wolfensohn mapped out at the opening session points to the enormity of the task that awaits. I am sure that the seven pledges will provide this work with invaluable guideposts.

As we consider the issues that should be high on our agenda for the year ahead, let me reassert the importance for development and for sustainable growth of an open, competitive trading system. To this end I warmly welcome President Clinton's call yesterday for a new trade round, to be launched later this year, that would focus strongly on products of interest to the developing countries. Let us work as hard as possible to complete this round expeditiously.

Finally—I can be very brief—the third theme arises from the expectation that, this time, the international community and national governments will deliver what has been promised. I need not elaborate. In one word: we have an obligation to deliver.

The Governor for Norway, in his remarks, reminded us, "Closing the gap between the 'haves' and 'have-nots' within developing countries as well as between countries is a question of mindsets, morals, and ethics. It is very much a question of solidarity." I believe these meetings have given substance and full recognition to the social pillar as an integral part of the new global architecture.

Specifically, we have firmly established poverty as a permanent, pressingly urgent matter on the agenda of the international financial community, no longer an issue to be consigned to an afterthought in communiqués or policy papers. We have brought these concerns to the heart of our operations. And equally we have recognized that poverty and social justice are key ingredients of the framework for national policy formulation framework.

As the meetings draw to a close, I would like to thank you, Mr. Chairman, for your role in chairing these exciting meetings. I would also like to welcome the Governor for South Africa, as he takes on the mantle of Chairman of the Boards of Governors through our next meeting in Prague. I look forward to those meetings, not least because they will bring into the spotlight the achievements of the transition countries, which, as a group, has received less international attention than other, more troubled regions in the recent past. I am also particularly pleased that the United Arab Emirates has graciously offered to host the 2003 Annual Meetings.