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INTERNATIONAL FINANCE CORPORATION
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Concluding Remarks by the Chairman,
the Hon. **WOLFGANG RUTTENSTORFER**,
Governor of the Fund and the Bank for **AUSTRIA**,
at the Closing Joint Session

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As Chairman of the Boards of Governors, it is now my duty to bring these discussions to a close. It has been my privilege to have served as the Chairman of the Boards of Governors of the Fund and the Bank. I wish to thank you all for your support during my tenure. On behalf of all of you, I would also like to thank the President of the United States for his insightful address and the people of Washington, D.C. for their hospitality. I also wish to thank the President of the Argentina for his words of encouragement.

In closing the 1998 Annual Meetings, I would like to review briefly the major themes that have emerged from our deliberations and to point out the implications for the Fund and the Bank.

It is clear that the past year has been an extremely challenging time for us all. The Fund and the Bank have been called upon to address perhaps the most serious international economic crisis since their foundation, and they have risen to this challenge commendably. However, as many of you have noted, the time has come to prepare them for the next century.

In the short-term, the Fund and the Bank will need to focus on alleviating the immediate negative impact of the crisis and on restoring confidence. We must continue to work to maintain and reestablish macroeconomic stability in crisis-stricken countries. It is crucial that the spread of the crisis be arrested, in particular to avoid a global slowdown in growth. In addition, greater emphasis needs to be placed on the social dimensions of the crisis.

Over the longer-term, we will need to work diligently to reform the international monetary and financial system, while maintaining our commitment to assist our poorer members. Many of you have expressed support for the broad strategy presented by the Managing Director of the Fund and the President of the World Bank.

The important role of transparency has been highlighted. Better release of information will lead to better decisions by market participants, leading to less market volatility. In addition, the Fund's surveillance can be strengthened to provide a better early warning system of potential crises. Similarly, market participants will need to provide more and better information, as well as adhere to strengthened common standards across a number of areas. Your call to involve the private sector in forestalling and resolving financial crises must also be urgently addressed. Orderly and prudent liberalization of capital movements must progress within the context of appropriately strong and well-supervised financial systems. You have reaffirmed the importance of including this topic within the purview of the Fund.

Now more than ever, we must work to realize all these goals.

The social dimensions of economic development have been highlighted in our deliberations over the past few days. There has been broad support for the important efforts of the World Bank Group to improve the quality of life of our citizens, particularly in our poorest

members. Efforts to eradicate poverty, extend basic education and health care to the more vulnerable segments of the population, and provide assistance for essential structural reforms are at the heart of any successful development strategy.

In this context, the progress in the implementation of the HIPC Initiative has been welcomed. However, we must encourage more members to strive to be included in the Initiative, and we must redouble our efforts to secure the necessary financing for the HIPC Initiative and the ESAF.

My fellow Governors,

It is vital that both the Fund and the Bank have sufficient resources to perform their tasks. To that end, I echo your call for an early implementation of the quota increase for the Fund, the New Arrangements to Borrow, as well as of the SDR amendment. Also, IDA-12 replenishment needs our early and resolute attention.

In addition to ensuring that they have sufficient resources, strengthening Bank-Fund collaboration will be crucial in attaining all our challenging goals. Also, the operation of the Bank and the Fund must continue to be improved. We welcome the progress achieved so far in the Bank's Strategic Compact and look forward to further progress. The Fund is moving forward to improve its own operations—especially in making its work more transparent and improving the quality of its analysis and advice.

Allow me to express our gratitude to the heads of the Fund and the Bank—Mr. Camdessus and Mr. Wolfensohn. Their leadership during these challenging times has been critical. They have displayed a level of dedication and dynamism that deserves our praise. In addition, the staffs of the Fund and the Bank have done a tremendous job over the past year. We are confident that, based on their professionalism and the guidance and inspiration of their heads, the international community can effectively meet the present challenges.

My fellow Governors,

During my opening remarks, I noted the important role of markers along a path in providing clear direction. During these meetings, we have established markers for the urgent work ahead of us. Let us now follow these markers toward a more prosperous and equitable future.

Before adjourning, I would like to express my appreciation to the staff of the Joint Secretariat for their hard work, which has helped make our meetings such a success. I would also like to extend my best wishes to the Governor for Nepal, who succeeds me as Chairman of the Boards of Governors.

I would conclude by once again thanking everyone and wishing all a safe journey home. The 1998 Annual Meetings of the International Monetary Fund and the World Bank Group are hereby adjourned.