

CONCLUDING REMARKS

STATEMENT BY THE GOVERNOR OF THE BANK FOR CHILE

Eduardo Aninat

I should like to express my appreciation of this choice you have made. On behalf of Chile and the region, I am honored to accept election to the Chair of the next Joint Annual Meetings of the Boards of Governors of the International Monetary Fund and the World Bank Group. It will be an inspiration to follow in the footsteps of Minister Paul Dossou, Governor for the Republic of Benin, whose able management of these Meetings deserves our fullest commendation.

This year's Meetings have set ambitious goals that must guide the work of the International Monetary Fund and the World Bank Group during the forthcoming months. They have also demonstrated that these institutions must continue to live up to the challenges present in an increasingly complex international climate.

The views that have emerged in the Committees and in these discussions indicate that, generally speaking, the international economy at the moment is in favorable condition. In terms of the outlook for both global growth and stabilization efforts, the world environment is showing signs of progress that are worthy of note.

Nevertheless, this is no time for complacency. On the contrary, our countries need to take advantage of the new underpinnings of global growth and expanding trade to consolidate the economic reform, structural adjustment, and social development programs in which they are now engaged.

In this context, a decisive factor will be the part that government budgets and fiscal policy play in consolidating macroeconomic equilibria. However, the developing countries are very conscious that the impact of fiscal policy extends beyond macroeconomic goals. There are marked imbalances in the distribution of the dividends of progress and in the degrees to which the various social groups are reaping the benefits of growth. Our countries need to persevere resolutely with public policies to combat poverty, indigence, and marginalization.

At the international level, we need to ensure that the poorest countries receive adequate financial support and that limited aid resources are used effectively.

It is our firm conviction that both the International Monetary Fund and the World Bank Group will continue to put increasing forcefulness,

adaptability, and ingenuity into the quest for responses to the challenges facing us today. We anticipate working in conjunction with Mr. Camdessus, Mr. Wolfensohn, and the Executive Directors and staffs of these institutions to ensure the success of the Fifty-First Joint Annual Meetings of their Boards of Governors in Washington in 1996.

STATEMENT BY THE PRESIDENT OF THE WORLD BANK GROUP

James D. Wolfensohn

First of all, let me thank all of you for your many kind wishes on my appointment as President of the Bank Group. I have been tremendously encouraged by the words that have been spoken—and by the commitment to the work that must now be done. This may have been our Fiftieth Annual Meeting, but I leave here not so much with a sense of the past, as of the future. A sense of a new beginning—and new partnership.

I saw this even as these meetings got under way, when I participated in the Conference on Environmentally Sustainable Development—the third in the annual series sponsored by the Bank. There, among thousands of others from all over the world, I witnessed what is meant by the term “the new environmentalism”: the broad agreement that promoting development and protecting the environment are two sides of the same coin. The broad understanding that we all have responsibility—and that we must all work together—in safeguarding our children’s future.

These meetings have focused, rightly, on the work of the Bretton Woods institutions, but they have also seen an opening up to all our partners in development. Our friends in the private sector have played an active and leading role in a new series of seminars on different countries—as a spur to increased investment in those countries.

The increased participation of our friends in the nongovernmental organization (NGO) community has also helped to enrich these meetings. A few days ago, as I joined in a press conference with several of their leaders—which incidentally, I believe is the first of its kind—I could see clearly that we share the same ultimate goals. We can do much more to achieve them by enhancing our dialogue and our collaboration. And I plan for the Bank to move vigorously in that direction.

There was a new consensus, too, at the Development Committee. Not only on what the priorities are, but on the more effective role the Committee can play in ensuring that action is taken on them. I particularly appreciated the Committee’s urgent call to all donors to maintain their commitments to the International Development Association (IDA). There was also

agreement that the Bank and the Fund should continue to advance their work on the issue of the multilateral debt problem facing some of the world's poorest, mostly highly indebted countries—and to present our proposals to the Committee at its next meeting.

The new format of the Development Committee meetings has been judged a success. And let me add how delighted I was at another departure at this year's meeting: the presence there of the United Nations Secretary-General, Mr. Boutros Boutros-Ghali, and of Renato Ruggiero, the head of the WTO. This is further evidence of new partnership in the development community—and of the interlinkages in our world between development, trade, and peace.

In my annual address, I spoke of the need for a “new compact”: that in return for adequate resources being made available for the world's poor—recipient countries, the Bank, and all of us engaged in development, must make a greater effort to ensure that those resources are used even more effectively. Business as usual will not do. I have been gratified that my call for a new compact seems to have resonated in these meetings—with donors and recipients alike.

I also spoke of the need—in a number of respects—for a “new Bank” to meet the changing needs of our client countries. We must be more focused on results—development impact. We must be more accountable for our work, and more open to effective partnerships. We must be committed to excellence in everything we do. And I am determined that we will be.

As I said, the potential for this institution to leverage its unique capacity is enormous. But to take full advantage of it, we must change. Let me say how gratified I was to hear so many of you speak in support of my early thinking on this issue.

I also deeply appreciate the strong support for IDA articulated by virtually every Governor in the plenary session—as well as by Michel Camdessus, whose remarks on this issue were so inspiring. I should add that NGOs have also been highly supportive of IDA. They understand—as we all do—exactly what is at stake here.

Because of overall declining aid flows, IDA has become of greater importance than ever before to the poorest countries. The threatened budget cuts by the U.S. Congress would have the effect of driving them further into debt, deprivation, and poverty.

In my view, this represents the most serious crisis for development assistance in our lifetime. If we fail to protect IDA, the ideas and ideals in which we have believed for a generation will be dealt a devastating blow: the importance of upholding international commitments; the undoubted advantages of multilateralism over bilateralism; and the mutual benefits of the rich helping the poor—all these principles will be severely damaged.

No one spoke more forcefully or eloquently on this issue than President Clinton. “IDA is essential,” he said. “It serves our fundamental values,

as well as our economic interests.” Above all, he emphasized, “it is the right thing to do.”

I sense that we leave these meetings with renewed spirit and strength—not only to garner the necessary support for IDA, but to build on the partnerships that have been forged and reinforced here. As our Chairman told us in his opening remarks, what is important now is that we “translate our words into concrete measures that have measurable and sustainable results.”

Speaking personally, I very much appreciate the support and friendship everyone has given me at these, my first meetings. We are all here for the same reason, because we care about the same goals: helping the poorest people in this world to improve the quality of their lives. And building a better world for our children.

In conclusion, let me repeat my deep gratitude to my friend Michel Camdessus, who has done so much to advise and help me in these early months of my presidency at the Bank.

On that note, allow me also to express the Bank Group’s appreciation to Minister Dossou for his excellent handling of these meetings, and to congratulate Minister Aninat, the Governor of Chile, on his selection as next year’s Chairman.

I wish you all a very safe journey home, and I look forward to welcoming you all again to Washington next year.

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

Michel Camdessus

I have been impressed by the broad agreement shown at these meetings on the opportunities and challenges that globalization presents for our countries and the International Monetary Fund. And I have been impressed by the broad agreement on the strategies we need to implement.

I have found it especially heartening to hear again how the Mexican crisis has not dented but, if anything, reinforced, the worldwide appreciation that countries need outward-oriented and market-oriented strategies to foster sustainable growth. The Governor for Brazil, speaking on behalf of Mexico and the other countries of Latin America, remarked on how the reversal of capital flows that followed the events of December did not lead to any slackening in the pace of adjustment and reform in those countries: “on the contrary,” as he said, these policy efforts “gained

new momentum and strength.” What a welcome and promising response to that difficult challenge! And an impressive demonstration of the increased confidence of these countries in their economic progress—confidence that is well based. And the Governor for India remarked on how developing countries all over the world continue to be engaged in “an unprecedented restructuring of their economies and policies to take advantage of the possibilities offered by our increasingly integrated world markets.”

Many Governors emphasized that they fully appreciate the new challenges that globalization is presenting for them. The Governor for Indonesia remarked that the globalization of financial markets has meant that his country and other developing countries are being affected by events that only a few years ago would probably have had little impact on them. This, indeed, is our new world: as President Clinton put it, “in the global economy of the twenty-first century, we are all neighbors.”

All Governors emphasized their commitment to macroeconomic discipline that is called for now, more than ever, by our globally integrated economy. But, Governors, you all agree that this is not enough. Mr. Chairman, as you said in your opening remarks, globalization “underscores the need for global partnership,” and this points to the roles of the Bank and the Fund.

I am gratified by the clear endorsement by Governors of the steps we have taken to make surveillance more effective for all countries. I have noted the importance that most of you attach to improving the provision of data to the Fund and also to the standards that we shall soon be finalizing on the publication of statistics. Of course, whatever we do—Fund staff and management—cannot be sufficient by itself to ensure more effective surveillance. As you said, Mr. Chairman, “The effectiveness of Fund surveillance ultimately depends on the willingness of members to cooperate with the Fund.” That is indeed a key point. We rely on the cooperation of our members to help us achieve the stronger surveillance that all countries are seeking.

We shall also need your active cooperation to bring to fruition the initiatives to strengthen the Fund’s resources and its ability to help the poorest countries. Here there is an unfinished agenda, which will form an important part of our work program in the months ahead.

As the Governor for the United States observed, “the increased size and speed of financial flows mean that resources required to address future challenges may be much greater than anything now available.” Many Governors have emphasized again that the Fund is a quota-based institution, and that a substantial increase in quotas is needed. A number of you have expressed your agreement that a doubling of quotas is justified and necessary. And you have shown that there is a strong consensus among the membership that we must move ahead speedily with this review. We

will report to the Interim Committee next April on further progress. And let us aim to reach agreement on the review in 1996. In addition, the need for a doubling of the General Arrangements to Borrow (GAB) is agreed; and we look forward to an early resolution of the outstanding issues through a constructive dialogue between the Group of Ten and potential new participants.

Governors: your endorsement of the strengthening of Fund surveillance and the strengthening of the Fund's resources will support the first two legs of the strategy I set out on Tuesday. But it is the third leg of the strategy that gives full meaning to the other two, since it is by helping the integration of the poorest countries into the world economy that we allow globalization to develop its effects positively for the entire world and demonstrate that it has the potential to serve the togetherness and effective solidarity of nations, so allowing, I quote, "the promotion and maintenance of high levels of employment and real income and...development of the productive resources of all members as primary objectives of economic policy." These words, as you know, are not those of a generous governor, but the very words of our founders in Article I of our Articles of Agreement. In very concrete words, this points, *inter alia*, to the major importance of the Fund's resolving the issue of financing of the interim enhanced structural adjustment facility (ESAF) in the next few months. No one questions the effectiveness of ESAF, the Fund's key instrument for helping our poorest member countries achieve the growth that they need. Its financing for the period before it becomes self-sustaining must now be secured. We will also be collaborating closely with the World Bank to consider what more might be done for the small number of highly indebted poor countries whose debt to the multilateral institutions may not be sustainable.

Two days ago, Jim Wolfensohn pointed out how "bitterly ironic" it is that just as we are reaching a consensus on how to address the challenges of our changing world, the threat to development assistance is so great. I fully concur with that. I was most encouraged by President Clinton's remark that it is not necessary for the United States to walk away from its commitment to the International Development Association (IDA) to balance its budget. The same applies to all providers of official development assistance. There is no better investment for these countries to make in their future than to maintain and allocate effectively, in close partnership with the Bretton Woods institutions, a higher share of their national resources to concessional assistance for the poorest countries.

In the past year, we have seen a vivid illustration of the perils of the twenty-first century. We have learned from the Mexican crisis. Let us now move forward with determination and solidarity to complete the agenda we have been discussing, and to ensure that the Fund is fully equipped to help your countries face the challenges of our new world.

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

Paul Dossou

It has been a great honor to have served as the Chairman of the Boards of Governors of the Bank and the Fund for the past year. I would take this opportunity to thank everyone for the support and kindness extended to me during my tenure. I would also like to thank the President of the United States for his words of strong support for our institutions and our work.

As these 1995 Annual Meetings draw to a close, let me return to a theme of my opening remarks, to which many of you have referred—the need for a global partnership to achieve our common goal of sustainable economic growth and the reduction of poverty. Our economic destinies are intertwined. We must work together to seize the opportunities presented by current conditions.

As a priority, many Governors stressed the importance of ensuring an adequate flow of resources to the poorest countries so that they can continue the progress they have made. The vital role of concessional multilateral development assistance, as provided through the International Development Association (IDA), was emphasized. I join with all who urged donors to fulfill their obligations to IDA-10 and to commit themselves to a timely and substantial replenishment of IDA-11. As President Clinton so eloquently reminded us, “We must provide support for the poor and less fortunate, because it is the right thing to do.” In turn, recipient governments must take measures to ensure that the resources are used with maximum efficiency. In this regard, I welcome Mr. Wolfensohn’s call for a “new compact” among us.

Many of you also emphasized the need to address the debt burden of heavily indebted poor countries, which places a constraint on the acceleration of economic growth. This issue is central to the discussion of reducing poverty in these countries and requires a concerted and comprehensive approach. You have encouraged the Bank and the Fund to move forward with their exploratory work on this problem.

The Governors recognized the importance of investing in human capital. Improved access to education and health facilities will improve the quality of life in the developing countries. You welcomed the reorientation of the Bank Group toward addressing global social and environmental problems and encouraged it to become more client-oriented by, in particular, strengthening its presence in the field and promoting the participation of beneficiaries in the design, preparation, and implementation of projects.

Turning to the Fund, I note that many Governors commented on the significant new opportunities that are opening to most countries as a conse-

quence of recent developments in the international economic environment, in particular the globalization of markets for goods, services, capital, and labor. Countries should be vigilant and stand ready to move quickly to address domestic imbalances, correct financial sector weaknesses, and pursue prudent debt-management strategies. Only through the consistent implementation of sound policies will our countries be equipped to take full advantage of the opportunities for strong growth, while avoiding downside risks.

Against that background, many of you have encouraged the Fund to step up all aspects of its surveillance over the international monetary system and members' economic policies. You have welcomed the recent decision by the Fund to develop standards to guide members in the preparation and publication of economic and financial data.

Many Governors also drew important lessons from the Mexican crisis for the IMF's policies and its financial assistance to member countries. You commended the Fund for playing its crucial part in the extraordinary demonstration of international solidarity that has helped Mexico to weather that fierce storm. For the future, you welcomed the recent decision of the Fund to establish an emergency financing mechanism to respond rapidly and appropriately in the event of serious financial crises. The Governors expressed their wholehearted endorsement of the important role that the enhanced structural adjustment facility (ESAF) has played in helping to put many low-income developing countries on the path of durable growth. I welcome the universal support for continuation of the ESAF and the establishment of a self-sustaining ESAF.

In looking ahead, the Governors agreed that it is crucial that the Fund be equipped with sufficient resources to fulfill its responsibilities. There is a broad consensus in favor of a significant and early increase in quotas, and the Governors asked the Fund to pursue the enlargement and extension of the General Arrangements to Borrow (GAB), with a view to doubling the resources currently available. You also stressed the need to continue to review the issue of a new SDR allocation.

There is much food for thought in the work we have done in the past few days. As we adjourn, let us pledge to work together in the coming months to achieve our common goal of a better standard of living for everyone.

Before adjourning, I would like to express my appreciation to Mr. Wolfensohn, Mr. Camdessus, and their staffs for their dedication and competence in making our gathering a success once again. It is with humility and respect that I welcome the election of the Governor for Chile as the Chairman of the Board of Governors for the coming year. At this juncture, I would like to pledge my full support and that of my colleagues for the success of his work. I would conclude by once again thanking everyone and wishing all a safe journey back home.

On that note, I now declare the 1995 Annual Meetings of the Governors of the World Bank Group and the International Monetary Fund adjourned.