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Statement by the Hon. **HILDE FRAFJORD JOHNSON**,
Governor of the Bank for **NORWAY**,
on behalf of the Bank Nordic Countries
at the Joint Annual Discussion

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Mr. Chairman, Mr. President, Mr. Managing Director, fellow Governors, Excellencies, ladies and gentlemen,

It is a pleasure for me to address this forum on behalf of the Nordic countries.

Last year I attended my first World Bank Annual Meeting as Governor. It was in the midst of the Asian financial crisis, and the meeting was overshadowed by the fear of international contagion. Even though a worldwide recession is no longer imminent, we must not relax our efforts to strengthen the international financial architecture to prevent similar crises in the future.

The international financial crisis opened our eyes. Not only did it illustrate the interdependence between developing and developed countries. It was also clear evidence that development is a multifaceted process, where economic, financial, structural and social factors form a single, seamless web.

The World Bank president, Mr. Wolfensohn, expressed this eloquently in his address to the annual meeting last year, and he reverted to it in more practical terms when launching the Comprehensive Development Framework early this year. The CDF sums up the experience gained through decades of development efforts. Many have said that the messages of the CDF are not new. This is true. But the momentum, the concept and acting on them would be! Mr. Chairman, we should note that the CDF initiative came from an institution that for years had the reputation for being concerned primarily with economic issues, for paying too little attention to the social issues related to successful development, and for having a tendency to override local ownership. Now the tide is turning. The Nordic countries welcome the CDF. This initiative puts the country in charge of its own development and presupposes cooperation and coordination with the UN system and other development actors.

I want to give the Bank credit for refocusing its business, and for its crucial role in initiatives such as the CDF and the HIPC debt relief mechanism. At the same time, I would urge the Bank management to make sure that new values and priorities are internalized by each and every staff member. It is important to remember that to the various stakeholders in the borrowing countries, it is the individual country director or task manager who is the World Bank. Furthermore, the skills mix of the Bank staff and the budget structure must be such that it is possible to deliver quality work on social aspects of development.

Changing an institution like the World Bank takes time. Changing the world is an even greater challenge. But that is really what we are trying to do. The responsibility for making change happen obviously does not rest with the Bank alone – nor with the IMF or other parts of the multilateral system. These institutions have an important role in facilitating change, and constitute important fora where developing and developed countries can meet. But the prime responsibility lies with us, with the individual members of these institutions.

I dare say there is now fairly broad consensus - at least on a theoretical level - on what it takes to foster development. But what does it take to translate this into real change? This question deserves our full attention. We must get beyond the rhetorics and the good intentions. We must act.

And the climate for concerted action is promising. The international community is now discussing some fundamental issues that continue to hamper change. For a long time some of these issues were taboo, not to be mentioned aloud in international debates on economic development. And some of them are still controversial.

I am talking about issues such as governance, democratization and respect for universal human rights. I am talking about moral obligations and solidarity between human beings – both at the national and at the international level.

The inequalities between rich and poor countries are paralleled by the inequalities between rich and poor people within a country. I would like to spend the rest of my address talking about the responsibility of the political and economic leadership in the poor countries - and the responsibility of the rich countries - to make the necessary changes happen.

Increased weight has been put on the individual country's own responsibility for its development. And this is crucial. It is basic psychology. We all need to be in charge of our own development. And countries are increasingly ready to take this responsibility. This was evident at a recent workshop in Stockholm a few weeks ago, where participants from Tanzania, Uganda and Vietnam, the Nordic countries, the World Bank and the UN came together to discuss how to make partnerships work on the ground. However, focus on country responsibility does not mean that the rich countries of the North can mind their own business from now on, and leave the whole process to the poor countries alone.

At country level, it must be clear that ownership and responsibility do not only mean government ownership and responsibility. The leaders must have the people behind them. Democracy and development are inseparable. Economic reforms are necessary but not sufficient. Unless the political leadership is committed to fighting corruption and putting in place good governance, and unless people feel that their leaders represent them, sustainable development is not going to happen. Developing countries must continue their efforts to promote good governance and ensure respect for human rights.

I think we have made progress in improving our policies and actions when it comes to development assistance. We are concerned with local ownership and donor coordination. We have taken steps towards untying aid. We have come a little further down the road, but we still have a long way to go before what we say matches what we do.

I am referring in particular to the need to see aid policies and trade policies as a coherent whole. A globalized world offers many benefits, but there are also many countries, particularly the poorest ones, that have not yet been able to profit from this process. Unless we cease to treat development and international trade as two separate issues, we will never be able to integrate all the developing countries into the global economic system, and do so in a more just manner.

The marginalization of the poorest countries warrants exceptional treatment. I would like to quote from IMFs Managing Director, Mr. Camdessus's ECOSOC adress in Geneva on July 5 this year: "The international community can (also) make a major contribution. The industrial countries could open their economies to all exports of the poorest countries, not only encouraging existing primary commodity exports, but - more important for long-term growth - creating the potential for new, more diversified, export production."

This leads us to one of the most difficult and challenging dilemmas of international development. How can we avoid a situation where ministers responsible for development cooperation, like myself, advocate more reasonable distribution of resources in fora like this, while other ministers restrict the import of agricultural products as well as textiles and clothing from developing countries? I am not pointing a finger at anyone in particular. I am afraid almost all of us are faced with dilemmas like this in our respective countries.

We, who are concerned with development assistance, must convince the rest of our constituencies that it is our common responsibility to do away with the injustice and suffering that poverty represents.

Closing the gap between the haves and the 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.

In an ideal world, each and every one of us would be eager to do something about poverty. Our motivation would be that we could no longer endure seeing another human being suffer. But even with a pragmatic and less altruistic view of the world, it is in our own interest to close the gap. The truth is that developing countries represent future growth for us all. And equitable growth means peace and stability for our planet as a whole.

Thank you for your attention.

