

BOARDS OF GOVERNORS ● 2000 ANNUAL MEETINGS ● PRAGUE, CZECH REPUBLIC

INTERNATIONAL MONETARY FUND

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

J

Press Release No. 6

September 26–28, 2000

Report to the Boards of Governors of the Fund and the Bank
by the Hon. **YASHWANT SINHA**,
Chairman of the Joint Ministerial Committee of the
Boards of Governors on the Transfer of Real Resources to
Developing Countries (Development Committee)
at the Joint Annual Discussion

**Report to the Boards of Governors of the Fund and the Bank
by the Hon. Yashwant Sinha,
Chairman of the Joint Ministerial Committee of the
Boards of Governors on the Transfer of Real Resources to
Developing Countries (Development Committee)
at the Joint Annual Discussion**

Mr. Chairman, Mr. Köhler, Mr. Wolfensohn, Governors, Ladies and Gentlemen.

As Chairman of the Development Committee, I am pleased to report to you on the Committee's work during the two meetings held this year.

Let me first express, on behalf of the Committee, our great appreciation to Minister Tarrin Nimmanahaeminda, for his outstanding leadership and guidance of the Committee during the past two years. I am honored to have been chosen to succeed him as Chairman for the next year.

The Committee's agenda in these two meetings focussed on four basic areas I would like to describe to you today

HIPC/PRSP

The HIPC Debt Initiative began four years ago in the Development Committee, and it continues to be a major focus of our attention. Last year we had encouraged the institutions to develop options designed to make the debt relief "broader, deeper and faster" and to establish a clear link between debt relief and poverty reduction. These goals served as the basis for the agreements reached a year ago. At our April meeting this year, we noted the progress made in beginning to implement the enhanced HIPC Initiative and the poverty reduction strategy process, and we encouraged all parties to move ahead more quickly so that the benefits of debt relief could reach all eligible countries as soon as possible.

Symbolic of the importance attached by member governments to this objective, two days ago we held a joint meeting of the International Monetary and Financial Committee and the Development Committee. This meeting reflects the close cooperation and high political commitment of all countries and institutions to achieving debt relief, poverty reduction and economic growth for the poorest countries. Ministers agreed that momentum in the HIPC/PRSP program has built rapidly and that real progress has been made, and they urged that further steps be taken to strengthen the process. The results were reflected in a Joint Communique issued after the meeting. At yesterday's Development Committee meeting we agreed on a communique which further indicates the Committee's continuing active interest in the success of these programs.

We believe the Committee has contributed to a major strengthening of Bank/Fund collaboration in support of poverty reduction, increased cooperation that is likely to have an impact far beyond the HIPC Initiative.

The Enhanced Initiative entails, of course, additional costs for all participants. The Development Committee sessions, and the Joint Meetings with the IMFC, have helped to build political support and the momentum needed for success. Central to achieving this political support has been the reaffirmation of several key principles that have guided the Initiative from the start, including the additionality of debt relief, the maintenance of the financial integrity of multilateral financial institutions, and the importance of fair and equitable burden sharing.

In short, we are very happy with the leadership role played by the two institutions and their leaders in making this ambitious venture possible with, of course, the generous support of many partners represented in this hall today.

Intensifying Action Against HIV/AIDS

Last April the Committee addressed the HIV/AIDS epidemic, not only as a very serious public health concern, but as a severe danger to development itself. Ministers recognized that HIV/AIDS weakens economic growth, governance, human capital, labor productivity, and the investment climate, thereby undermining the foundations for development and poverty reduction. Ministers welcomed the Bank's expanded efforts against HIV/AIDS and urged a further intensification of its work on a global basis.

Trade, Development and Poverty Reduction

In April the Committee also emphasized the critical importance of trade for development and poverty reduction. Finance and development ministers have a direct interest in the impact of trade, and in a wide-ranging discussion Ministers stressed the substantial benefits that could be gained from further liberalization of trade regimes in both developed and developing countries. Among a number of key recommendations, they encouraged the Bank to pay greater attention to trade in its country assistance programs as well as through a strengthened research program.

Future Directions for the World Bank

In our meeting yesterday we addressed two subjects that together provide an excellent overview of the Bank's work at the global and the national level. The Bank now supports many programs that address cross-border issues. These "global public goods" include the attack on HIV/AIDS and the trade work I have just mentioned, but there are also many programs in other areas. For example, helping to strengthen international financial architecture, agricultural research, and global environmental activities. While not all these programs are new, there has been a surge of attention to them of late. The Bank is asked to take on many such global and regional public goods, and this first discussion at the Committee provided the Bank an opportunity to hear

advice from ministers before final decisions on future priorities are made. We shall consider a more complete plan at our next meeting.

The second discussion focussed on the Bank's support for country development in low- and middle-income countries. While the pattern is quite clear for the former, it is much less developed for the latter. Ministers reiterated that the Bank continues to have a very important role to play in middle income countries, home to so many poor people. We made very clear that we did not agree with some critics that the Bank is no longer needed in these countries. We had an interesting discussion about the areas that needed further analysis and creative thinking before the Bank returns next April with a more highly developed strategy for the middle-income countries.

Conclusion

This brief report cannot do justice to the wide variety of interesting and productive discussions Committee members have had in this past year – including an informal dinner the night before last April's meeting to explore in depth global poverty challenges put to us by President Wolfensohn. We will repeat that effort to provide less formal opportunities for the Committee's members to meet as well as to continue our efforts to provide important topical issues for Ministers' deliberations.

I have greatly enjoyed my first experience as Chairman and look forward to the next year with great anticipation. The Committee is proving to be a very useful forum for addressing issues of significance to the Bank and often for the Fund as well.

Thank you very much.