

## CONCLUDING REMARKS

### STATEMENT BY THE GOVERNOR OF THE BANK FOR THE UNITED ARAB EMIRATES

*Ahmed Humaid Al-Tayer*

It is with great honor that I accept, on behalf of the United Arab Emirates, the chairmanship of the Boards of Governors of the World Bank Group and the International Monetary Fund for the coming year. I hope that I shall be able to carry out my stewardship over next year's meetings with the efficiency and graciousness that have been demonstrated by the current Chairman, Mr. Aninat, the Governor for Chile.

The past year has been characterized by generally moderate growth and low inflation in the industrial economies and, I am happy to say, more robust growth in the emerging market economies. The transition and developing economies have also shown encouraging progress. This is something for which we can all be grateful.

These meetings have shown what the Bank and the Fund can accomplish working together and with the countries they serve. But at the same time, these meetings have also shown that, despite the progress that has been made, much remains to be done. While we can justifiably be proud of our accomplishments, we must also be conscious of what has not been done and remain humble in the face of the many tasks that are still before us.

Our memberships now span nearly all the nations of the world, which makes the burden all the greater and the responsibilities heavier than ever. The challenge is there; it is up to us to meet it head-on. Let us redouble our efforts in these the closing years of the twentieth century. Hundreds of millions of people on this globe still live in poverty, suffering the ravages of hunger and disease. It is they who are the main challenge and whose lives must be made longer, healthier, and more productive. By bettering their lives, we improve the well-being of everyone, for we live in a world of interdependent nations and regions.

In order to help bring this about, we must ensure that those in the industrial, transition, emerging, and developing economies manage their institutions in ways that will bring about steady, noninflationary growth, whose benefits will be spread widely among the world's peoples.

The President of the World Bank Group, Mr. Wolfensohn, and the Managing Director of the Fund, Mr. Camdessus, have demonstrated their

determination that the Bretton Woods institutions will continue to be leaders in achieving the goals that we have set at these meetings. I am sure that you all join me in expressing our appreciation for their efforts and that of the staff of the Bank Group and the Fund.

The year before us will be filled with promise as well as perils. I hope that when I speak to you next year, I shall be able to talk to you about successes that have been achieved and perils that have been avoided. I look forward to seeing all of you at our meetings in Hong Kong next year.

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

*Michel Camdessus*

Mr. Chairman, Governors: I have listened intently to all that has been said during the past few days, and I thank you for your friendly support and good wishes and, above all, for the candor and insight that you have brought to our discussions.

In the course of these meetings, I have been struck by four recurring themes:

- First, your cautious optimism about your countries' future in the global economy;
- Second, your strong consensus on the most effective economic strategies for securing this future;
- Third, your desire to have a strong, effective IMF to help members in this process; and
- Fourth, your sense of common purpose and shared responsibility for your mutual prosperity in the global economy.

Let me take each of these themes in turn. First, your cautious optimism. You have noted with satisfaction that the world economic situation is favorable: world economic growth has become stronger and more widespread; inflation has been brought under better control; and the prospects for continued global economic expansion are good. As you rightly point out, today's encouraging situation and outlook are due to the fact that so many of your countries have strengthened their economic policies. Indeed, in the words of the Governor from India, "We should recognize that the relatively favorable economic situation is not a fortuitous outcome, but the

product of many years of hard work and sacrifice in pursuit of sound economic policies at both the national and international levels.”

Yet your optimism is guarded because you know that weaknesses remain in each of your economies and that the forces of globalization can accentuate them. Many of you have been quite frank about the problems you face—in reducing fiscal deficits, creating more jobs, strengthening the banking sector, and eliminating the structural problems that stand in the way of fuller integration into the global economy. Many of you are also concerned about the uneven distribution of private capital flows, and their potential volatility; about the fact that some countries have not shared in the expansion of world trade and capital flows and that aid flows are declining; and about the unmet needs in health and education in many countries. A number of you have also mentioned the risks that protectionism could pose to the global economy. Indeed, we must all be concerned about these issues and find ways to address them.

At the same time, however, I think all of us have sensed a new dynamic in the world economy. The rapid pace of global integration and its impact on world trade and finance have inspired many countries to accelerate reform. Increasingly, countries are realizing that, in the words of our Chairman, “Reaping further gains from globalization requires a firm commitment to even further opening of our economies.”

Indeed, the reform process does appear to be gaining momentum. And why is this so? Because of the broad consensus on economic strategy—the second theme emerging from our discussions.

So many of you have spoken eloquently about the visible payoffs for macroeconomic and structural reform! I particularly recall the Governor from the Philippines speaking of his country’s “progress from being ‘the sick man of Asia’ to being”—well, he put it two ways: “its rising star” and “a new gentler, kinder tiger”; and the Governor from Korea’s reminder that “though once one of the world’s poorest countries,” his country had “managed to transform its simple agrarian economy into an industrial economy within a short period of time.” The vibrant economy of your own country, Mr. Chairman, is also a monument to the benefits of sustained adjustment and reform.

In this context, many of you have pointed to the continuing validity of the strategy set out in the Madrid Declaration and its emphasis on macroeconomic stability and structural reform. But increasingly, you are also bringing other issues to the table—such as the importance of investing in health and education; the role that such investments can play in increasing social equity; the link between social equity and the sustainability of the reform process; and yes, what Vice President Gore has termed, “the challenge of good government.”

As you recall, this latter point was one that I stressed in my opening address, and I am gratified that a number of you insisted on its fundamen-

tal importance for sustained, high-quality growth. Bangladesh, Chile, Denmark, and others have remarked on this. The essential point is this: good governance is inextricably linked to the efficiency of resource allocation, to incentives for savings and investment, and, increasingly, to external competitiveness—for capital inflows tend to be attracted to countries where investors can count on the transparent and responsible conduct of public affairs. Indeed, for all of these reasons, good governance is central to the basic economic objectives that the Bretton Woods institutions are trying to help their members achieve.

Governors, you have laid out an ambitious reform agenda for your countries. In the words of the Governor from Australia, “None of this is easy. But it is important to accept the challenge.” It is gratifying to see how many of your countries have accepted the challenge, and how much progress you have achieved toward stronger, more sustained, more broadly shared growth.

In turning to the third theme—your desire for a strong, effective IMF—let me assure you that we at the Fund also “accept the challenge.” We hear your call to continue strengthening Fund surveillance—in industrial, developing, and transition countries alike—and we will continue our efforts in full evenhandedness. Indeed, as Chairman Aninat has said, surveillance is now “more relevant than ever.” For this reason, and in light of the challenges of globalization, I particularly welcome the Interim Committee’s new declaration on the “Partnership for Sustained Growth.”

You have also expressed very strong support for the Special Data Dissemination Standard; indeed, we will build on this initiative by establishing a general data standard. As part of our surveillance activities, we will also take up your call to help strengthen members’ financial systems, especially the soundness of their banks, and to give further consideration to the role the Fund could play in encouraging capital account convertibility, even through an appropriate change in its Articles of Agreement.

We have also heard your call to strengthen Fund resources. I think the Governor of Sri Lanka expressed the conviction of the entire membership when he said, “Countries that take this difficult [adjustment] path. . . deserve help and encouragement from the international community to sustain their efforts and soften the severe hardships and dislocation that will inevitably accompany them.”

All of you have welcomed the agreement that will permit a self-sustained, and therefore de facto permanent, Enhanced Structural Adjustment Facility (ESAF) and the Fund’s contribution through ESAF to help relieve the debt burden of the heavily indebted poor countries. Many of you have mentioned your intention to make a bilateral contribution to ESAF, and I encourage others to join them. This is a superb demonstration of what our new partnership is all about. Industrial countries and advanced developing countries must also make room in their

budgets for increased official development assistance. I can think of no better expression of our new partnership and certainly no better investment in the future than supporting in this way the development efforts of poor countries.

We must also thank the countries participating in the New Arrangements to Borrow for their help in doubling the credit lines available to the Fund. You have also expressed satisfaction at the consensus reached at the Executive Board on an equity allocation of SDRs; I trust that a final agreement will be reached in good faith before the spring meetings.

Yet all of you have emphasized that the Fund is a quota-based institution and must remain so. I have heard the call of many members for early progress on the Eleventh General Review, and I assure you that this will be our priority in the coming months. I am also mindful of the concern of many members that quotas should better reflect the new economic realities in today's global economy while ensuring an adequate increase for all members; we will need to address these issues in the coming months.

Finally, I would like to highlight the sense of common purpose and shared responsibility that has guided our deliberations here this week. At the end of the day, all of our countries are seeking similar goals, and each of our countries has a stake in the success of all the others. In the words of the Vice President of the United States, "If we have learned anything from the second half of the twentieth century, we have learned this: that we cannot achieve peace and prosperity in isolation or in the absence of a healthy international economic system."

So, let us keep our sights on our common goals: greater stability in the world and stronger, more sustained, more broadly shared, and higher-quality growth. And let us return to our daily tasks with a commitment to our new partnership and with a renewed sense of purpose, which you, Mr. Chairman, expressed in such a visionary fashion. You told us that

the context of stability and economic progress we are experiencing is a promising sign. But it shall not take profound root in the history of mankind unless it serves to open up clear opportunities for all of our citizens. . . . It is this crucial link of economic and social development with the efforts at the dignification of mankind that makes our work a truly meaningful task.

Thank you for these inspirational words.

As this is the last time I will appear at these meetings in the company of the Secretary of the Fund, Mr. Leo Van Houtven, I would like to tell him that I will miss him greatly—for many reasons that I cannot expand on now, including the nice way he had of calling me to order from time to time! And now, before he lowers the gavel with a bang, let me say thank you and wish you a safe and pleasant journey home.

## STATEMENT BY THE PRESIDENT OF THE WORLD BANK GROUP

*James D. Wolfensohn*

I want to acknowledge the wonderful remarks of the Managing Director of the Fund in summarizing the views of the Governors at these meetings and for the direction he has given us once again.

I have felt very inspired, really, by these meetings. I think that the contributions by the Governors have been very direct and very centered. Insofar as the Bank is concerned in our work in poverty alleviation and sustainable development, I have felt, for myself and for all my colleagues, that there has been a very, very strong measure of support for our efforts and indeed a unity in the international community, both from donor and recipient countries.

I was impressed that Vice President Gore, speaking of the Bank and the Fund, would say, "We should not underestimate what the Bank and the Fund can do." I believe that these meetings have demonstrated that we can, in fact, make a difference together. Behind the speeches there has been a great deal of accomplishment.

Starting with our Development Committee, under the very able chairmanship of Chairman Kabbaj, I think we set out a format and procedures for discussions that were extraordinarily fruitful and helped us shape our agenda, and I want to express my gratitude to Chairman Kabbaj for his leadership of the Committee.

I think we should all be very proud of the joint initiative of the Bank and Fund for the heavily indebted poor countries (HIPC's), and I am delighted that you gave it your unanimous support. But this is now really just the beginning. We should remember that the task of implementation is before us. We will need your support, flexibility, and ideas in the period ahead so that we can bring to fruition the initiative that we have placed before you. I very much look forward to working not only with the Fund but with all of you as we move forward on this very, very important initiative.

The Governor for Denmark remarked that future generations may well look back on our debt initiative as the building block that made it possible "for the poorest and most hopelessly indebted countries to exit from their debt." And if that is true, as I hope it is, then we have been present at a historic occasion.

I would like also to thank the Governor for his invitation that we should hold the first meeting of the HIPC trust fund in the very near future.

On that point, may I add also a plea to all of you to give consideration to the bilateral contributions to the trust fund. It is very important that we should build up our resources so that we can be effective in the efforts that we will share.

In addition to the debt initiative, I think we also had constructive meetings on eleventh replenishment of the International Development Association (IDA). We are all aware of some of the problems associated with this agreement, but arising from the meeting of the Deputies yesterday, I think we can say that there was a very positive feeling emerging, and we look forward to the next meeting. Certainly the Vice President's assertion of the strong support of the United States was an important aspect of the meetings, and I look forward to building a stronger foundation for the IDA at our next meetings in April.

We heard many welcomes to the delegation from Bosnia and Herzegovina and an admirable statement by Prime Minister Muratovic. This effort in which we are engaged in Bosnia and Herzegovina is indeed a very, very important one for all of us.

I very much hope that at the meeting early next year, when we are looking at the resources that are available, we can come up with a very practical and straightforward approach. We have achieved a lot in terms of implementing the first phase of the program, but I think we should be realistic and straightforward with each other that the pace of spending in Bosnia and Herzegovina has not been significant enough. And what we should do when we come to that meeting is be clear with each other as to precisely what it is we are going to do and then, in every way possible, try to coordinate our efforts. The start has been very good, and we are working closely with our colleagues in the European Union, but it is essential that all members participate directly, forcefully, and with speed.

I was also very pleased with the initiative taken by the African Governors in launching a Task Force on Human and Institutional Capacity. The report they produced is truly an admirable document, not just for Africa, but I think for the World Bank in terms of our activities in developing capacity wherever we operate in the world. I hope that by the time of our next Annual Meetings, we will be able to report very significant progress in the implementation of their recommendations.

I was also pleased with the views of the Latin American Governors, particularly on the social sector, and on the recognition of the very close relationship that exists between the Bank and the Inter-American Development Bank. This partnership, which is very real, I think is to the benefit of all of us in the development community and is a very vivid illustration of the strength that comes from a close relationship between the Bank and regional banks—and nowhere is this more true than in Latin America with the Inter-American Bank.

The Governor of Japan, speaking of the future agenda, raised the issue of the promotion of private capital flows on which many of you spoke, particularly in terms of infrastructure in emerging countries. And he has suggested to us that we work with the Japanese government and with Governors in preparation for the next meeting of the Development Committee to

have a focus on efforts in relation to this massive new movement of private capital to the developing countries. It has been pointed out, of course, that much of it goes to 12 countries and that we need to broaden the base, but this subject suggested by the Governor of Japan is, I think, one that can be very effectively and fruitfully followed by us in the coming year.

By the way, this year, we had a very successful seminar series that several hundred people attended—and paid for attending. This is a remarkable new private sector initiative. I was happy that these seminars were universally acclaimed, and we shall certainly try to carry them on next year.

The International Finance Corporation (IFC) reported its initiative to move into a further 16 countries, and that was well received. The Multilateral Investment Guarantee Agency (MIGA), which has had such significant accomplishments, is now facing a capital increase, and I would hope that Governors would give very careful attention to their request for increased capital support.

I do not want to talk any more about the activities inside the Bank, but I was extremely heartened and gratified by your support, and we will do our best to continue our reorganization of the institution to expand its effectiveness and excellence in the years ahead.

There are six issues that I want to deal with in the next 12 months.

The first is to continue the debt initiative.

The second is our collaboration with the International Monetary Fund on strengthening our support of the financial sector.

The third is the work that we will certainly continue to be doing in the area of corruption—where governments are interested in working with us, and certainly in the implementation of our own programs. I repeat, we will not seek to interfere in the international affairs of countries, but will give support where asked.

The fourth is our effort to intensify our integration of social issues in our country assistance strategies and, in particular, programs.

The fifth, which I mentioned, is a very much stronger emphasis on the rural sector. We will be completing our work and implementing our additional programs in the whole rural sector.

And finally, expansion in the area of technology with our new global knowledge partnership.

In closing, I would like to again congratulate Mr. Camdessus for his election to a third term. He is a remarkable man, and we are happy and sleep better when we know he is there.

I would also like to commend our Chairman, Mr. Aninat, for what I think has been the superb handling of these meetings and an opening address that was truly of great significance. I have appreciated very much the opportunity to work with him and congratulate him on this year and look forward to our further work together in other areas.



I would also like to join in congratulating Minister Ahmed Humaid Al-Tayer of the United Arab Emirates for his election as Chairman for next year. Mr. Minister, we very much look forward to working with you in the coming year.

And finally, may I also express the gratitude of everyone in the Bank to Leo Van Houtven for the work that he has done in these past years. I appreciated very much all of his support.

These have been very full Annual Meetings. It is one that has certainly encouraged me and my colleagues to continue our work. We feel very much a part of your family, and I hope you will feel a part of ours, and I look forward to significant work in the coming years for the benefit of the 4.5 billion people whom we serve and whose lives we want to change.

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

*Eduardo Aninat*

It has been a great privilege to have served as the Chairman of the Boards of Governors of the Fund and the Bank over the past year, and a special honor to chair these historic meetings. I would like to take this opportunity to thank all those involved for the generous support extended to me during my tenure. I would also like to express the warm appreciation of the Boards of Governors for the very insightful remarks of the Vice President of the United States and his valuable support for the ongoing work of the Bretton Woods institutions.

As these meetings draw to a close, I would like to review briefly what we have concluded about the world economic outlook and our policy and institutional agenda for the coming year.

Governors have welcomed the encouraging world economic outlook, noting that the strength of economic activity has been particularly impressive in the emerging market economies. In the industrial countries, Governors recognized that while inflation should remain subdued, further progress would be needed toward reducing fiscal imbalances and addressing structural rigidities. Governors were of the view that the developing countries would sustain their positive growth performance, but much remained to be done to take full advantage of their improving access to world markets. Governors felt that the transition countries had achieved remarkable progress toward macroeconomic stabilization and reform. Nevertheless, the basis for sustained growth had not yet been fully solidified.

During my opening address, I emphasized that our two partner institutions stood at a unique vantage point, and at a propitious moment in time, to focus on the needs of all our citizens, including the disadvantaged and vulnerable, as we worked to create the conditions for sustained, noninflationary global growth and development. I fully support the Vice President's call for making "promise and prosperity the birthright of all people." And I sense that we all share that very fundamental goal. I also believe these meetings will be remembered for the emphasis that many of you have given to the importance of good governance. As Mr. Camdessus reminded us, sustainable development requires responsible and open management of public affairs, and, more important, "governments must demonstrate that they have no tolerance for corruption in any form." I also believe Mr. Wolfensohn has aptly emphasized our responsibility to work together "for social justice, for economic opportunity, for human well-being, and for history."

Encouraged by the prospects for the world economy, Governors endorsed the new 11-point strategy of the Interim Committee of the Fund. In a renewed spirit of partnership for global growth, Governors stressed the importance of making progress in fiscal consolidation and deepening structural reforms, viewing those two core elements of the global strategy as critical for enhancing the growth prospects of the private sector. In that regard, many Governors stressed the mutually reinforcing nature of structural and macroeconomic reforms. In a similar vein, many Governors stressed that the quality of adjustment would have an indelible bearing on its sustainability. Those Governors welcomed the focus of the global strategy on improving the quality of expenditure by reducing unproductive outlays and seeking creative approaches for redefining the role of government, and for improving social equity through higher-quality, better-targeted social spending, particularly in the areas of health and education. Some of you have also given prominence to ensuring the soundness of banking systems to safeguard financial stability in global markets. Others have stressed the need to uphold the multilateral trading system.

Turning for a moment to the specific role of the Fund, Governors welcomed efforts to strengthen its surveillance over members' policies, and were of the view that more continuous, intensive, and probing surveillance would play a critical role in averting financial crises and establishing higher and more transparent policy standards. Governors welcomed the progress toward creating a self-sustaining Enhanced Structural Adjustment Facility (ESAF), as the principal means for the Fund to assist the low-income countries, and endorsed the program of action proposed by the Fund and the Bank to ensure that the heavily indebted poor countries (HIPC) that have shown a strong track record of economic adjustment can attain a sustainable debt situation over the medium term and not be marginalized as the pace of globalization accelerates. Governors have sup-

ported my call for an early completion of the Eleventh General Review of Quotas, and welcomed the progress that has been made in securing additional resources—through the New Arrangements to Borrow—for the Fund to use in emergency situations. Many of you have also welcomed the rapidly emerging consensus for a one-time special allocation of SDRs through an amendment to the Fund's Articles. Finally, Governors welcomed the launching of the Special Data Dissemination Standard and the opening of the Dissemination Standards Bulletin Board. They were encouraged that a diverse mix of countries had already subscribed and urged others to do so as soon as feasible. Noting the standard's beneficial impact on global transparency, some members highlighted the necessity of appropriate technical assistance to help many of the less-developed countries subscribe.

Governors have welcomed the World Bank Group's reaffirmation of its commitment to excellence and to strengthening accountability for achieving results on the ground. They appreciate and support the initiatives taken and the reforms pursued by Mr. Wolfensohn and the staff of the World Bank Group in order to respond quickly to the needs of their clients, and they urge further progress in that direction. Governors applaud the effort to build stronger partnerships with multilateral banks, nongovernmental organizations, and other players in the international community on vital issues that affect the development strategies and agendas of developing countries. In the sphere of private sector activities, Governors urged the World Bank Group to make full use of its catalytic and advisory functions to help promote the development of this critical sector. Governors reiterated their strong support for the International Development Association (IDA) and its central importance to the global effort to reduce poverty, and underscored the importance of timely contributions from all donors to ensure the success of the eleventh replenishment of IDA. They welcome the recent rapid expansion in demand for the services of the Multilateral Investment Guarantee Agency (MIGA) and emphasize the need to address the issue of MIGA's resource constraints.

Before adjourning, I would like to express my appreciation to Mr. Camdessus and Mr. Wolfensohn and the staffs of their organizations for their dedication and professional integrity in making our meetings a success. It is with respect that I welcome the election of the Governor for the United Arab Emirates as the Chairman of the Boards of Governors for the coming year. I pledge my full support and that of my colleagues for the success of his work. On that note, I now declare the 1996 Annual Meetings of the Governors of the International Monetary Fund and the World Bank Group closed. May I wish you a safe journey home.